

**SIENNA MUNICIPAL UTILITY DISTRICT NO. 5
(FORT BEND COUNTY, TEXAS)**

**PRELIMINARY OFFICIAL STATEMENT
DATED: AUGUST 3, 2026**

**\$6,800,000
CONTRACT REVENUE BONDS
SERIES 2026**

**BIDS TO BE SUBMITTED BY: 9:00 A.M., CENTRAL TIME
TUESDAY, SEPTEMBER 8, 2026**

**BONDS TO BE AWARDED AT: 1:00 P.M., CENTRAL TIME
TUESDAY, SEPTEMBER 8, 2026**



CEDAR CREEK
MUNICIPAL ADVISORS

Financial Advisor

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 3, 2026

This Preliminary Official Statement is subject to completion and amendment and is intended for the solicitation of initial bids to purchase the Bonds (herein defined). Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser (herein defined).

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW, INTEREST ON THE BONDS (I) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (II) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE “TAX MATTERS” HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

The Bonds will be designated as “qualified tax-exempt obligations” for financial institutions.

NEW ISSUE – Book-Entry-Only

Moody’s Ratings (Underlying) “A2”

SIENNA MUNICIPAL UTILITY DISTRICT NO. 5

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

\$6,800,000

**Contract Revenue Bonds
Series 2026**

Dated: October 1, 2026

Interest Accrues From: Date of Delivery

Due: November 1, as shown on inside cover

The \$6,800,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2026 (the “Bonds”) are special obligations of Sienna Municipal Utility District No. 5 (the “Master District”) payable solely from and to the extent of payments contractually required of the municipal utility districts (the “Participants”) within the Service Area (herein defined) from proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by each Participant or from other revenues available to such Participant (the “Contract Payments”). Payment of Contract Payments by Participants and use of such proceeds by the Master District to pay debt service on the Bonds is governed by the Contract for Financing, Operation, and Maintenance of Regional Facilities (the “Master District Contract”) as described more fully under “MASTER DISTRICT CONTRACT.” The Bonds are special obligations of the Master District payable solely from the Contract Payments and are not obligations of the State of Texas; the City of Missouri City, Texas; Fort Bend County, Texas; any of the Participants (except the Master District); or any entity other than the Master District.

The Bonds are dated October 1, 2026, and mature on November 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about October 7, 2026), at the rates set forth on the inside cover, and is payable May 1, 2027, and each November 1 and May 1 thereafter (the “Interest Payment Date”) until the earlier of stated maturity or prior redemption. Principal of the Bonds is payable to the registered owners of the Bonds (the “Registered Owners”) at BOKF, NA, Dallas, Texas (the “Paying Agent/Registrar”), upon surrender of the Bonds for payment at the stated maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and a Registered Owner, interest on the Bonds is dated as of the Interest Payment Date and payable to each Registered Owner, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date. The Bonds will be issued only in fully registered form in the denomination of \$5,000 of principal amount, or any integral multiple thereof.

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

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as discussed under “THE BONDS – Book-Entry-Only System.”

See “MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, and CUSIPS” on the inside cover.

The Bonds constitute the tenth series of contract revenue bonds issued by the Master District from the \$441,800,000 principal amount of contract revenue bonds approved by voters of the Master District for the purpose of constructing or acquiring regional water, wastewater, and drainage facilities to serve the Service Area (the “Master District System Facilities”).

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS AS DISCUSSED UNDER “INVESTMENT CONSIDERATIONS.”

The Bonds are offered subject to prior sale, when, as, and if issued by the Master District and accepted by the Initial Purchaser (herein defined), subject to the approval of the Attorney General of Texas and Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Master District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about October 7, 2026.

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

\$6,800,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2026

Maturity November 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____ (b)	Maturity November 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____ (b)
2027	\$ 130,000	____%	____%	—	2040 (c)	\$ 270,000	____%	____%	—
2028	155,000	____%	____%	—	2041 (c)	285,000	____%	____%	—
2029	165,000	____%	____%	—	2042 (c)	295,000	____%	____%	—
2030	170,000	____%	____%	—	2043 (c)	310,000	____%	____%	—
2031	180,000	____%	____%	—	2044 (c)	325,000	____%	____%	—
2032 (c)	185,000	____%	____%	—	2045 (c)	340,000	____%	____%	—
2033 (c)	195,000	____%	____%	—	2046 (c)	355,000	____%	____%	—
2034 (c)	205,000	____%	____%	—	2047 (c)	375,000	____%	____%	—
2035 (c)	215,000	____%	____%	—	2048 (c)	390,000	____%	____%	—
2036 (c)	225,000	____%	____%	—	2049 (c)	410,000	____%	____%	—
2037 (c)	235,000	____%	____%	—	2050 (c)	430,000	____%	____%	—
2038 (c)	245,000	____%	____%	—	2051 (c)	450,000	____%	____%	—
2039 (c)	260,000	____%	____%	—					

- (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 will be assigned to this issue by the CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds.
- (c) The Bonds maturing on November 1, 2032, and thereafter shall be subject to redemption and payment at the option of the Master District, in whole or from time to time in part, on November 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. In addition, the Initial Purchaser may designate one (1) or more maturities as term bonds. See "THE BONDS – Redemption of the Bonds."

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with United States Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule") in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the Master District with respect to the Bonds that has been deemed "final" by the Master District as of its date (or of any such supplement or correction) except for the omission of no more than information permitted by the Rule.

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "final official statement" of the Master District with respect to the Bonds, as such term is defined in the Rule.

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

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

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

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

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

Prices and Marketability

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

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS.

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

Securities Laws

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

Delivery of Official Statements

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

MUNICIPAL BOND INSURANCE

The Master District has made applications to Build America Mutual Assurance Company and Assured Guaranty, Inc. for a commitment for municipal bond guaranty insurance on the Bonds. The payment of all associated costs, including the premium charged by the insurance company and fees charged by rating companies, other than Moody's Ratings ("Moody's"), will be at the option and expense of the Initial Purchaser. The Master District will pay the rating fees charged by Moody's.

RATINGS

Moody's has assigned an underlying rating of "A2" 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. 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 judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The Master District is not aware of any rating assigned the Bonds other than the underlying rating of Moody's.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Issuer	Sienna Municipal Utility District No. 5 (the "Master District" or, in its capacity as a Participant (herein defined), "SMUD5"), a political subdivision of the State of Texas ("Texas"), is located in Fort Bend County, Texas (the "County"). See "THE MASTER DISTRICT."
Issues	The \$6,800,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2026 (the "Bonds") are dated October 1, 2026, and mature on November 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about October 7, 2026), at the rates set forth on the inside cover, and is payable May 1, 2027, and each November 1 and May 1 thereafter until the earlier of stated maturity or prior redemption. See "THE BONDS."
Redemption of the Bonds.....	The Bonds maturing on November 1, 2032, and thereafter shall be subject to redemption and payment at the option of the Master District, in whole or from time to time in part, on November 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds."
Book-Entry-Only System.....	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System discussed herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Principal of and interest on the Bonds will be payable by the office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas, to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Source of Payment	Principal of and interest on the Bonds are payable from and secured by payments required of the Participants within the Service Area (herein defined) from proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by each Participant or from other revenues available to such Participant. The Master District has established a debt service fund to pay the principal of and interest on the Contract Revenue System Bonds (herein defined), such as the Bonds, and the Contract Revenue Fire Bonds (herein defined) (collectively, the "Contract Revenue System Debt Service Fund"). The Master District has also established a debt service fund to pay the principal of and interest on the Contract Revenue Road Bonds (herein defined) (the "Contract Revenue Road Debt Service Fund"). Contract Payments by Participants and use of such proceeds by the Master District to pay debt service on the Bonds is governed by the Contract for Financing, Operation, and Maintenance of Regional Facilities (the "Master District Contract") which has been entered into by the Master District and the Participants. By execution of the Master District Contract, each Participant has agreed to pay a pro rata share of the debt service on the Contract Revenue Bonds (herein defined), including the Bonds, which share is based upon the appraised valuation subject to taxation plus amounts equal to any optional exemption or special appraisal value granted or adopted by a Participant, and any optional exemption or special value claimed by a landowner due to use for agricultural, open space, timberland, or other similar uses (the "Gross Certified Assessed Valuation") of each Participant as a percentage of the Gross Certified Assessed Valuation of all Participants, calculated annually. Each Participant is contractually obligated to make the Contract Payments from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on taxable property within its boundaries (the "Contract

Tax”), from revenues derived from the operations of such Participant’s water distribution and wastewater collection systems, or from any other lawful sources of such Participant’s income. No Participant is liable for the payments owed by any other Participant; however, failure of any Participant to make its Contract Payment, as required by the Master District Contract, could result in an increase in the Contract Payment amount paid by each of the Participants during the time that such Participant’s payment is delinquent, as the Participants would have to replenish its respective coverage in the Master District debt service fund. The Bonds are special obligations of the Master District and are not obligations of Texas; the County; the City of Missouri City, Texas (the “City”); any of the Participants (except the Master District); or any entity other than the Master District. See “THE BONDS – Source of Payment,” “THE BONDS – Unconditional Obligation to Pay,” and “MASTER DISTRICT CONTRACT.”

Use and Distribution of Bond Proceeds	Proceeds from the sale of the Bonds will be used to reimburse the Developer (herein defined) for the costs associated with the construction of the Master District System Facilities (herein defined) shown under “THE BONDS – Use and Distribution of Bond Proceeds.” In addition, proceeds from the sale of the Bonds will be used to pay developer interest, twelve (12) months of capitalized interest, and other certain other costs associated with the issuance of the Bonds. See “THE BONDS – Use and Distribution of Bond Proceeds.”
Outstanding Bonds	The Master District has previously issued the following Contract Revenue Bonds: \$1,100,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2015; \$2,170,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2016; \$6,645,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2017; \$8,415,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2019; \$7,050,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2019; \$6,000,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2020; \$6,000,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2020; \$6,800,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2021; \$9,725,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2021; \$5,680,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2022; \$3,650,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2022; \$8,760,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2023; \$9,420,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2023; \$4,250,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2024; \$5,125,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2024; \$2,475,000 Sienna Municipal Utility District No. 5 Contract Revenue Fire Bonds, Series 2024; and \$17,000,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2025. At the time of delivery of the Bonds, \$100,710,000 principal amount of such previously issued debt will remain outstanding (the “Outstanding Bonds”). See “MASTER DISTRICT DEBT.”
Qualified Tax-Exempt Obligations	The Bonds will be designated as “qualified tax-exempt obligations” for financial institutions.
Municipal Bond Insurance.....	The Master District has made applications to Build America Mutual Assurance Company and Assured Guaranty, Inc. for a commitment for municipal bond guaranty insurance on the Bonds. The payment of all associated costs, including the premium charged by the insurance company and fees charged by rating companies, other than Moody’s Ratings (“Moody’s”), will be at the option and expense of the Initial Purchaser (herein defined). The Master District will pay the rating fees charged by Moody’s. See “MUNICIPAL BOND INSURANCE.”
Ratings	Moody’s has assigned an underlying rating of “A2” to the Bonds. See “RATINGS.”

Payment Record.....	The Master District has never defaulted in payment of its bonded indebtedness. See "THE BONDS – Source of Payment."
Contract Revenue Bonds	The Master District is issuing the Bonds for the purpose of constructing or acquiring regional water, wastewater, and drainage facilities to serve the Service Area (the "Master District System Facilities"), and the Master District is expected to issue, in the future, additional contract revenue bonds for the Master District System Facilities. The Master District has also issued bonds for the purpose of constructing or acquiring a regional road system to serve the Service Area (the "Master District Road Facilities") and for the purpose of paying costs for the Master District's pro rata share of the fire department substation facility and equipment constructed pursuant to the Fire Protection Agreement (herein defined), the TCEQ (herein defined), voter approved fire plan, and Chapter 49 of the Texas Water Code to serve the Service Area (the "Master District Fire Facilities"), and the Master District is expected to issue, in the future, additional contract revenue bonds. The Bonds and any contract revenue bonds issued for the purpose of constructing or acquiring the Master District System Facilities are referred to herein as the "Contract Revenue System Bonds," any contract revenue bonds issued for the purpose of constructing or acquiring the Master District Road Facilities are referred to herein as "Contract Revenue Road Bonds," and any contract revenue bonds issued for the purpose of constructing or acquiring the Master District Fire Facilities are referred to herein as "Contract Revenue Fire Bonds." The Contract Revenue System Bonds, the Contract Revenue Road Bonds, and the Contract Revenue Fire Bonds are collectively referred to herein as the "Contract Revenue Bonds." In addition, the Master District Contract authorized the Contract Revenue Park Bonds (herein defined). See "INVESTMENT CONSIDERATIONS – General," "MASTER DISTRICT DEBT – Tax Rates of the Participants," and "THE BONDS – Authority for Issuance."
Financing Park and Recreational Facilities	In addition to the improvements to be made through the issuance of the Outstanding Bonds, the Bonds, and any future Contract Revenue Bonds, and pursuant to the Master District Contract, the Master District owns or will own, construct, and/or acquire regional park and recreational facilities to serve the Service Area (the "Master District Park Facilities"). The Master District may finance the capital costs of the Master District Park Facilities from payments made by each Participant of its pro rata share of the Master District's then estimated capital costs of the Master District Park Facilities (the "Park Construction Charges"). The Park Construction Charges will be computed from time to time on the basis of the then estimated total capital costs of providing the Master District Park Facilities minus the payments which have been previously received from the Participants as Park Construction Charges, and dividing the result by the number of projected total water and sewer connections to be constructed within the Service Area. The Master District Park Facilities may be financed by the Master District through the issuance of contract revenue bonds, which may be paid by the Participants through the issuance of ad valorem tax bonds issued by the individual Participants, or through the Park Construction Charges. If Park Construction Charges are received by the Master District, they shall be deposited into a separate fund for the benefit of the Participants (the "Park Construction Fund") and shall be used solely for the purpose of paying the capital costs of the Master District Park Facilities pursuant to the Master District Contract. See "THE BONDS – Financing Park and Recreational Facilities."
Authority for Issuance.....	The Bonds constitute the tenth series of contract revenue bonds issued by the Master District from the \$441,800,000 principal amount of contract revenue bonds approved by voters of the Master District for the purpose of constructing or acquiring the Master District System Facilities. Additionally, the Master District Contract authorized the issuance of \$249,500,000 principal amount of contract revenue bonds for the purpose of constructing or acquiring the Master District Road Facilities and \$32,800,000 principal amount of contract revenue bonds for the purpose of constructing or

acquiring the Master District Fire Facilities. Any additional Contract Revenue Bonds issued by the Master District will be on parity with the Bonds.

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

After the issuance of the Bonds, \$368,215,000 principal amount of Contract Revenue System Bonds, \$208,495,000 principal amount of Contract Revenue Road Bonds, \$30,325,000 principal amount of Contract Revenue Fire Bonds, and \$218,300,000 principal amount of Contract Revenue Park Bonds will remain authorized but unissued. The Contract Revenue Bonds are secured by the collection of the Contract Payments through the levy of the Contract Tax.

The Bonds are issued by the Master District pursuant to the Master District Contract, the terms and conditions of the bond resolution (the “Bond Resolution”) adopted by the Board of Directors of the Master District (the “Board”) on the date of sale of the Bonds, and pursuant to Chapters 49 and 54 of the Texas Water Code, an order of the Texas Commission on Environmental Quality (the “TCEQ”), an election held within the Master District and passed by a majority of the participating voters, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas. See “THE BONDS – Authority for Issuance,” “Issuance of Additional Debt,” “MASTER DISTRICT CONTRACT,” and “INVESTMENT CONSIDERATIONS – Future Debt.”

Bond Counsel Allen Boone Humphries Robinson LLP, Houston, Texas.
 Disclosure Counsel..... Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
 Financial Advisor..... Cedar Creek Municipal Advisors, LLC, Houston, Texas.
 Master District Engineer Pape-Dawson Engineers, LLC, Houston, Texas.
 Paying Agent/Registrar BOKF, NA, Dallas, Texas.

THE MASTER DISTRICT

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

Status of Development Within the Service

Area	To date, development within the Service Area has occurred within the boundaries of SMUD4, SMUD6, and SMUD7. Within the Service Area, approximately 926.1 acres (2,199 lots) have been developed into the single-family residential subdivision of Sienna, Sections 1-6, 6B, 7, 7B, 7C, 8, 9, 9B, 10-12, 13A, 13B, 14, 15A, 15B, 16, 17A, 17B&C, 18, 19, 20-26, 45A, and 45B within SMUD4, approximately 1,119.8 acres (2,752 lots) have been developed into the single-family residential subdivision of Sienna, Sections 14, 27, 28, 29A, 29B, 30, 31, 32A/32B, 33A, 33B, 33C, 33D, 34A, 34B, 35A, 36, 37, 38, 39A, 35B, 39B, 40A, 40B, 41, 42, 43, 44, 46, 48, 49, 52, 53, 54, 55, 57, 59, 60, 62, 63, 64, 65, 66, 67, 68, 69A, 69B, and 71 within SMUD6, and approximately 305.7 acres (692 lots) have been developed into the single-family residential subdivision of Sienna, Sections 50A, 50B, 50C, 51A, 51B, 72, 75, 76, 81, 83, and 86 within SMUD7. Approximately 11.0 acres (92 lots) are currently under development as the single-family residential subdivision of Sienna, Section 70 within SMUD6 and approximately 97.7 acres (252 lots) are currently under development as the single-family residential subdivision of Sienna, Sections 78, 79, and 85 within SMUD7. As of August 1, 2026, 4,668 homes were complete (4,557 occupied, 79 unoccupied, and 32 models), 138 homes were under construction, and 779 lots were developed and vacant. In addition, a daycare, multiple grade schools, a CVS Pharmacy, a retail center, and a church have been constructed within the Service Area.
Description of the Developer	The primary developer of land within the Service Area is Toll-GTIS Property Owner, LLC (the "Developer"). Johnson SS Management LLC, an affiliate of Johnson Development Corporation ("JDC"), has been hired as fee developer for the Developer. No landowner is obligated to pay any principal or interest on the Bonds. See "DESCRIPTION OF THE DEVELOPER."
Homebuilders Active Within the Service	
Area	Homebuilders active within the Service Area include Toll Brothers; Jamestown Estate Homes; Westin Homes; Shea Homes; David Weekley Homes; Tri Pointe Homes; Highland Homes; Perry Homes; Newmark Homes; Chesmar Homes; J. Patrick Homes; Beazer Homes; and Partners in Building. Homebuilding began in SMUD4 in early 2015, in SMUD6 in early 2019, and in SMUD7 in early 2024. Prices of new homes being constructed within the Service Area range in price from approximately \$300,000 to over \$1,500,000, and in size from approximately 1,500 square feet to over 7,000 square feet.
Sienna	In December 2013, the Developer purchased approximately 3,800 acres within the southern region of the approximately 10,230-acre master planned community known as "Sienna." The Developer's property (the "Toll Brothers Development") encompasses the Service Area. An affiliate of JDC has been hired as fee developer for the Developer. Development and homebuilding are currently underway in the Toll Brothers Development. In addition to the Toll Brothers Development, JDC, through several partnerships, has acquired and developed approximately 4,500 acres within the northern region of Sienna. This area includes three (3) internal municipal utility districts (previously four (4), before Sienna Municipal Utility District No. 2 was annexed and dissolved by the City) and a management district, as well as an approximate 214-acre rural estate subdivision known as The Woods at Sienna. Only the payments by the Participants within the Service Area (SMUD5, SMUD4, SMUD6, and SMUD7) are pledged as security for the Bonds. See "SIENNA – Description of the Project."
Master District Facilities	The Master District, in its capacity as the provider of the Master District System Facilities, the Master District Road Facilities, the Master District Fire Facilities, and the Master District Park Facilities (collectively referred to herein as the "Master District Facilities"), will construct the Master District Facilities and provide services from such facilities. See "INVESTMENT

CONSIDERATIONS – Maximum Impact on Contract Tax Rate” and “MASTER DISTRICT FACILITIES.”

Flood Protection Facilities and

Overlapping Districts and Taxes Sienna Parks & Levee Improvement District of Fort Bend County, Texas (“SPLID”), is the levee improvement district created to provide the levee, detention ponds, external drainage channel, and various interior drainage channels necessary to serve Sienna. SPLID comprises approximately 9,832 acres, of which approximately 8,520 acres are within Sienna (including the Service Area). SPLID finances facilities to accomplish flood protection and accommodate stormwater drainage within SPLID. SPLID currently levies a tax on property located within its boundaries, which is in addition to the tax levied by the Participants. For the 2025 tax year, SPLID levied a total tax rate of \$0.4125 per \$100 of assessed valuation. At the time of delivery of the Bonds, SPLID will have \$192,270,000 principal amount of unlimited tax bonds outstanding. See “TAX DATA – Estimated Overlapping Taxes,” “THE FLOOD PROTECTION SYSTEM,” and “INVESTMENT CONSIDERATIONS – Possible Flooding Events.”

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

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

THE MASTER DISTRICT CONTRACT

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

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

Master District under the Master District Contract, including its obligation to pay its Contract Payment. See "MASTER DISTRICT CONTRACT."

SIENNA REGIONAL MUNICIPAL UTILITY DISTRICT

Description..... Sienna Regional Municipal Utility District ("SRMUD") is the municipal utility district created to provide the water supply and wastewater treatment facilities for the adjacent developments of the Service Area. SRMUD and the Master District (on behalf of the Participants) have entered into a utility contract (the "Utility Contract") whereby the Master District will construct and finance the Master District Facilities and convey them to SRMUD for ownership, operation, and maintenance. Pursuant to the Utility Contract, the Master District will be responsible, subject to the terms of the Master District Contract, for all payments to SRMUD and its pro rata share of any bonds sold by SRMUD. In May 2018, SRMUD issued \$25,010,000 principal amount of contract revenue bonds through the Texas Water Development Board for the construction of permanent wastewater capacity to serve Sienna. The Participants, pursuant to the Master District Contract, are responsible for their pro rata share of such bonds. Of the \$25,010,000 principal amount issued, \$12,695,000 principal amount is attributable to the Master District (on behalf of the Participants), of which SMUD5 is contractually obligated to pay its pro rata share of the annual debt service. At the time of delivery of the Bonds, \$11,905,000 principal amount of the Master District's obligation will remain outstanding. See "MASTER DISTRICT CONTRACT WITH SRMUD" and "MASTER DISTRICT FACILITIES."

INVESTMENT CONSIDERATIONS

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

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SELECTED FINANCIAL INFORMATION

(UNAUDITED)

Contract Revenue Bonds of the Master District

2026 Gross Certified Assessed Valuation of the Participants..... (100% of the market valuation as of January 1, 2026)	\$ 2,542,645,548 (a)
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Estimated Gross Assessed Valuation of the Participants as of June 1, 2026 (100% of the estimated market valuation as of June 1, 2026)	\$ 2,679,464,843 (b)
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Direct Debt:

The Outstanding Bonds (at the time of delivery of the Bonds).....	\$ 100,710,000
The Bonds	6,800,000
Total Direct Debt.....	<u>\$ 107,510,000</u>

Estimated Overlapping Debt	<u>\$ 437,116,696 (c)</u>
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Total Direct and Estimated Overlapping Debt	<u>\$ 544,626,696</u>
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Direct Debt Ratios:

As a Percentage of the 2026 Gross Certified Assessed Valuation of the Participants (\$2,542,645,548)	4.23 %
As a Percentage of the Estimated Gross Assessed Valuation of the Participants as of June 1, 2026 (\$2,679,464,843).....	4.01 %

Direct and Estimated Overlapping Debt Ratios:

As a Percentage of the 2026 Gross Certified Assessed Valuation of the Participants (\$2,542,645,548)	21.42 %
As a Percentage of the Estimated Gross Assessed Valuation of the Participants as of June 1, 2026 (\$2,679,464,843).....	20.33 %

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

Contract Revenue System Debt Service Fund Balance (as of August 3, 2026).....	\$ 5,641,317 (d)(f)(g)
Contract Revenue Road Debt Service Fund Balance (as of August 3, 2026).....	\$ 3,777,167 (e)(f)(g)
Contract Revenue System Capital Projects Fund Balance (as of August 3, 2026).....	\$ 429,551
Contract Revenue Road Capital Projects Fund Balance (as of August 3, 2026)	\$ 1,446,693
Contract Revenue Fire Capital Projects Fund Balance (as of August 3, 2026).....	\$ 15,752
General Fund Balance (as of August 3, 2026).....	\$ 484,989

- (a) Represents the assessed valuation of all taxable property located within all Participants as of January 1, 2026, as provided by the Fort Bend Central Appraisal District (the "Appraisal District"). Each Participant's tax roll is certified by the Fort Bend Central Appraisal Review Board (the "Appraisal Review Board"). Such amount includes \$20,632,240 of assessed valuation assigned to properties that remain under review by the Appraisal Review Board. Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Board. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the value of all taxable property located within all Participants as of June 1, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026, through June 1, 2026. No taxes will be levied against this amount. Such amount includes \$50,354,827 of value under review by the Appraisal Review Board. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "MASTER DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
- (d) Neither Texas law nor the Bond Resolution requires that the Master District maintain any particular sum in the Contract Revenue System Debt Service Fund. Money deposited into the Contract Revenue System Debt Service Fund can only be used to pay debt service on the Contract Revenue System Bonds, such as the Bonds, and the Contract Revenue Fire Bonds.
- (e) Neither Texas law nor the Bond Resolution requires that the Master District maintain any particular sum in the Contract Revenue Road Debt Service Fund. Money deposited into the Contract Revenue Road Debt Service Fund can only be used to pay debt service on the Contract Revenue Road Bonds.
- (f) Funds deposited into the Contract Revenue System Debt Service Fund are not pledged to the Contract Revenue Road Bonds, nor are funds deposited into the Contract Revenue Road Debt Service Fund pledged to the Contract Revenue System Bonds, such as the Bonds, or to the Contract Revenue Fire Bonds.
- (g) Each Participant is obligated to pay a pro rata share of debt service on the Contract Revenue Bonds by the dates specified by the Master District. See "THE BONDS – Contract Payments by the Participants," "THE BONDS – Unconditional Obligation to Pay," and "MASTER DISTRICT CONTRACT."

Debt Service Requirements on the Bonds

Combined Estimated Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027–2051)	\$	6,187,506 (a)
Combined Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2041)	\$	7,426,950 (a)
Contract Tax Rate per \$100 of Assessed Valuation Required to Pay the Combined Estimated Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027–2051) at 95% Tax Collections:		
Based Upon the 2026 Gross Certified Assessed Valuation of the Participants (\$2,542,645,548)	\$	0.26
Based upon the Estimated Gross Assessed Valuation of the Participants as of June 1, 2026 (\$2,679,464,843)	\$	0.25
Contract Tax Rate per \$100 of Assessed Valuation Required to Pay the Combined Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2041) at 95% Tax Collections:		
Based Upon the 2026 Gross Certified Assessed Valuation of the Participants (\$2,542,645,548)	\$	0.31
Based upon the Estimated Gross Assessed Valuation of the Participants as of June 1, 2026 (\$2,679,464,843)	\$	0.30

(a) Debt service on the Bonds is estimated at an interest rate of 4.75%. See "SELECTED FINANCIAL INFORMATION – Pro Forma Debt Service Requirement Schedule."

Assessed Valuations of the Participants

Participant	2026 Gross Certified Assessed Valuation (a)	Percent of Total	Estimated Gross Assessed Valuation as of June 1, 2026 (b)	Percent of Total
SMUD4	\$ 1,205,982,071	47.43%	\$ 1,206,170,128	45.02%
SMUD5	787,200	0.03%	787,200	0.03%
SMUD6	1,217,498,561	47.88%	1,265,250,422	47.22%
SMUD7	118,377,716	4.66%	207,257,093	7.74%
Total	\$ 2,542,645,548	100.00%	\$ 2,679,464,843	100.00%

(a) Represents the assessed valuation of all taxable property located within the Participants as of January 1, 2026, as provided by the Appraisal District. The Participant's tax roll is certified by the Appraisal Review Board. Such amount includes the following assessed valuations currently under review by the Appraisal Review Board: \$5,102,380 for SMUD4, \$7,964,701 for SMUD6, and \$7,565,159 for SMUD7. These amounts reflect the estimated minimum amounts of assessed valuations that will ultimately be approved by the Appraisal Review Board. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the value of all taxable property located within the Service Area as of June 1, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026, through June 1, 2026. No taxes will be levied against this amount. Such amount includes the following values currently under review by the Appraisal Review Board: \$15,760,684 for SMUD4, \$347 for SMUD5, \$20,066,134 for SMUD6, and \$14,527,662 for SMUD7. See "TAX DATA" and "TAXING PROCEDURES."

Status of Development as of August 1, 2026

District	Total Acreage	Completed Lots	Occupied Completed Homes	Unoccupied Completed Homes	Homes Under Construction	Vacant Developed Lots	Lots Under Development
SMUD4	1,063.54	2,199	2,199	-	-	-	-
SMUD5	31.71	-	-	-	-	-	-
SMUD6	1,300.35	2,341	2,284	57 (a)	56	259	92
SMUD7	1,028.84	128	74	54 (b)	82	520	252
Total	3,424.44	4,668	4,557	111	138	779	344

Estimated Population of the Service Area: 15,950 (c)

(a) Includes 27 model homes.

(b) Includes 5 model homes.

(c) Based upon 3.5 average residents per occupied completed home.

Selected Tax Data

Participant	2025 Debt Service Tax Rate	2025 Maintenance Tax Rate	2025 Contract Tax Rate	Total 2025 Tax Rate
SMUD4 (a)	\$0.5775	\$0.0500	\$0.3075	\$0.9350
SMUD5 (b)(c)	0.0000	0.0000	0.0000	0.0000
SMUD6 (d)	0.6600	0.0800	0.3100	1.0500
SMUD7 (e)	0.0000	0.7400	0.3100	1.0500

- (a) SMUD4 has authorized publication of its intent to levy a 2026 total tax rate of \$0.9350 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.5800 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.1000 per \$100 of assessed valuation, and contract tax rate of \$0.2550 per \$100 of assessed valuation.
- (b) SMUD5 has not levied a tax rate to date, but may levy a tax rate at a future date.
- (c) Until such time as SMUD5 levies a Contract Tax, Contract Payments will be paid from operating funds advanced by the Developer. See "INVESTMENT CONSIDERATIONS – Dependence on Major Taxpayers and the Developer."
- (d) SMUD6 has authorized publication of its intent to levy a 2026 total tax rate of \$1.0500 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.7025 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.0900 per \$100 of assessed valuation, and contract tax rate of \$0.2575 per \$100 of assessed valuation.
- (e) SMUD7 has authorized publication of its intent to levy a 2026 total tax rate of \$1.0500 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.4550 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.3350 per \$100 of assessed valuation, and contract tax rate of \$0.2600 per \$100 of assessed valuation.

Pro Forma Debt Service Requirement Schedule

The following schedule sets forth the total debt service requirements on the Outstanding Bonds (as of the delivery of the Bonds), plus the principal and estimated interest requirements on the Bonds, assuming the Bonds are issued at an interest rate of 4.75%. Totals may not sum due to rounding.

Year	Outstanding Debt Service	The Bonds		Total Debt Service	Total Debt Service
		Principal	Interest		
2026	\$ 4,607,984	\$ -	\$ -	\$ -	\$ 4,607,984
2027	6,848,669	130,000	344,533	474,533	7,323,202
2028	6,797,714	155,000	316,825	471,825	7,269,539
2029	6,787,400	165,000	309,463	474,463	7,261,863
2030	6,765,073	170,000	301,625	471,625	7,236,698
2031	6,753,941	180,000	293,550	473,550	7,227,491
2032	6,754,526	185,000	285,000	470,000	7,224,526
2033	6,768,590	195,000	276,213	471,213	7,239,803
2034	6,809,796	205,000	266,950	471,950	7,281,746
2035	6,812,356	215,000	257,213	472,213	7,284,569
2036	6,852,170	225,000	247,000	472,000	7,324,170
2037	6,859,216	235,000	236,313	471,313	7,330,529
2038	6,909,400	245,000	225,150	470,150	7,379,550
2039	6,914,300	260,000	213,513	473,513	7,387,813
2040	6,944,350	270,000	201,163	471,163	7,415,513
2041	6,953,613	285,000	188,338	473,338	7,426,950
2042	6,836,438	295,000	174,800	469,800	7,306,238
2043	6,430,500	310,000	160,788	470,788	6,901,288
2044	6,446,313	325,000	146,063	471,063	6,917,375
2045	5,490,438	340,000	130,625	470,625	5,961,063
2046	4,804,081	355,000	114,475	469,475	5,273,556
2047	3,876,813	375,000	97,613	472,613	4,349,425
2048	3,254,381	390,000	79,800	469,800	3,724,181
2049	1,998,244	410,000	61,275	471,275	2,469,519
2050	1,227,875	430,000	41,800	471,800	1,699,675
2051	-	450,000	21,375	471,375	471,375
Total	\$147,504,179	\$ 6,800,000	\$ 4,991,458	\$ 11,791,458	\$ 159,295,638

Combined Estimated Average Annual Debt Service Requirement
on the Outstanding Bonds and the Bonds (2027-2051) \$ 6,187,506

Combined Estimated Maximum Annual Debt Service Requirement
on the Outstanding Bonds and the Bonds (2041) \$ 7,426,950

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SIENNA MUNICIPAL UTILITY DISTRICT NO. 5

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

\$6,800,000 Contract Revenue Bonds Series 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Sienna Municipal Utility District No. 5 (the “Master District” or, in its capacity as a Participant (herein defined), “SMUD5”) of the \$6,800,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2026 (the “Bonds”).

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

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

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

INVESTMENT CONSIDERATIONS

General

The Master District is issuing the Bonds for the purpose of constructing or acquiring regional water, wastewater, and drainage facilities to serve the Service Area (the “Master District System Facilities”), and the Master District is expected to issue, in the future, additional contract revenue bonds for the Master District System Facilities. The Master District has also issued bonds for the purpose of constructing or acquiring a regional road system to serve the Service Area (the “Master District Road Facilities”) and for the purpose of paying costs for the Master District’s pro rata share of the fire department substation facility and equipment constructed pursuant to the Fire Protection Agreement (herein defined), the Texas Commission on Environmental Quality (the “TCEQ”), voter approved fire plan, and Chapter 49 of the Texas Water Code to serve the Service Area (the “Master District Fire Facilities”), and the Master District is expected to issue, in the future, additional contract revenue bonds. The Bonds and any contract revenue bonds issued for the purpose of constructing or acquiring the Master District System Facilities are referred to herein as the “Contract Revenue System Bonds,” any contract revenue bonds issued for the purpose of constructing or acquiring the Master District Road Facilities are referred to herein as “Contract Revenue Road Bonds,” and any contract revenue bonds issued for the purpose of constructing or acquiring the Master District Fire Facilities are referred to herein as “Contract Revenue Fire Bonds. The Contract Revenue System Bonds, the Contract Revenue Road Bonds, and the Contract Revenue Fire Bonds are collectively referred to herein as the “Contract Revenue Bonds.” The Master District System Facilities, the Master District Road Facilities, the Master District Fire Facilities, and the Master District Park Facilities (herein defined) are collectively referred to herein as the “Master District Facilities.” The Bonds are special obligations of the Master District and are not obligations of Texas; Fort Bend County, Texas (the “County”); the City of Missouri City, Texas (the “City”); any of the Participants (except the Master District); or any entity other than the Master District, and are payable solely from the revenues pledged thereto. The Contract Revenue Bonds, including the Bonds, are payable solely from and to the extent of certain contract payments received by the Master District from the Participants pursuant to the Master District Contract, with each Participant’s annual contract payment being equal to its pro rata share of annual debt service on the Contract Revenue Bonds, including the Bonds, plus all charges and expenses of paying agents and registrars, and all amounts required to establish and maintain funds, established under the Bond Resolution based upon the appraised valuation subject to taxation plus amounts equal to any optional exemption or special appraisal value granted or adopted by a Participant, and any optional exemption or special value claimed by a landowner due to use for agricultural, open space, timberland, or other similar uses (the “Gross Certified Assessed Valuation”) of each such Participant as a percentage of the total Gross Certified Assessed Valuation of all Participants (the “Contract Payments”). Each Participant is contractually obligated to make the Contract Payments from the proceeds of an

annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on taxable property within its boundaries (the "Contract Tax"), from revenues derived from the operations of such Participant's water distribution and wastewater collection systems, or from any other lawful sources of such Participant's income. **The obligations of the Participants to make Contract Payments are several, not joint, obligations prorated among the Participants based upon the proportion of the Gross Certified Assessed Valuation of property within their respective boundaries to the total Gross Certified Assessed Valuation of property within all Participants, as described herein.** No Participant is obligated to pay the Contract Payments allocated to any other Participant; however, lack of payment by any Participant could result in an increase in the Contract Payment amount paid by each of the other Participants during the time that such Participant's payment is delinquent as the Master District may include a reserve amount in the Contract Payment due from each Participant. The security for payment of the principal of and interest on the Bonds by the Master District, therefore, depends on the ability of each Participant to collect annual ad valorem taxes (without legal limit as to rate or amount) levied on taxable property within its boundaries sufficient to make its Contract Payments. The collection by each Participant of delinquent taxes owed to it may be a costly and lengthy process. See "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies and Bankruptcy" and "THE BONDS – Source of Payment."

Possible Flooding Events

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

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

An overtopping of the levee could occur if the Brazos River or its tributaries reach flood stages higher than the 100-year event. The "100-year event" means the river elevation has a statistical 1% chance of occurring in any given year. Current FEMA regulations require an earthen levee to be constructed a minimum of three (3) feet above the level of a 100-year event. The 100-year event elevation for the Brazos River adjacent to SPLID's levee, ranges from 58.72 feet above mean sea level to 66.40 feet above mean sea level. According to SPLID's engineer, overtopping of SPLID's levee system may occur from river events with a recurrence interval of less than 0.2% (500-year event) based on the effective FEMA models for the Brazos River in the County.

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

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

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

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

SPLID experienced two (2) consecutive 100-year Brazos River flood events in April and May of 2016. During the April 2016 event (also known as the Tax Day event), three (3) gates on the North Pump Station Outfall were significantly damaged by debris due to elevated river levels. This led to an infiltration of the Flood Protection System through the damaged gates. This flood event continued into May 2016 (also known as the Memorial Day event) when another 100-year flood event impacted SPLID. The length of time of this river event, coupled with infiltration through the broken gates, caused several of the pumps to fail. However, SPLID immediately mitigated the flood risk by bringing in temporary drainage pumps, which allowed SPLID to pump out water resulting from the river infiltration until October 2016, when the Brazos River levels eventually returned to below flood stage. During the duration of the 2016 flood events, no structures were damaged or compromised due to floodwaters entering SPLID. Further, it should be noted SPLID has made significant improvements to the pumps and pumping structure, including purchasing 14 additional stand-by pumps, in order to improve flood fighting ability and further minimize flood risk. See "INVESTMENT CONSIDERATIONS – Extreme Weather Events" for a description of the four (4) 100-year flood events experienced by the Service Area since 2015.

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

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

Municipal Regulation

The Service Area lies within the extraterritorial jurisdiction of the City, and the City's regulatory authority (other than certain legislatively granted authorizations for health, safety and welfare) is governed by the terms of the Development Agreement. See "THE DISTRICT – Development Agreement." Under the terms of the Development Agreement, the City has the right to approve plats and engineering plans pursuant to City regulations in effect at the time of execution of the Development Agreement. In the event that the City attempts to impose other regulations on the Developer outside the terms of the Development Agreement or impedes plat or plan approval for reasons outside the terms of the Development Agreement, such municipal actions could negatively impact the pace of development within the District.

Extreme Weather Events

The greater City of Houston, Texas ("Houston"), area has experienced four (4) 100-year flood events since 2015, the most recent of which was Hurricane Harvey, which made landfall along the Texas gulf coast on August 26, 2017, and brought historic levels of rainfall during the succeeding four (4) days.

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

Hurricane Harvey produced an estimated 40 inches of rain in SPLID over a four (4)-day period, well in excess of the 100-year threshold across most of the Houston metropolitan area. Additionally, the County Judge called for a mandatory evacuation of SPLID due to the rise of the Brazos River and the risk of a breach or overtopping of SPLID's levee system. Rainfall from Hurricane Harvey did not result in an overtopping or breach of SPLID's levee and drainage system, however, the Service Area experienced street flooding and approximately nine (9) homes within the Service Area reported structural flooding and water damage due to Hurricane Harvey. In addition, a tornado touched down and approximately 64 homes were damaged by the tornado within SPLID, none of which were within the Service Area.

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

The Master District cannot predict the effect that additional extreme weather events may have upon the Service Area or SPLID's levee and drainage system. Additional extreme weather events have the potential to cause damage within SPLID that could have a negative effect on taxable assessed valuations in the Service Area which could cause tax rates to rise. See "INVESTMENT CONSIDERATIONS – Possible Flooding Events" and "THE FLOOD PROTECTION SYSTEM."

Potential Impact of Natural Disaster

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

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

Potential Effects of Oil Price Volatility on the Houston Area

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the Service Area. The Master District cannot predict the impact that negative conditions in the oil industry could have on property values in the Service Area.

Overlapping Debt and Tax Rates

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

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

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

Economic Factors and Interest Rates

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

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

Competition

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

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

Location and Access

The service area is located approximately 23 miles southwest from the central business district of Houston. Many of the single-family developments with which the Master District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer may be at a competitive disadvantage to the developers in other single-family projects located closer to major urban centers or in a more developed state. See "THE MASTER DISTRICT – Status of Development Within the Service Area."

Increase in Costs of Building Materials

As a result of supply issues, shipping constraints, and ongoing trade disputes (including tariffs), there have been recent substantial increases in the cost of lumber and other building materials, causing many homebuilders and general contractors to experience budget overruns. Further, the unpredictable nature of current trade policy (including the threatened imposition of tariffs) may impact the ability of the Developer or homebuilders in the Master District to estimate costs. Additionally, immigration policies may affect the State's workforce, and any labor shortages that could occur may impact the rate of construction within the Master District. Uncertainty surrounding availability and cost of materials may result in decreased levels of construction activity, and may restrict the growth of property values in the Master District. The Master District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developer or homebuilders.

Dependence on Major Taxpayers and the Developer

The top 10 principal taxpayers within the Service Area represent \$137,076,670, or 5.39%, of the 2026 Gross Certified Assessed Valuation of the Participants, which is \$2,542,645,548, and represents ownership in the Participants' boundaries as of January 1, 2026. The Developer represents \$63,879,593, or 2.51%, of such value. See "TAX DATA – Principal Taxpayers." If the Developer or another principal taxpayer were to default in the payment of taxes in an amount which exceeds the amount in the debt service fund created to pay debt service on bonds issued for the Master District System Facilities or the Master District Fire Facilities (the "Contract Revenue System Debt Service Fund") or the debt service fund created to pay debt services on bonds issued for the Master District Road Facilities (the "Contract Revenue Road Debt Service Fund"), the ability of the Master District to make timely payment of debt service on the Bonds would be dependent on the ability of Participants to enforce and liquidate their tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in a Participant being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The Master District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its Contract Revenue System Debt Service Fund or Contract Revenue Road Debt Service Fund. See "INVESTMENT CONSIDERATIONS – Tax Collection Limitations," "TAXING PROCEDURES – Levy and Collection of Taxes," and "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS."

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

Development Agreement With the City

A prior owner of the land within the Service Area entered into the Eighth Amendment (herein defined). The Eighth Amendment modifies the terms of the original Sienna Plantation Joint Development Agreement (entered into in February 19, 1996) as it pertains to the land now owned by the Developer (referred to in the Eighth Amendment as "Tract B" but referred to herein as the Service Area); and clarifies that unless expressly set forth in the Eighth Amendment, none of the terms of the preceding seven (7) amendments are applicable to the development of the Service Area. Thus, the Development Agreement (herein defined) are the only terms that remain in full force and effect as to the Developer's development of land within the Service Area.

The Development Agreement was assigned to the Developer on December 10, 2013. The Development Agreement stipulates the City's regulatory authority over the development of Sienna, establishes certain restrictions and commitments related to the development of the Service Area, sets forth detailed design and construction standards, stipulates a formula for determining the timing of annexations of land within the Service Area by the City, sets forth utility development standards, and identifies and establishes a master plan for the development of the Service Area. The Development Agreement limits the number of residential units within the Service Area to 10,000 with no more than 220 acres of commercial development. Any material deviation from the terms of the Development Agreement by the Developer may be considered a breach of the Development Agreement by the Developer and may adversely affect development of the Service Area. See "SIENNA – Development Agreement."

Under the terms of the Development Agreement, the City has the right to approve plats and engineering plans pursuant to City regulations in effect at the time of execution of the Development Agreement. In the event that the City attempts to impose other regulations on the Developer outside the terms of the Development Agreement or impedes plat or plan approval for reasons outside the terms of the Development Agreement, such municipal actions could negatively impact the pace of development within the District.

Undeveloped Acreage and Vacant Lots

To date, there are approximately 900 undeveloped but developable acres within the Service Area that have not been provided with water, wastewater, drainage, road, and other facilities necessary for the construction of taxable improvement. In addition, there are 779 vacant developed lots and 344 lots currently under development. The Master District makes no representation as to when or if development of the undeveloped but developable acreage will occur or that the lot sales and building program will be successful. See “THE MASTER DISTRICT – Status of Development Within the Service Area.”

Operational Expenses

Each Participant is obligated to pay monthly charges to the Master District for its share of the Master District’s operation and maintenance expenses in connection with the Master District’s provision of service from the Master District Facilities. The monthly charges paid by each Participant to the Master District is used to pay each Participant’s share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each Participant’s share of operation and maintenance expenses and reserve requirements is based upon a “unit cost” of operation and maintenance expense and reserve requirements, calculated by the Master District and expressed in terms of “cost per equivalent single-family residential connection.” Each Participant’s monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections (“ESFCs”) reserved to each Participant on the first day of the previous month by the unit cost per ESFC. The monthly cost per ESFC being charged by the Master District to each Participant presently is \$38.24 for water and wastewater services and \$28.50 for firefighting services for fiscal year 2027. See “MASTER DISTRICT FACILITIES.” Residents in the Service Area also pay a renewal and replacement fee of \$0.40 per 1,000 gallons of water used and a surface water fee of \$3.20 per 1,000 gallons of water used to the City. SMUD5 does not anticipate levying a tax rate for the 2026 tax year, so it will rely on developer advances to pay its share of the contract tax.

No Reserve Fund

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

Maximum Impact on Contract Tax Rate

Assuming no further development, the value of the land and improvements currently within the Participants will be the major determinant of the ability and willingness of property owners to pay their taxes. The 2026 Gross Certified Assessed Valuation of the Participants is \$2,542,645,548 and the Estimated Gross Assessed Valuation of the Participants as of June 1, 2026, is \$2,679,464,843. See “TAX DATA.” After issuance of the Bonds, the combined estimated maximum annual debt service requirement on the Outstanding Bonds (herein defined) and the Bonds will be \$7,426,950 (2041) and the combined estimated average annual debt service requirement on the Outstanding Bonds and the Bonds will be \$6,187,506 (2027–2051). Assuming no increase or decrease from the 2026 Gross Certified Assessed Valuation, a Contract Tax rate of \$0.31 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the combined estimated maximum annual debt service requirement on the Outstanding Bonds and the Bonds and a Contract Tax rate of \$0.26 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the combined estimated average annual debt service requirement on the Outstanding Bonds and the Bonds. Assuming no increase or decrease from the Estimated Gross Assessed Valuation of the Participants as of June 1, 2026, a Contract Tax rate of \$0.30 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the combined estimated maximum annual debt service requirement on the Outstanding Bonds and the Bonds and a Contract Tax rate of \$0.25 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the combined estimated average annual debt service requirement on the Outstanding Bonds and the Bonds. See “SELECTED FINANCIAL INFORMATION – Pro Forma Debt Service Requirement Schedule,” “SELECTED FINANCIAL INFORMATION – Contract Revenue Bonds of the Master District,” and “TAX DATA – Tax Rate Calculations.”

Debt Burden on Property Within the Service Area

The total tax rate paid by property owners within the Service Area is a major factor in the demand for single-family homes within the Service Area. The Master District Contract requires that the Participants make Contract Payments from the Contract Tax. In addition, other contract tax payments are required of the Participants by the Master District Contract. See "MASTER DISTRICT CONTRACT" and "MASTER DISTRICT CONTRACT WITH SRMUD." Furthermore, each Participant will be required to levy taxes on property within the boundaries (without legal limit as to rate or amount) to pay annual principal and interest on any unlimited tax bonds issued in the future by the Participant to fund internal water, wastewater, drainage, road, and park and recreational facilities within the Participant's boundaries. Each Participant may also levy taxes on property within its boundaries to pay operations and maintenance expenses. For the 2025 tax year, SMUD4 levied a debt service tax rate of \$0.5775 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.0500 per \$100 of assessed valuation, and contract tax rate of \$0.3075 per \$100 of assessed valuation, for a total tax rate of \$0.9350 per \$100 of assessed valuation. For the 2025 tax year, SMUD6 levied a debt service tax rate of \$0.6600 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.0800 per \$100 of assessed valuation, and contract tax rate of \$0.3100 per \$100 of assessed valuation, for a total tax rate of \$1.0500 per \$100 of assessed valuation. For the 2025 tax year, SMUD7 levied a maintenance and operations tax rate of \$0.7400 per \$100 of assessed valuation and contract tax rate of \$0.3100 per \$100 of assessed valuation, for a total tax rate of \$1.0500 per \$100 of assessed valuation. To date, SMUD5 has not levied a tax rate.

SMUD4 has authorized publication of its intent to levy a 2026 total tax rate of \$0.9350 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.5800 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.1000 per \$100 of assessed valuation, and contract tax rate of \$0.2550 per \$100 of assessed valuation. SMUD6 has authorized publication of its intent to levy a 2026 total tax rate of \$1.0500 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.7025 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.0900 per \$100 of assessed valuation, and contract tax rate of \$0.2575 per \$100 of assessed valuation. SMUD7 has authorized publication of its intent to levy a 2026 total tax rate of \$1.0500 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.4550 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.3350 per \$100 of assessed valuation, and contract tax rate of \$0.2600 per \$100 of assessed valuation.

The entirety of the Service Area is located within SPLID, which covers approximately 9,832 acres. SPLID is the levee improvement district created to construct and maintain the earthen levee, detention ponds, external drainage channel, and various interior drainage channels necessary to serve Sienna. All of the approximate 3,424 acres that make up the Service Area are located within SPLID. SPLID finances facilities to accomplish flood protection and accommodate stormwater drainage and regional park facilities within SPLID, including the Service Area. SPLID currently levies a tax on property located within its boundaries, including the Service Area, which is in addition to any tax levied by the Master District. For the 2025 tax year, SPLID levied a total tax rate of \$0.4125 per \$100 of assessed valuation. At the time of delivery of the Bonds, SPLID will have \$192,270,000 principal amount of unlimited tax bonds outstanding.

As discussed in this Official Statement under "MASTER DISTRICT CONTRACT WITH SRMUD," in May 2013, the Participants executed a Contract for Financing Operation and Maintenance of Regional Water, Sanitary Sewer and Storm Sewer Facilities (the "SRMUD Agreement") with Sienna Regional Municipal Utility District ("SRMUD"). The SRMUD Agreement obligates the Participants (and the five (5) other participating districts) to pay their respective pro rata share for any contract revenue bonds issued by SRMUD for regional facilities. SRMUD is only able to issue contract revenue bonds for certain limited purposes, including bonds for a wastewater treatment plant. In May 2018, SRMUD issued \$25,010,000 principal amount of contract revenue bonds through the Texas Water Development Board for the construction of permanent wastewater capacity to serve Sienna. The Participants, pursuant to the Master District Contract, are responsible for their pro rata share of such bonds. Of the \$25,010,000 principal amount issued, \$12,695,000 principal amount is attributable to the Master District (on behalf of the Participants), of which SMUD5 is contractually obligated to pay its pro rata share of the annual debt service. At the time of delivery of the Bonds, \$11,905,000 principal amount of the Master District's obligation will remain outstanding.

The tax rate that may be required to service debt on any bonds issued by the Master District, a Participant, SPLID, or SRMUD is subject to numerous uncertainties such as the growth of taxable values within such district, the amount of the bonds issued, regulatory approvals, construction costs and market interest rates. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated in Sienna will be competitive with the tax rates of competing projects. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the Service Area and the investment quality or security of the Bonds could be adversely affected.

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

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

Tax Collection Limitations

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

Registered Owners' Remedies and Bankruptcy

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

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

Marketability

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

Future Debt

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

The Master District Contract obligates each Participant to pay a pro rata share of the debt service on the Contract Revenue Bonds based upon the Gross Certified Assessed Valuation of each Participant as a percentage of the Gross Certified Assessed Valuation of all Participants, calculated annually. Each Participant is obligated to make such Contract Payments from the

proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on taxable property within its boundaries, or also known as the “Contract Tax,” from revenues derived from the operations of such Participant’s water distribution and wastewater collection systems, or from any other lawful source of such Participant’s income.

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

Pursuant to the Master District Contract and after the issuance of the Bonds, the Master District will have \$368,215,000 principal amount of Contract Revenue System Bonds, \$208,495,000 principal amount of Contract Revenue Road Bonds, \$30,325,000 principal amount of Contract Revenue Fire Bonds, and \$218,300,000 principal amount of Contract Revenue Park Bonds remaining authorized but unissued, and such additional bonds as may hereafter be approved by both the Board and voters of the Participants. See “THE BONDS – Issuance of Additional Debt.” The Outstanding Bonds, the Bonds, and all additional Contract Revenue Bonds issued by the Master District, will be payable from the Contract Tax.

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

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

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the TCEQ may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight (8)-county Houston-Galveston-Brazoria area (“HGB Area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under two (2) separate federal ozone standards: the 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 the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

The HGB Area is currently designated as a “severe” 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 “serious” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2027. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six (6) 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 Master District and the Participants, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than 90 contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) (“CGP”), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 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 TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While SRMUD, Sienna Municipal Utility District No. 2 (“SMUD2”) – which was annexed by the City effective August 21, 2023, and was dissolved by the City effective December 19, 2023), Sienna Municipal Utility District No. 3 (“SMUD3”), SMUD4, SMUD6, Sienna Municipal Utility District No. 10 (“SMUD10”), Sienna Municipal Utility District No. 12 (“SMUD12”), and Sienna Management District (“SMD”) are subject to the MS4 Permit, the Master District, as a Participant, is currently not subject to the MS4 Permit as it does not meet the population thresholds. If the Master District’s inclusion as a Participant were required at a future date, the Master District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

Operations of utility districts, including the Master District and the Participants, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the “waters of the United States.” The Master District and the Participants must obtain a permit from the United States Army Corps of Engineers

("USACE") if operations of the Master District and the Participants require that wetlands be filled, dredged, or otherwise altered.

In 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. Subsequently, the EPA and USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

While the *Sackett* decision and subsequent regulatory action 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 Master District and the Participants, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Approval of the Bonds

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

Changes in Tax Legislation

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

Bond Insurance Risk Factors

The Master District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The following are risk factors relating to bond insurance.

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 absent such prepayment by the Master District unless the bond insurer chooses to pay such amounts at an earlier date.

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the bond insurer and its claim paying ability. The bond insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the bond insurer and of the ratings on the Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MUNICIPAL BOND INSURANCE" and "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 Master 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 Master District to pay principal of and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

THE BONDS

General

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

The Bonds will mature on November 1 of the years and in principal amounts, and will bear interest from the initial date of delivery (on or about October 7, 2026), at the rates per annum, set forth on the inside cover. Interest on the Bonds will be payable May 1, 2027, and semiannually thereafter on November 1 and May 1 until maturity or redemption. Interest calculations are based on a 360-day year comprised of 12 30-day months. The Bonds are subject to redemption as described below.

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

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

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

Book-Entry-Only System

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One (1) fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear

through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants,” and together with the Direct Participants, the “Direct and Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Direct and Indirect Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

The information in the section concerning DTC and the Book-Entry-Only System has been obtained from sources that the Master District believes to be reliable, but the Master District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

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

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

Registration, Transfer and Exchange

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

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated offices of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one (1) maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the Master District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning 15 calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within 30 calendar days. No service charge will be made for any transfer or exchange, but the Master District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

The Bonds maturing on November 1, 2032, and thereafter shall be subject to redemption and payment at the option of the Master District, in whole or from time to time in part, on November 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given by the Paying Agent/Registrar at least 30 days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the Master District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one (1) maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mutilated, Lost, Stolen, or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the Master District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds, on receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Master District and the Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the Master District may require payment of taxes, governmental

charges and other expenses (including the fees and expenses of the Registrar), bond printing and legal fees in connection with any such replacement.

Authority for Issuance

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

In addition, the Master District is authorized to issue \$218,300,000 principal amount of Contract Revenue Park Bonds.

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

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment, the sufficiency of the Contract Payments to pay principal of and interest on the Bonds or upon the adequacy of the information contained in this Official Statement.

Source of Payment

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

Payment Record

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

The Outstanding Bonds

The Master District has previously issued the following Contract Revenue Bonds: \$1,100,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2015; \$2,170,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2016; \$6,645,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2017; \$8,415,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2019; \$7,050,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2019; \$6,000,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2020; \$6,000,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2020; \$6,800,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2021; \$9,725,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2021; \$5,680,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2022; \$3,650,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2022; \$8,760,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2023; \$9,420,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2023; \$4,250,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2024; \$5,125,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2024; \$2,475,000 Sienna Municipal Utility District No. 5 Contract Revenue Fire Bonds, Series 2024; and \$17,000,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2025. At the time of delivery of the Bonds, \$100,710,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Bonds"). See "MASTER DISTRICT DEBT."

Contract Payments by the Participants

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

Unconditional Obligation to Pay

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

Funds

The Contract Revenue System Debt Service Fund is confirmed in the Bond Resolution, of which the proceeds from the Contract Payments collected for and on account of the Bonds shall be deposited into the Contract Revenue System Debt Service Fund (which includes each Participant's pro rata share of the respective debt service requirements). The Bond Resolution does not provide for segregated reserve funds. The Master District's annual calculation of the debt service requirement to be paid by the Participants shall include no more than the sum of next year's annual debt service requirements and, at the option of the Master District, an amount up to 50% of the following year's annual debt service requirements, which when paid by the Participants, will be deposited into the respective debt service fund.

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

Issuance of Additional Debt

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

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

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

Pursuant to the Master District Contract and after the issuance of the Bonds, the Master District will have \$368,215,000 principal amount of Contract Revenue System Bonds, \$208,495,000 principal amount of Contract Revenue Road Bonds, \$30,325,000 principal amount of Contract Revenue Fire Bonds, and \$218,300,000 principal amount of Contract Revenue Park Bonds remaining authorized but unissued. The Master District Contract (except as described above) and the Bond Resolution imposes no limitation on the amount of Contract Revenue Bonds the Master District may issue payable from the Contract Tax. See "INVESTMENT CONSIDERATIONS – Future Debt."

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

Financing Park and Recreational Facilities

In addition to the improvements to be made through the issuance of the Contract Revenue Bonds and pursuant to the Master District Contract, the Master District owns or will own, construct, and/or acquire the Master District Park Facilities. The Master District may finance the capital costs of the Master District Park Facilities from payments made by each Participant of its pro rata share of the Master District's then estimated capital costs of the Master District Park Facilities (the "Park Construction Charges"). The Park Construction Charges will be computed from time to time on the basis of the then estimated total capital costs of providing the Master District Park Facilities for the Service Area minus the payments which have been previously received from the Participants as Park Construction Charges, and dividing the result by the number of projected total water and sewer connections to be constructed within the Service Area. The Park Construction Charges may be financed through the issuance of ad valorem tax bonds issued by the individual Participants. The Master District Park Facilities may be financed by the Master District through the issuance of contract revenue bonds, which may be paid by the Participants through the issuance of ad valorem tax bonds issued by the individual Participants, or through the Park Construction Charges.

If Park Construction Charges are received by the Master District, they shall be deposited into the Park Construction Fund and shall be used solely for the purpose of paying the capital costs of the Master District Park Facilities pursuant to the Master District Contract.

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

No Arbitrage

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

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the Master District defaults in the payment of principal of or interest on any of the Bonds when due, fails to make payments required by the Bond 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 Master District to make such payments or to observe and perform such covenants, obligations, or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the Participants to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a Master District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the Master District, such a judgment could not be enforced by direct levy and execution against the property within the Service Area. Further, the Registered Owners cannot themselves foreclose on the property within the Service Area or sell property within the Service Area in order to pay principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws and principles relating to sovereign immunity, bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the Participants. For example, a Chapter 9 bankruptcy proceeding by a Participant could delay or eliminate payment of principal or interest to the Registered Owners.

Use and Distribution of Bond Proceeds

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

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

<u>CONSTRUCTION COSTS</u>	<u>Total Costs</u>
A. Developer Contribution Items	
None	\$ -
B. District Items	
1. Sienna Parkway Phase 6	\$ 2,336,290
2. Water Plant No. 3 Phase 4	2,862,940
3. Engineering and Testing	534,056
4. SWPPP	63,581
Total District Items	\$ 5,796,867
Subtotal Construction Costs	\$ 5,796,867
Less: Surplus Funds	\$ (385,000)
 TOTAL CONSTRUCTION COSTS (79.59% of Bond Issue Requirement)	 \$ 5,411,867
<u>NON-CONSTRUCTION COSTS</u>	
A. Legal Fees	\$ 176,000
B. Fiscal Agent Fees	136,000
C. Interest	
1. Developer Interest	486,490
2. Capitalized Interest (12 Months at 5.00%)	340,000
D. Bond Discount (2.0%)	136,000
E. Bond Issuance Expenses	39,843
F. Bond Application Report Costs	50,000
G. Attorney General's Fee (0.10% or \$9,500 max)	6,800
H. TCEQ Bond Issue Fee (0.25%)	17,000
TOTAL NON-CONSTRUCTION COSTS	\$ 1,388,133
TOTAL BOND ISSUE REQUIREMENT	\$ 6,800,000

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

THE PARTICIPANTS

Creation, Authority, and Description

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

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

Authorized Bonds and Debt Service Tax

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

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

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

Operations

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

Contract Taxes

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

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

Maintenance and Operations Tax

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

Annexation – Strategic Partnership Agreements

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

The Strategic Partnership Agreement between the City and SMUD5 was amended on October 5, 2020, to allow for the City to annex SMUD5 (in addition to SMUD6 and SMUD7) for the limited purpose of providing fire protection services.

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

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

Consolidation

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

Management

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

Financial Data

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

MASTER DISTRICT CONTRACT

SMUD5 and the other Participants have executed the Master District Contract with the Master District for the financing, operation, and maintenance of the regional facilities described below and obtained the approval of the Master District Contract from voters at elections held within their respective boundaries. The Master District, in its capacity as the provider for the Master District Facilities, will construct the Master District Facilities and provide services from those Master District Facilities.

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

plant by SRMUD. See "MASTER DISTRICT CONTRACT WITH SRMUD." Each Participant's Contract Payment will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of other funds to make its contract payments is the sole responsibility of each Participant.

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

The Master District is the financing vehicle for all Master District Facilities and will own and operate all Master District Facilities (except as described herein, the County will accept public roadways for operation and maintenance and the fire station is owned and operated by the City). In addition, pursuant to the Utility Contract, SRMUD owns and operates the Master District System Facilities. Each Participant (including SMUD5 in its capacity as provider of internal facilities to serve the acreage within its boundaries) will own and operate its internal facilities. The internal facilities are expected to be financed with unlimited tax bonds sold by each of the Participants. It is anticipated that the Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within the Service Area. In the event that the Master District fails to finance or SRMUD fails to meet its obligations to provide Master District System Facilities as required by the Service Area, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District System Facilities needed to provide it with service.

Each Participant is further obligated to pay monthly charges to the Master District, for water and wastewater services rendered pursuant to the Master District Contract. The Master District pays monthly charges to SRMUD for its share of operation and maintenance expenses and payments to SRMUD for its pro rata share of debt service on bonds issued for the permanent wastewater treatment plant. See "MASTER DISTRICT CONTRACT WITH SRMUD." The monthly charges paid by each Participant to the Master District is used to pay its share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each Participant's share of operation and maintenance expenses is based upon a "unit cost" of operation and maintenance expense, calculated by the Master District (taking into account charges by SRMUD) and expressed in terms of "cost per equivalent single-family residential connection." Each Participant's monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of ESFCs reserved to it on the first day of the previous month by the unit cost per ESFC. The monthly cost per ESFC being charged by the Master District to each Participant presently is \$38.24 for water and wastewater services and \$28.50 for firefighting services for fiscal year 2027.

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

Pursuant to the Master District Contract, the Master District owns or will own, construct, and/or acquire the Master District Park Facilities. The Master District may finance the capital costs of Master District Park Facilities either through the issuance of contract revenue bonds or from payments made by each Participant, including the Master District, of its pro rata share of the Master District's then estimated Park Construction Charges. The Park Construction Charges will be computed from time to time on the basis of the then estimated total capital costs of providing the Master District Park Facilities for the Service Area minus the payments which have been previously received from the Participants as Park Construction Charges and dividing the result by the number of projected total connections to be constructed within the Service Area.

All Park Construction Charges received by the Master District shall be deposited into the Park Construction Fund and shall be used solely for the purpose of paying the capital costs of the Master District Park Facilities pursuant to the Master District Contract.

Each Participant is obligated severally, but not jointly, to make contract payments to the Master District in an amount sufficient to pay its debt service requirements on contract revenue bonds. At the time of delivery of the Bonds, the Master District will have \$107,510,000 principal amount of contract revenue bonds outstanding (inclusive of the Bonds). In addition, at the time of delivery of the Bonds, SRMUD will have \$21,585,000 principal amount of contract revenue bonds outstanding, \$11,905,000 principal amount of which is attributable to the Master District (on behalf of the Participants). No Participant is obligated, contingently or otherwise, to make any contract payments owed by any other Participant; however, lack of payment by any Participant could result in an increase in the contract payment amount paid by each of the other Participants.

MASTER DISTRICT CONTRACT WITH SRMUD

The Master District, as a Participant, and the other Participants entered into the SRMUD Agreement. The SRMUD Agreement includes other participating districts that are not part of the Service Area. The participants in the SRMUD Agreement pay a connection charge to SRMUD based on its pro rata share of the regional facilities in order to obtain water and wastewater service. The participants in the SRMUD Agreement also pay monthly operation charges to SRMUD for their pro rata share of operation and maintenance expenses. SRMUD has limited authority to issue contract revenue bonds with the consent of all the participating districts: SRMUD may only issue contract revenue bonds for acquisition, construction, or improvement of: (1) surface water facilities; (2) a regional facility to comply with any regulatory requirement; (3) payment of extraordinary expenses of repairing or maintaining the regional facilities; or (4) a permanent wastewater treatment plant.

In 2009, the Master District (on behalf of the Participants) entered into the Utility Contract (herein defined) with SRMUD for the purposes of amending and supplementing the SRMUD Agreement. Pursuant to the terms of the Utility Contract, the parties agreed that the Master District will construct and finance the regional water, wastewater, and drainage facilities that serve the Service Area. Once constructed, the Master District will convey the regional water, wastewater, and drainage facilities to SRMUD for ownership, operation, and maintenance. Upon conveyance, the Master District is not obligated to pay connection charges in order to receive water and wastewater service from SRMUD. The Master District will pay monthly operations charges to SRMUD on behalf of the Participants for their pro rata share of operation and maintenance expenses and its pro rata share of debt service on the bonds issued by SRMUD (currently \$26.00 per active connection and \$0.40 per 1,000 gallons for a renewal and replacement fee). The Master District currently has purchased capacity in two (2) water plants owned by SRMUD. SRMUD has constructed a regional wastewater treatment plant, which will treat the wastewater of the Service Area. See "MASTER DISTRICT FACILITIES – Wastewater Treatment." In May 2018, SRMUD issued \$25,010,000 principal amount of contract revenue bonds through the Texas Water Development Board for the construction of permanent wastewater capacity to serve Sienna. The Participants, pursuant to the Master District Contract, are responsible for their pro rata share of such bonds. Of the \$25,010,000 principal amount issued, \$12,695,000 principal amount is attributable to the Master District (on behalf of the Participants), of which SMUD5 is contractually obligated to pay its pro rata share of the annual debt service. At the time of delivery of the Bonds, \$11,905,000 principal amount of the Master District's obligation will remain outstanding. See "MASTER DISTRICT CONTRACT."

THE MASTER DISTRICT

Management of the Master District

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

Name	Title	Term Expires May
Joe Price	President	2028
Gary Ross	Vice President	2028
Douglas Earle	Secretary	2030
Dennis Parmer	Assistant Secretary	2030
Regina Morales	Assistant Vice President	2028

Consultants

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

Tax Assessor/Collector

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

Bookkeeper

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

System Operator

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

Auditor

As required by the Texas Water Code, the Master District retains an independent auditor to audit the Master District's financial statements annually, which are filed with the TCEQ. The Master District's audited financial statements for the fiscal year ended July 31, 2025, were audited by McGrath & Co., PLLC, Houston, Texas (the "Auditor"), and are attached hereto as "APPENDIX B – Financial Statements of the Participants." The Master District's audited financial statements for the fiscal year ended July 31, 2026, are currently being prepared by the Auditor.

Engineers

The Master District's engineer is Pape-Dawson Engineers, LLC, Houston, Texas (the "Master District Engineer"). The Participants' internal design engineer is LJA, Inc., Houston, Texas.

Bond & General Counsel

The Master District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the issuance and delivery of the Bonds. Allen Boone Humphries Robinson LLP, Houston, Texas, also serves as general counsel to the Master District on matters other than the issuance of bonds.

Disclosure Counsel

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

Financial Advisor

Cedar Creek Municipal Advisors, LLC, Houston, Texas, is employed as financial advisor (the "Financial Advisor") to the Master District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information herein.

The Service Area

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

The Service Area is part of Sienna. The Service Area does not include the adjacent Sienna community developed by JDC (herein defined), including SRMUD, SMUD2 (which was annexed by the City effective August 21, 2023, and was dissolved by the City effective December 19, 2023), SMUD3, SMUD10, SMUD12, and SMD.

Status of Development Within the Service Area

To date, development within the Service Area has occurred within the boundaries of SMUD4, SMUD6, and SMUD7. Within the Service Area, approximately 926.1 acres (2,199 lots) have been developed into the single-family residential subdivision of Sienna, Sections 1-6, 6B, 7, 7B, 7C, 8, 9, 9B, 10-12, 13A, 13B, 14, 15A, 15B, 16, 17A, 17B&C, 18, 19, 20-26, 45A, and 45B within SMUD4, approximately 1,119.8 acres (2,656 lots) have been developed into the single-family residential subdivision of Sienna, Sections 14, 27, 28, 29A, 29B, 30, 31, 32A/32B, 33A, 33B, 33C, 33D, 34A, 34B, 35A, 36, 37, 38, 39A, 35B, 39B, 40A, 40B, 41, 42, 43, 44, 46, 48, 49, 52, 53, 54, 55, 57, 59, 60, 62, 63, 64, 65, 66, 67, 68, 69A, 69B, and 71 within SMUD6, and approximately 305.7 acres (730 lots) have been developed into the single-family residential subdivision of Sienna, Sections 50A, 50B, 50C, 51A, 51B, 72, 75, 76, 81, 83, and 86 within SMUD7. Approximately 11.0 acres (92 lots) are currently under development as the single-family residential subdivision of Sienna, Section 70 within SMUD6 and approximately 97.7 acres (252 lots) are currently under development as the single-family residential subdivision of Sienna, Sections 78, 79, and 85 within SMUD7. As of August 1, 2026, 4,668 homes were complete (4,557 occupied, 79 unoccupied, and 32 models), 138 homes were under construction, and 779 lots were developed and vacant.

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

Homebuilders Active Within the Service Area

Homebuilders active within the Service Area include Toll Brothers; Jamestown Estate Homes; Westin Homes; Shea Homes; David Weekley Homes; Tri Pointe Homes; Highland Homes; Perry Homes; Newmark Homes; Chesmar Homes; J. Patrick Homes; Beazer Homes; and Partners in Building. Homebuilding began in SMUD4 in early 2015, in SMUD6 in early 2019, and in SMUD7 in early 2024. Prices of new homes being constructed within the Service Area range in price from approximately \$300,000 to over \$1,500,000, and in size from approximately 1,500 square feet to over 7,000 square feet.

DESCRIPTION OF THE DEVELOPER

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the Master District include purchasing the land within the Master District, designing the subdivisions, designing the utilities and streets to be constructed in the subdivisions, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In some instances, the developer will be required to pay up to 30% of the cost of constructing certain of the water, wastewater, and drainage facilities in a utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by such district. A developer is generally under no obligation to a district to develop the property which it owns. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is usually the major taxpayer within a municipal utility district during the initial development phase of the property.

Principal Landowner/Developer

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

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

SIENNA

Description of Project

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

In addition to the Toll Brothers Development, JDC, through several partnerships, has acquired and developed approximately 4,500 acres within the northern region of Sienna (the "JDC Development"). This area includes three (3) internal municipal utility districts (previously four (4), before Sienna Municipal Utility District No. 2 was annexed and dissolved by the City) and a management district, as well as an approximate 214-acre rural estate subdivision known as "The Woods at Sienna."

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

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

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

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

To date, development within Sienna has occurred primarily within SMUD2 (which was annexed by the City effective August 21, 2023, and was dissolved by the City effective December 19, 2023); SMUD3; SMUD4; SMUD6; SMUD7; SMUD10; SMUD12; SMD; and The Woods at Sienna. As of August 1, 2026, single-family residential development within Sienna was comprised of approximately 12,566 completed homes; approximately 138 homes under construction; approximately 735 vacant and developed lots; approximately 493 lots under development; and 104 rural estate lots (containing completed homes) in The Woods at Sienna.

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

Development Agreement

A prior owner of land within the Service Area entered into the Eighth Amendment to the Sienna Plantation Joint Development Agreement with the City on July 15, 2013 (the "Eighth Amendment"). The Eighth Amendment modifies the terms of the original Sienna Plantation Joint Development Agreement (entered into in February 19, 1996) as it pertains to the land now owned by the Developer (referred to in the Eighth Amendment as "Tract B" but referred to herein as the Service Area); and clarifies that unless expressly set forth in the Eighth Amendment, none of the terms of the preceding seven (7) amendments are applicable to the development of the Service Area. Thus, the original Sienna Plantation Joint Development Agreement, as amended by the Eighth Amendment (collectively referred to herein as the "Development Agreement"), are the only terms that remain in full force and effect as to the Developer's development of land in the Service Area.

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

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

MASTER DISTRICT FACILITIES

General – The System

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

Regulation

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

Water Supply

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

SRMUD owns and operates Sienna Water Plant Nos. 1, 2, and 3, which currently consist of five (5) wells totaling 5,900 gallons per minute ("gpm"), 5,382,000 gallons of ground water storage tank capacity, 360,000 gallons of hydropneumatic tank capacity, 32,757 gpm of booster pump capacity, an auxiliary diesel-powered generator at each site, and related appurtenances. Currently, such plants are rated to serve 19,149 equivalent single-family residential connections ("ESFCs"). As of July 2026, SRMUD was serving approximately 14,191 active ESFCs, which is sufficient to serve the Service Area. However, future expansions to the water supply system will be necessary to serve the ultimate build-out of Sienna. SRMUD also provides water supply to The Woods at Sienna.

Wastewater Treatment

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

To serve the South region, SRMUD owns and operates a 2,400,000 gpd wastewater treatment plant ("WWTP"). The plant is currently treating flows of approximately 1,999,800 gpd, approximately 83% of its permitted flow. There is approximately 400,200 gpd of available permitted treatment capacity at the plant, which represents multiple years of development at the current pace.

In May 2018, SRMUD issued \$25,010,000 principal amount of contract revenue bonds through the Texas Water Development Board for the construction of permanent wastewater capacity to serve Sienna. The Participants, pursuant to the Master District Contract, are responsible for their pro rata share of such bonds. Of the \$25,010,000 principal amount issued, \$12,695,000 principal amount is attributable to the Master District (on behalf of the Participants), of which SMUD5 is contractually obligated to pay its pro rata share of the annual debt service. At the time of delivery of the Bonds, \$11,905,000 principal amount of the Master District's obligation will remain outstanding. See "MASTER DISTRICT CONTRACT."

The North region is served by the City's Steep Bank/Flat Bank WWTP. The Master District owns 1.5 million gallons per day of capacity in the plant which is sufficient for full development of the North region.

Operation of the System

SRMUD funds the operations of its system through monthly charges to its participants ("Monthly Connection Charge"). The Monthly Connection Charge for fiscal year 2027 is currently \$26.00 per active ESFC per month. If SRMUD experiences an increase in operating costs, the Monthly Connection Charge may be increased.

Further, SRMUD has adopted a long-term capital improvement plan, which is funded through a renewal and replacement fee of \$0.40 per 1,000 gallons pumped. If SRMUD experiences an unforeseen equipment failure in its system, and the

renewal and replacement fund is not sufficient to cover the cost, SRMUD may be require that its participants, including SMUD5, fund the repairs.

Master District Road Facilities

The Master District, in its capacity as the provider of the Master District Road Facilities, will construct the Master District Road Facilities. The major thoroughfare and collectors consist of stabilized curb and gutter with seven (7) and eight (8)-inch concrete pavement, and bridges.

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

The Engineer for SMUD7 has proposed certain improvements to expand Sienna Parkway (major thoroughfare throughout Sienna) to improve traffic circulation. As of the date hereof, no funding source or cost-sharing agreement has been identified for such improvements. The failure to complete such improvements could negatively impact the pace of development within the District.

Fire Protection

Fire protection to residents of the Master District is provided by the Missouri City Fire Department from an 8,400 square foot fire station located on Sienna Parkway ("Fire Station No. 5"). A second 7,700 square foot fire station has been constructed and is located along Waters Lake Boulevard. Residents of the Master District currently pay \$28.50 per month for fiscal year 2027 for fire protection from the City. The City adjusts the fire protection fee annually.

The Master District has issued its Contract Revenue Fire Bonds to pay its pro rata share of Fire Station No. 5.

THE FLOOD PROTECTION SYSTEM

Design Standards and Atlas 14

The design of the Flood Protection System is subject to regulations promulgated by the County and Fort Bend County Drainage District ("FBCDD"), among others. A main design concept at the core of the design standards applicable to the Flood Protection System is the "100-year flood plain." The "100-year flood plain" is a hypothetical engineering and meteorological concept that defines the geographical area of land that is predicted to be inundated from a flood with a 1% chance of occurring in any particular year. The County and FBCDD design standards require homes to be built with foundational slabs at least two (2) feet above the 100-year Base Flood Elevation ("BFE") for areas mapped within a Special Flood Hazard Area ("SFHA") as delineated on a Flood Insurance Rate Map (100-year flood plain), and federal regulations require homes to be built above this 100-year water surface elevation to be eligible for federal flood insurance subsidies.

The current County and FBCDD design standards, and the geographical area within the Service Area that comprises the 100-year flood plain, are based on various historical rainfall and river hydrological data sources. In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the Service Area may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the Service Area. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain. On January 1, 2020, the County adopted Atlas 14 criteria for all new development within the County. However, existing development was exempt from these requirements.

The Flood Protection System and homes in the Service Area have been constructed in compliance with all design standards in effect at the time of construction. Moreover, even absent any additional improvements to the current Flood Protection System, the engineer estimates, but does not guarantee, that based on the design standards at the time of construction that required foundational slabs to be built at least one (1) foot above the FEMA BFE for areas mapped in a SFHA, any 100-year flood event meeting Atlas 14 estimates would be unlikely to result in structural flooding of any buildings and facilities within the Service Area (i.e. based on the current state of the Flood Protection System, an Atlas 14 100-year flooding event would likely not be more than 1.5 feet greater than a 100-year flooding event estimated by past design standards).

Notwithstanding the information provided above regarding the Flood Protection System, the Flood Protection System does not protect against, and no flood protection system can protect against, all flooding scenarios. Further, because any definition of the composition of the "100-year flood plain" is based on statistical averages, it is possible that 100-year flooding events can occur more often than every 100 years. In fact, the greater Houston area has experienced three (3) 500-year flooding events since 2015 (i.e. a flooding event that has a 0.2% chance of occurring in any particular year). In addition, not every structure in SPLID is equally protected by the Flood Protection System. While all structures within SPLID have been built to the design standards in effect at the time of their construction, some structures within SPLID will always be at greater risk of structural flooding as compared to others.

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

Flood Protection, Reclamation and Drainage Facilities

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

Sienna South Levee and Drainage System: SPLID's initial Plan of Reclamation covers approximately 6,465 acres (the "South Levee System"), which includes the Service Area. The original levee and related outfall structures and channels were completed in 1984.

According to SPLID's engineer, as a result of the construction of the facilities financed by SPLID, all land located within the South Levee System was removed from the FEMA SFHA of the Brazos River. Such area located within SPLID is now designated by the applicable FEMA Flood Hazard Boundary Map as lying within a designated "shaded Zone X," which designates an area protected from the Brazos River BFE by a levee. As a result of SPLID's construction of the levee, internal detention and drainage systems, SPLID's engineer has defined "internal" SFHAs (100-year flood plain) that comply with current design standards. The lowest foundational slab elevation for residential construction, as required by applicable federal and local regulations, are at least one (1) foot above the designated flood plain.

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

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

Sienna North Levee and Drainage System: SPLID's Amended Plan of Reclamation covers approximately 2,516 acres (the "North Levee System"). The original construction of the levee and related outfall structures and channels were completed in 2004. The North Levee System does not include the Service Area.

According to SPLID's engineer, as a result of the construction of the facilities financed by SPLID, all land located within the North Levee System was removed from the 100-year flood plain of the Brazos River. Such area located within SPLID is now designated by the applicable FEMA Flood Insurance Rate Map as lying within a designated "shaded Zone X," which designates an area protected from the Brazos River BFE by a levee. As a result of SPLID's construction of the Flood Protection System, SPLID's engineer has defined "internal" SFHAs (100-year flood plain). This flood plain is designated as at least one (1) foot below the lowest floor slab elevation for residential construction, as required by applicable federal and local regulations.

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

As discussed under "INVESTMENT CONSIDERATIONS – Extreme Weather Events," the area within the North Levee System has experienced unanticipated water infiltration in the past. One (1) confirmed source of infiltration was a reversed flow of flood water through the gates at the North Levee System stormwater outfall structures. According to SPLID's engineer, improvements to those structures made after Hurricane Harvey will prevent reversed water flows in the future. SPLID's engineer suspects that a second source of infiltration was groundwater. To remediate this suspected water infiltration source as well as provide the required pumping capacity for Brazos River events when the gates are closed, SPLID has constructed two (2) 100,000 gpm pump stations to serve the North Levee System. According to SPLID's engineer, these pumping facilities should be sufficient to handle calculated infiltration sources for a flooding event similar to Hurricane Harvey.

SPLID anticipates making further improvements to the North Levee System, as discussed under "THE FLOOD PROTECTION SYSTEM – Construction of Future Internal Drainage Facilities."

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

Construction of Future Internal Drainage Facilities

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

Stormwater Pump Station: SPLID 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. A third pump station to service the South Levee System with a pumping capacity of 400,500 gpm is under construction and is anticipated to be completed in 2027. SPLID has finished construction of a stormwater pump station to serve the area 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 provides additional protection with 40,000 gpm of pumping capacity.

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

Outfall Structure: SPLID has completed construction of its third major outfall structure, which serves the South Levee System. Such outfall structure allows for additional water to flow out of the South Levee System area during a heavy rain event, when the control gates are open. The structure is needed to comply with the additional standards put in place due to Atlas 14. The outfall structure was completed in November 2022.

Detention Pond Expansion: SPLID has a detention pond to provide additional capacity to serve the South Levee System. Such facility assists SPLID in a high rain event. The second phase of the detention pond was completed in June 2022. An additional phase of the detention pond was completed in 2025.

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

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MASTER DISTRICT DEBT

General

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

Master Direct Debt:

The Outstanding Bonds (at the time of delivery of the Bonds)	\$ 100,710,000	
The Bonds	<u>6,800,000</u>	
Total Direct Debt.....	<u>\$ 107,510,000</u>	
Estimated Overlapping Debt	<u>437,116,696</u>	(a)
Total Direct and Estimated Overlapping Debt	<u>\$ 544,626,696</u>	
Contract Revenue System Debt Service Fund Balance (as of August 3, 2026).....	\$ 5,641,317	(b)(d)(e)
Contract Revenue Road Debt Service Fund Balance (as of August 3, 2026).....	\$ 3,777,167	(c)(d)(e)

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

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

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

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

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

Assessed Valuations of the Participants

Participant	2026 Gross Certified Assessed Valuation (a)	Percent of Total	Estimated Gross Assessed Valuation as of June 1, 2026 (b)	Percent of Total
SMUD4	\$ 1,205,982,071	47.43%	\$ 1,206,170,128	45.02%
SMUD5	787,200	0.03%	787,200	0.03%
SMUD6	1,217,498,561	47.88%	1,265,250,422	47.22%
SMUD7	118,377,716	4.66%	207,257,093	7.74%
Total	\$ 2,542,645,548	100.00%	\$ 2,679,464,843	100.00%

- (a) Represents the assessed valuation of all taxable property located within the Participants as of January 1, 2026, as provided by the Appraisal District. The Participant's tax roll is certified by the Appraisal Review Board. Such amount includes the following assessed valuations currently under review by the Appraisal Review Board: \$5,102,380 for SMUD4, \$7,964,701 for SMUD6, and \$7,565,159 for SMUD7. These amounts reflect the estimated minimum amounts of assessed valuations that will ultimately be approved by the Appraisal Review Board. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the value of all taxable property located within the Participant as of June 1, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026, through June 1, 2026. No taxes will be levied against this amount. Such amount includes the following values currently under review by the Appraisal Review Board: \$15,760,684 for SMUD4, \$347 for SMUD5, \$20,066,134 for SMUD6, and \$14,527,662 for SMUD7. See "TAX DATA" and "TAXING PROCEDURES."

Tax Rates of the Participants

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

Participant	2025 Debt Service Tax Rate	2025 Maintenance Tax Rate	2025 Contract Tax Rate	Total 2025 Tax Rate
SMUD4 (a)	\$0.5775	\$0.0500	\$0.3075	\$0.9350
SMUD5 (b)(c)	0.0000	0.0000	0.0000	0.0000
SMUD6 (d)	0.6600	0.0800	0.3100	1.0500
SMUD7 (e)	0.0000	0.7400	0.3100	1.0500

- (a) SMUD4 has authorized publication of its intent to levy a 2026 total tax rate of \$0.9350 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.5800 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.1000 per \$100 of assessed valuation, and contract tax rate of \$0.2550 per \$100 of assessed valuation.
- (b) SMUD5 has not levied a tax rate to date, but may levy a tax rate at a future date.
- (c) Until such time as SMUD5 levies a Contract Tax, Contract Payments will be paid from operating funds advanced by the Developer. See "INVESTMENT CONSIDERATIONS – Dependence on Major Taxpayers and the Developer."
- (d) SMUD6 has authorized publication of its intent to levy a 2026 total tax rate of \$1.0500 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.7025 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.0900 per \$100 of assessed valuation, and contract tax rate of \$0.2575 per \$100 of assessed valuation.
- (e) SMUD7 has authorized publication of its intent to levy a 2026 total tax rate of \$1.0500 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.4550 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.3350 per \$100 of assessed valuation, and contract tax rate of \$0.2600 per \$100 of assessed valuation.

Debt Ratios

	2026 Gross Certified Assessed Valuation of the Participants	Estimated Gross Assessed Valuation of the Participants as of June 1, 2026
Direct Debt (a)(b)	4.23%	4.01%
Total Direct and Estimated Overlapping Debt (a)(b)	21.42%	20.33%

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

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt as of	Estimated Overlapping Debt	
	July 31, 2026	Percent	Amount
The County	\$ 1,152,335,706	1.91%	\$ 22,006,376
Fort Bend County Drainage District	20,585,000	1.92%	395,713
Fort Bend Independent School District	2,150,100,000	4.80%	103,248,862
SRMUD (a)	11,905,000	100.00%	11,905,000
SMUD4	96,945,000	100.00%	96,945,000
SMUD6 (b)	125,380,000	100.00%	125,380,000
SMUD7 (c)	12,475,000	100.00%	12,475,000
SPLID	201,975,000	32.06%	64,760,744
Total Estimated Overlapping Debt			<u>\$ 437,116,696</u>
The Master District (Total Direct Debt) (d)			<u>\$ 107,510,000</u>
Total Direct and Estimated Overlapping Debt (d)			<u>\$ 544,626,696</u>

- (a) In May 2018, SRMUD issued \$25,010,000 principal amount of contract revenue bonds through the Texas Water Development Board for the construction of a permanent wastewater plant to serve Sienna. Of the \$25,010,000 principal amount issued, \$12,695,000 principal amount is attributable to the Master District (on behalf of the Participants), of which SMUD5 is contractually obligated to pay its pro rata share of the annual debt service. At the time of delivery of the Bonds, \$11,905,000 principal amount of the Master District's obligation will remain outstanding.
- (b) SMUD6 plans to issue \$16,000,000 principal amount of unlimited tax bonds in October 2026. Such bonds are included in SMUD6's outstanding debt amount.
- (c) SMUD7 plans to issue \$8,525,000 principal amount of unlimited tax bonds in October 2026. Such bonds are included in SMUD7's outstanding debt amount.
- (d) Includes the Bonds.

**PHOTOGRAPHS TAKEN WITHIN THE SERVICE AREA
(SMUD4 – August 2026)**



**PHOTOGRAPHS TAKEN WITHIN THE SERVICE AREA
(SMUD6 – August 2026)**



**PHOTOGRAPHS TAKEN WITHIN THE SERVICE AREA
(SMUD7 – August 2026)**



TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of Texas. Provisions of the Property Tax Code are complex and are not fully summarized herein. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility of appraising property for all taxing units within the County. Such appraisal values will be subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the Participants in establishing their tax rolls and tax rate. See "TAXING PROCEDURES – Valuation of Property for Taxation."

Property Subject to Taxation by the Participants

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

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. To date, SMUD4 has granted a \$20,000 exemption for persons over 65 years of age and for disabled persons and SMUD6 has granted a \$10,000 exemption for persons over 65 years of age and for 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 market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by July 1. To date, none of the Participants have adopted a homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the Participants do not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one (1) or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the Participants may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The Participants have taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one (1) political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the Participants can collect taxes based on the new use, including taxes for the previous three (3) years, for open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will

be conducted on a zone or county wide basis. The Participants, however, at their expense, have the right to obtain from the Appraisal District a current estimate of appraised values within that Participant or an estimate of any new property or improvements within that Participant. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the Service Area, it cannot be used for establishing a tax rate within the Service Area until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

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

Participant and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

Tax Payment Installments After Disaster

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

Additionally, the Property Tax Code authorizes a taxing jurisdiction, such as the Participants, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated

disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Rollback of Maintenance and Operations Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

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

Participant's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the Participants may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the Participants must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

Contract Tax

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

Debt Service Tax

Each Participant has the statutory authority to issue its unlimited tax bonds for the purpose of providing facilities to serve the land within its boundaries. Such bonds will be paid by a direct continuing annual ad valorem tax, without legal limit as to rate or amount, adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to Contract Taxes. See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS" for information related to each Participant's historical tax data and authorized but unissued unlimited tax bonds. For the 2026 tax year, SMUD5 does not anticipate to levy a debt service tax rate.

Maintenance and Operations Tax

The Board of Directors of each Participant has the statutory authority to levy and collect an annual ad valorem tax for maintenance purposes, including, but not limited to, funds for planning, constructing, maintaining, repairing, and operating all necessary land, plants, works facilities, improvements, appliances, and equipment, if such maintenance and operations tax is authorized by a vote of the Participant's electors. Such tax would be in addition to Contract Taxes and taxes levied for paying principal of and interest on any unlimited tax bonds which may be issued by the Participants. For the 2026 tax year, SMUD5 does not anticipate levying a maintenance and operations tax rate. See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS" for the amount of voter authorized maintenance and operations tax for each Participant.

Tax Rate Limitation

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

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

Analysis of Tax Base

The following represents the type of property comprising the 2026 tax rolls of each Participant as certified by the Appraisal District.

Type of Property	SMUD4 2026 Gross Certified Assessed Valuation (a)	SMUD5 2026 Gross Certified Assessed Valuation	SMUD6 2026 Gross Certified Assessed Valuation (b)	SMUD7 2026 Gross Certified Assessed Valuation (c)
Land	\$ 237,145,954	\$ 9,368	\$ 273,169,500	\$ 75,925,027
Improvements	1,113,870,142	2,200	1,153,117,591	38,345,976
Personal Property	1,489,640	-	2,126,050	57,120
Exemptions	<u>(157,003,577)</u>	<u>-</u>	<u>(220,647,248)</u>	<u>(3,515,566)</u>
Total	\$ 1,195,502,159	\$ 11,568	\$ 1,207,765,893	\$ 110,812,557

- (a) Such amount does not include \$5,102,380 of assessed valuation assigned to properties that remain under review by the Appraisal Review Board. Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Board.
- (b) Such amount does not include \$7,964,701 of assessed valuation assigned to properties that remain under review by the Appraisal Review Board. Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Board.
- (c) Such amount does not include \$7,565,159 of assessed valuation assigned to properties that remain under review by the Appraisal Review Board. Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Board.

Principal Taxpayers

The following are the principal taxpayers within the Service Area as shown on each Participant's certified appraisal rolls for the 2026 tax year.

Taxpayer	Assessed Valuation 2026 Tax Roll
TOLL-GTIS PROPERTY OWNER LLC (a)	\$ 63,879,593
TOLL HOUSTON TX LLC (b)	19,545,997
PERRY HOMES LLC (b)	16,164,185
WESTIN HOMES & PROPERTIES LP (b)	6,875,891
SIENNA PKWY RETAIL LLC	6,567,214
CHESMAR HOMES LLC (b)	6,192,422
TRI POINTE HOMES TEXAS INC (b)	5,379,949
SHEA HOMES HOUSTON LLC (b)	4,470,903
SPIRIT REALTY LP	4,070,450
WEEKLEY HOMES LLC (b)	<u>3,930,066</u>
Total	\$ 137,076,670
Percent of Respective Tax Roll	5.45 %

(a) See "DESCRIPTION OF THE DEVELOPER."

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed valuation which would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth occurs beyond the 2026 Gross Certified Assessed Valuation of the Participants (\$2,542,645,548) and the Estimated Gross Assessed Valuation of the Participants as of June 1, 2026 (\$2,679,464,843). The calculations assume collection of 95% of taxes levied and the sale of the Bonds but not the sale of any additional bonds by the Master District.

Combined Estimated Average Annual Debt Service Requirement (2027–2051)	\$ 6,187,506
Contract Tax Rate of \$0.26 on the 2026 Gross Certified Assessed Valuation Produces	\$ 6,280,335
Contract Tax Rate of \$0.25 on the Estimated Gross Assessed Valuation of the Participants as of June 1, 2026, Produces	\$ 6,363,729
Combined Estimated Maximum Annual Debt Service Requirement (2041)	\$ 7,426,950
Contract Tax Rate of \$0.31 on the 2026 Gross Certified Assessed Valuation Produces	\$ 7,488,091
Contract Tax Rate of \$0.30 on the Estimated Gross Assessed Valuation of the Participants as of June 1, 2026, Produces	\$ 7,636,475

Estimated Overlapping Taxes

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

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions, or any other charges made by entities other than political subdivisions. The following chart includes the 2025 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions.

Taxing Jurisdictions	2025 Tax Rate Per \$100 of Assessed Valuation
The Participants (a)	\$ 1.050000
The County	0.412000
Fort Bend County Drainage District	0.010000
Fort Bend Independent School District	1.056900
SPLID	<u>0.412500</u>
Total Tax Rate	\$ 2.941400

(a) Represents the highest tax rate for all the Participants.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the Master District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, upon all taxable property within the Master District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel to a like effect and to the effect that, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS (except for information under the subheadings “Book-Entry-Only System” and “Use and Distribution of Bond Proceeds”), “THE PARTICIPANTS,” “MASTER DISTRICT CONTRACT,” “MASTER DISTRICT CONTRACT WITH SRMUD,” “TAXING PROCEDURES” “LEGAL MATTERS (as it relates to the opinion of Bond Counsel),” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” (except for information under the subheading “Compliance With Prior Undertakings.”) solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law, the provisions of the documents referred to therein and conforms to the provisions of the Bond Resolution approving the Bonds. Bond Counsel has not, however, independently verified any of the factual information contained herein nor has it conducted an investigation of the affairs of the Master District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited

participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the Master District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Master District and such parties, which Bond Counsel has not independently verified. If the Master District fails to comply with the covenants in the Bond Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local

obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Master District as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The Master District will designate the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the Master District and entities aggregated with the Master District under the Code during calendar year 2026 is not expected to exceed \$10,000,000 and that the Master District and entities aggregated with the Master District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20 percent disallowance of allocable interest expense.

Additional Federal Income Tax Considerations

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

If the issue price of any maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

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

Tax Accounting Treatment of Original Issue Discount

If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption," "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences," and "– Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such OID Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such OID Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such OID Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the Master District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

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

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could 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 recently enacted, proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

The information to be updated with respect to the Master District includes all quantitative financial information and operating data of the general type included under "MASTER DISTRICT DEBT," (except under the subheading "Estimated Overlapping Debt Statement"), "TAX DATA," "APPENDIX A – Certain Financial Information Regarding the Participants," and "APPENDIX B – Financial Statements of the Participants." The Master District will update and provide this information within six (6) months after the end of each of its fiscal years ending in or after 2026. The Master District will provide the updated information to EMMA.

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

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

Event Notices

The Master District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of 10 business days after the occurrence of an event. The Master District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Master District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the Master District or other obligated person or the sale of all or substantially all of the assets of the Master District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the Master District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Master District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Master District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligations" when used in this paragraph shall have the meanings ascribed to them under the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the Master District will provide timely notice of any failure by the Master District to provide information, data, or financial statements in accordance with its agreement discussed under "CONTINUING DISCLOSURE OF INFORMATION – Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

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

The Master District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Master District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the Master District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Master District may amend or repeal the

agreement in the Bond 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 Master District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement discussed under "CONTINUING DISCLOSURE OF INFORMATION – Annual Reports," an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

During the last five (5) years, the Master District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OFFICIAL STATEMENT

General

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

The Master District's financial statements for the fiscal year ended July 31, 2025, were audited by the Auditor and are attached hereto as "APPENDIX B – FINANCIAL STATEMENTS OF THE PARTICIPANTS." The Auditor has consented to the publication of such financial statements herein.

Experts

The information contained in the Official Statement relating to engineering and to the description of Master District Facilities, and, in particular, that engineering information included under "THE MASTER DISTRICT – Status of Development" and "MASTER DISTRICT FACILITIES," has been provided by the Master District Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to development and the status of development within the Master District generally and, in particular, the information under "THE MASTER DISTRICT – Status of Development" and "DESCRIPTION OF THE DEVELOPER – Principal Landowner/Developer," has been provided by the Developer and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

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

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

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of this Official Statement, the Master District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial 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 Master 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 Master District to so amend or supplement this Official Statement will terminate when

the Master District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the Master District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the Master District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the Master District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

Official Statement Deemed Final

For purposes of compliance with the Rule and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the Master District with respect to the Bonds that has been deemed "final" by the Master District as of its date (or of any such supplement or correction) except for the omission of no more than information permitted by the Rule.

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "final official statement" of the Master District with respect to the Bonds, as such term is defined in the Rule.

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Sienna Municipal Utility District No. 5 as of the date shown on the cover of this Official Statement.

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

ATTEST:

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

APPENDIX A

CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS

SIENNA MUNICIPAL UTILITY DISTRICT NO. 4

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds (and Refunding)	\$	265,300,000
Voter Authorized Unlimited Tax Road Bonds (and Refunding)	\$	166,300,000
Voter Authorized Unlimited Tax Park Bonds (and Refunding)	\$	68,200,000
Total Principal Amount of Unlimited Tax Bonds Issued	\$	114,125,000
Debt Service Tax Limitation (per \$100 of Assessed Valuation)		Unlimited
Maintenance and Operations Tax Limitation (per \$100 of Assessed Valuation).....	\$	1.500
Maintenance and Operations Tax for Road Facilities Limitation (per \$100 of Assessed Valuation).....	\$	0.250
Contract Tax Limitation		Unlimited
Gross Outstanding Direct Debt.....	\$	96,945,000 (a)
2026 Gross Certified Assessed Valuation	\$	1,205,982,071
Estimated Gross Assessed Valuation as of June 1, 2026.....	\$	1,206,170,128
2026 Gross Certified Assessed Valuation as a Percentage of the:		
2026 Gross Certified Assessed Valuation of the Participants.....		47.43 %
Estimated Gross Assessed Valuation of the Participants as of June 1, 2026.....		45.02 %
Combined Estimated Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (\$6,187,506) (2027–2051):		
Pro Rata Share Based on the 2026 Gross Certified Assessed Valuation	\$	2,934,747
Pro Rata Share Based on the Estimated Gross Valuation as of June 1, 2026	\$	2,785,327
Combined Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (\$7,426,950) (2041):		
Pro Rata Share Based on the 2026 Gross Certified Assessed Valuation	\$	3,522,618
Pro Rata Share Based on the Estimated Gross Valuation as of June 1, 2026	\$	3,343,267
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the 2026 Certified Gross Assessed Valuation at 95% Collections:		
Combined Estimated Average Annual Debt Service Requirement.....	\$	0.26
Combined Estimated Maximum Annual Debt Service Requirement.....	\$	0.31
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the Estimated Gross Assessed Valuation as of June 1, 2026, at 95% Collections:		
Combined Estimated Average Annual Debt Service Requirement.....	\$	0.25
Combined Estimated Maximum Annual Debt Service Requirement.....	\$	0.30
Status of Single-Family Development as of August 1, 2026:		
Approximate Total Developed Acreage		926.1
Single-Family Homes.....		2,199 (b)
Total Developed Lots.....		2,199

(a) Outstanding as of August 1, 2026.

(b) Occupied homes only.

Principal Taxpayers

The following represents the principal taxpayers on SMUD4's 2026 tax roll, as certified by the Appraisal District.

Taxpayer	Assessed Valuation 2026 Tax Roll
SIENNA PKWY RETAIL LLC	\$ 6,567,214
2830 MP INVESTORS	2,740,667
TOLL-GTIS PROPERTY OWNER LLC	2,678,920
HOMEOWNER	1,865,647
HOMEOWNER	1,684,145
HOMEOWNER	1,667,300
HOMEOWNER	1,643,492
HOMEOWNER	1,592,007
HOMEOWNER	1,537,183
HOMEOWNER	<u>1,529,243</u>
Total	\$ 23,505,818

Percent of Respective Tax Roll (Certified) (a) 1.97 %

(a) Based on SMUD4's total taxable assessed valuation as of January 1, 2026.

Historical Tax Collections

The following represents the historical tax collections for SMUD4's 2021–2025 tax years.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 09/30	Collections 06/30/2026
2021	\$709,141,047	\$ 1.050	\$7,445,981	99.48 %	2022	100.00 %
2022	926,878,679	1.020	9,454,163	99.68 %	2023	99.98 %
2023	1,072,730,662	0.980	10,507,086	99.50 %	2024	99.87 %
2024	1,162,915,411	0.935	10,873,259	99.68 %	2025	99.82 %
2025	1,203,004,925	0.935	11,248,096	99.41 % (b)	2026	99.14 % (b)

(a) Total tax rate per \$100 of assessed valuation for each respective tax year.

(b) In process of collection.

Tax Rate Distribution

The following represents the components of the tax rate for SMUD4's 2021–2025 tax years.

	2025 (a)	2024	2023	2022	2021
Utility System Debt Service	\$ 0.3300	\$ 0.3250	\$ 0.2800	\$ 0.3100	\$ 0.3650
Road System Debt Service	0.2475	0.2400	0.2650	0.2600	0.1650
Maintenance and Operations	0.0500	0.0500	0.0800	0.1250	0.1350
Contract	<u>0.3075</u>	<u>0.3200</u>	<u>0.3550</u>	<u>0.3250</u>	<u>0.3850</u>
Total	\$ 0.9350	\$ 0.9350	\$ 0.9800	\$ 1.0200	\$ 1.0500

(a) SMUD4 has authorized publication of its intent to levy a 2026 total tax rate of \$0.9350 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.5800 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.1000 per \$100 of assessed valuation, and contract tax rate of \$0.2550 per \$100 of assessed valuation.

SIENNA MUNICIPAL UTILITY DISTRICT NO. 5

(IN ITS CAPACITY AS A PARTICIPANT)

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds (and Refunding)	\$	12,300,000
Voter Authorized Unlimited Tax Road Bonds	\$	9,200,000
Voter Authorized Unlimited Tax Park Bonds.....	\$	2,900,000
Total Principal Amount of Unlimited Tax Bonds Issued	\$	-
Debt Service Tax Limitation (per \$100 of Assessed Valuation)		Unlimited
Maintenance and Operations Tax Limitation (per \$100 of Assessed Valuation).....		\$ 1.500
Maintenance and Operations Tax for Road Facilities Limitation (per \$100 of Assessed Valuation).....		\$ 0.250
Contract Tax Limitation		Unlimited
Gross Outstanding Direct Debt.....	\$	-
2026 Gross Certified Assessed Valuation	\$	787,200
Estimated Gross Assessed Valuation as of June 1, 2026.....	\$	787,200
2026 Gross Certified Assessed Valuation as a Percentage of the:		
2026 Gross Certified Assessed Valuation of the Participants.....		0.03 %
Estimated Gross Assessed Valuation of the Participants as of June 1, 2026.....		0.03 %
Combined Estimated Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (\$6,187,506) (2027-2051):		
Pro Rata Share Based on the 2026 Gross Certified Assessed Valuation	\$	1,916
Pro Rata Share Based on the Estimated Gross Valuation as of June 1, 2026	\$	1,818
Combined Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (\$7,426,950) (2041):		
Pro Rata Share Based on the 2026 Gross Certified Assessed Valuation	\$	2,299
Pro Rata Share Based on the Estimated Gross Valuation as of June 1, 2026	\$	2,182
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the 2026 Certified Gross Assessed Valuation at 95% Collections:		
Combined Estimated Average Annual Debt Service Requirement.....	\$	0.26 (a)
Combined Estimated Maximum Annual Debt Service Requirement.....	\$	0.31 (a)
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the Estimated Gross Assessed Valuation as of June 1, 2026, at 95% Collections:		
Combined Estimated Average Annual Debt Service Requirement.....	\$	0.25 (a)
Combined Estimated Maximum Annual Debt Service Requirement.....	\$	0.30 (a)

- (a) For the 2026 tax year, SMUD5 does not intend to levy a contract tax and its pro rata share of the Outstanding Bonds and the Bonds will be made from a developer advance to SMUD5's general fund.

Principal Taxpayers

The following represents the principal taxpayers on SMUD5’s 2026 tax roll, as certified by the Appraisal District.

Taxpayer	Assessed Valuation 2026 Tax Roll
TOLL-GTIS PROPERTY OWNER LLC	\$ 6,568
HOMEOWNER	1,000
HOMEOWNER	1,000
HOMEOWNER	1,000
HOMEOWNER	1,000
HOMEOWNER	<u>1,000</u>
Total	\$ 11,568
Percent of Respective Tax Roll (Certified) (a)	100.00 %

(a) Based on SMUD5’s total taxable assessed valuation as of January 1, 2026.

SIENNA MUNICIPAL UTILITY DISTRICT NO. 6

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds (and Refunding)	\$	347,000,000	
Voter Authorized Unlimited Tax Road Bonds (and Refunding)	\$	199,500,000	
Voter Authorized Unlimited Tax Park Bonds (and Refunding)	\$	78,800,000	
Total Principal Amount of Unlimited Tax Bonds Issued	\$	132,260,000	
Debt Service Tax Limitation (Per \$100 of Assessed Valuation)		Unlimited	
Maintenance and Operations Tax Limitation (per \$100 of Assessed Valuation).....		\$ 1.500	
Maintenance and Operations Tax for Road Facilities Limitation (per \$100 of Assessed Valuation).....		\$ 0.250	
Contract Tax Limitation		Unlimited	
Gross Outstanding Direct Debt.....	\$	125,380,000	(a)
2026 Gross Certified Assessed Valuation	\$	1,217,498,561	
Estimated Gross Assessed Valuation as of June 1, 2026.....	\$	1,265,250,422	
2026 Gross Certified Assessed Valuation as a Percentage of the:			
2026 Gross Certified Assessed Valuation of the Participants.....		47.88	%
Estimated Gross Assessed Valuation of the Participants as of June 1, 2026.....		47.22	%
Combined Estimated Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (\$6,187,506) (2027-2051):			
Pro Rata Share Based on the 2026 Gross Certified Assessed Valuation	\$	2,962,772	
Pro Rata Share Based on the Estimated Gross Valuation as of June 1, 2026	\$	2,921,757	
Combined Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (\$7,426,950) (2041):			
Pro Rata Share Based on the 2026 Gross Certified Assessed Valuation	\$	3,556,257	
Pro Rata Share Based on the Estimated Gross Valuation as of June 1, 2026	\$	3,507,026	
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the 2026 Certified Gross Assessed Valuation at 95% Collections:			
Combined Estimated Average Annual Debt Service Requirement.....	\$	0.26	
Combined Estimated Maximum Annual Debt Service Requirement.....	\$	0.31	
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the Estimated Gross Assessed Valuation as of June 1, 2026, at 95% Collections:			
Combined Estimated Average Annual Debt Service Requirement.....	\$	0.25	
Combined Estimated Maximum Annual Debt Service Requirement.....	\$	0.30	
<u>Status of Single-Family Development as of August 1, 2026:</u>			
Approximate Total Developed Acreage		1,119.8	
Single-Family Homes.....		2,284	(b)
Total Developed Lots.....		2,341	

- (a) SMUD6 plans to issue \$16,000,000 principal amount of unlimited tax bonds in October 2026. Such bonds are included in SMUD6's issued and outstanding debt amounts (as of August 1, 2026).
- (b) Occupied homes only.

Principal Taxpayers

The following represents the principal taxpayers on SMUD6's 2026 tax roll, as certified by the Appraisal District.

Taxpayer	Assessed Valuation 2026 Tax Roll
TOLL-GTIS PROPERTY OWNER LLC	\$ 15,255,215
TOLL HOUSTON TX LLC	9,527,165
PERRY HOMES LLC	8,752,107
WESTIN HOMES & PROPERTIES LP	6,875,891
CHESMAR HOMES LLC	6,192,422
SHEA HOMES HOUSTON LLC	4,470,903
SPIRIT REALTY LP	4,070,450
BEAZER HOMES TEXAS LP	3,598,463
NEWMARK HOMES HOUSTON LLC	3,419,685
J PATRICK HOMES LTD	<u>3,088,125</u>
Total	\$ 65,250,426

Percent of Respective Tax Roll (Certified) (a) 5.40 %

(a) Based on SMUD6's total taxable assessed valuation as of January 1, 2026.

Historical Collections

The following represents the historical tax collections for SMUD6's 2021-2025 tax years.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 09/30	Collections 06/30/2026
2021	\$ 78,857,841	\$ 1.05	\$ 828,007	99.62 %	2021	100.00 %
2022	278,352,366	1.05	2,922,700	99.56 %	2022	99.83 %
2023	570,371,336	1.05	5,988,899	99.08 %	2023	99.59 %
2024	789,168,462	1.05	8,286,269	99.20 %	2024	99.41 %
2025	1,048,117,810	1.05	11,005,237	97.80 % (b)	2025	97.80 % (b)

(a) Total tax rate per \$100 of assessed valuation for each respective tax year.

(b) In process of collection.

Tax Rate Distribution

The following represents the components of the tax rate for SMUD6's 2021-2025 tax years.

	2025 (a)	2024	2023	2022	2021
Utility System Debt Service	\$ 0.390	\$ 0.400	\$ 0.345	\$ 0.320	\$ 0.185
Road System Debt Service	0.270	0.305	0.300	0.360	0.425
Maintenance and Operations	0.080	0.020	0.050	0.040	0.050
Contract	<u>0.310</u>	<u>0.325</u>	<u>0.355</u>	<u>0.330</u>	<u>0.390</u>
Total	\$ 1.050	\$ 1.050	\$ 1.050	\$ 1.050	\$ 1.050

(a) SMUD6 has authorized publication of its intent to levy a 2026 total tax rate of \$1.0500 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.7025 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.0900 per \$100 of assessed valuation, and contract tax rate of \$0.2575 per \$100 of assessed valuation.

SIENNA MUNICIPAL UTILITY DISTRICT NO. 7

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds (and Refunding)	\$	271,300,000
Voter Authorized Unlimited Tax Road Bonds	\$	156,900,000
Voter Authorized Unlimited Tax Park Bonds.....	\$	68,500,000
Total Principal Amount of Unlimited Tax Bonds Issued	\$	12,475,000
Debt Service Tax Limitation (per \$100 of Assessed Valuation)		Unlimited
Maintenance and Operations Tax Limitation (per \$100 of Assessed Valuation).....		\$ 1.500
Maintenance and Operations Tax for Road Facilities Limitation (per \$100 of Assessed Valuation).....		\$ 0.250
Contract Tax Limitation		Unlimited
Gross Outstanding Direct Debt.....	\$	12,475,000 (a)
2026 Gross Certified Assessed Valuation	\$	118,377,716
Estimated Gross Assessed Valuation as of June 1, 2026.....	\$	207,257,093
2026 Gross Certified Assessed Valuation as a Percentage of the:		
2026 Gross Certified Assessed Valuation of the Participants.....		4.66 %
Estimated Gross Assessed Valuation of the Participants as of June 1, 2026.....		7.74 %
Combined Estimated Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (\$6,187,506) (2027-2051):		
Pro Rata Share Based on the 2026 Gross Certified Assessed Valuation	\$	288,071
Pro Rata Share Based on the Estimated Gross Valuation as of June 1, 2026	\$	478,605
Combined Estimated Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (\$7,426,950) (2041):		
Pro Rata Share Based on the 2026 Gross Certified Assessed Valuation	\$	345,776
Pro Rata Share Based on the Estimated Gross Valuation as of June 1, 2026	\$	574,476
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the 2026 Certified Gross Assessed Valuation at 95% Collections:		
Combined Estimated Average Annual Debt Service Requirement.....	\$	0.26
Combined Estimated Maximum Annual Debt Service Requirement.....	\$	0.31
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the Estimated Gross Assessed Valuation as of June 1, 2026, at 95% Collections:		
Combined Estimated Average Annual Debt Service Requirement.....	\$	0.25
Combined Estimated Maximum Annual Debt Service Requirement.....	\$	0.30
<u>Status of Single-Family Development as of August 1, 2026:</u>		
Approximate Total Developed Acreage		305.7
Single-Family Homes.....		74 (b)
Total Developed Lots.....		128

- (a) SMUD7 plans to issue \$8,525,000 principal amount of unlimited tax bonds in October 2026. Such bonds are included in SMUD7's issued and outstanding debt amounts (as of August 1, 2026).
- (b) Occupied homes only.

Principal Taxpayers

The following represents the principal taxpayers on SMUD7's 2026 tax roll, as certified by the Appraisal District.

Taxpayer	Assessed Valuation 2026 Tax Roll
TOLL-GTIS PROPERTY OWNER LLC	\$ 45,938,890
TOLL HOUSTON TX LLC	10,018,832
PERRY HOMES LLC	7,412,078
TRI POINTE HOMES TEXAS INC	5,379,949
J PATRICK HOMES LTD	4,559,360
WEEKLEY HOMES LLC	3,930,066
TOLL WEST INC	3,097,640
NEWMARK HOMES HOUSTON LLC	1,932,900
PARTNERS IN BUILDING LP	1,881,766
HOMEOWNER	<u>1,633,247</u>
Total	\$ 85,784,728

Percent of Respective Tax Roll (Certified) (a) 77.41 %

(a) Based on SMUD7's total taxable assessed valuation as of January 1, 2026.

Historical Collections

The following represents the historical tax collections for SMUD7's 2023–2025 tax years.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 09/30	Collections 06/30/2026
2023	\$ 14,704,778	\$ 1.05	\$ 154,400	100.00 %	2024	100.00 %
2024	29,985,882	1.05	314,852	100.00 %	2025	100.00 %
2025	45,977,994	1.05	482,769	99.26 % (b)	2026	99.26 % (b)

(a) Total tax rate per \$100 of assessed valuation for each respective tax year.

(b) In process of collection.

Tax Rate Distribution

The following represents the components of the tax rate for SMUD7's 2023–2025 tax years.

	2025 (a)	2024	2023
Maintenance and Operations	\$ 0.740	\$ 0.710	\$ 1.050
Contract	<u>0.310</u>	<u>0.340</u>	<u>0.000</u>
Total	\$ 1.050	\$ 1.050	\$ 1.050

(a) SMUD7 has authorized publication of its intent to levy a 2026 total tax rate of \$1.0500 per \$100 of assessed valuation made up of the following: a debt service tax rate of \$0.4550 per \$100 of assessed valuation, a maintenance and operations tax rate of \$0.3350 per \$100 of assessed valuation, and contract tax rate of \$0.2600 per \$100 of assessed valuation.

APPENDIX B

FINANCIAL STATEMENTS OF THE PARTICIPANTS

- **2025 Audit for Sienna Municipal Utility District No. 4**
- **2025 Audit for Sienna Municipal Utility District No. 5**
- **2025 Audit for Sienna Municipal Utility District No. 6**
- **2025 Audit for Sienna Municipal Utility District No. 7**

**SIENNA MUNICIPAL
UTILITY DISTRICT NO. 4
FORT BEND COUNTY, TEXAS
FINANCIAL REPORT
July 31, 2025**

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sienna Municipal Utility District No. 4 (the "District"), as of and for the year ended July 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sienna Municipal Utility District No. 4, as of July 31, 2025, 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.

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

***Board of Directors
Sienna Municipal Utility District No. 4
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.

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

Houston, Texas
November 3, 2025

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Management's Discussion and Analysis

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***Sienna Municipal Utility District No. 4
Management's Discussion and Analysis
July 31, 2025***

Using this Annual Report

This section of the financial report of Sienna Municipal Utility District No. 4 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended July 31, 2025. 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.

***Sienna Municipal Utility District No. 4
Management's Discussion and Analysis
July 31, 2025***

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 July 31, 2025, was negative \$40,547,028. The District's net position is negative because the District incurs debt to construct public roads which it conveys to Fort Bend County. A comparative summary of the District's overall financial position, as of July 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 16,877,823	\$ 16,117,633
Capital assets	45,724,346	47,368,417
Total assets	<u>62,602,169</u>	<u>63,486,050</u>
Current liabilities	5,166,375	4,584,188
Long-term liabilities	97,982,822	95,785,114
Total liabilities	<u>103,149,197</u>	<u>100,369,302</u>
Net position		
Net investment in capital assets	(14,249,864)	(13,574,952)
Restricted	7,041,261	6,186,075
Unrestricted	<u>(33,338,425)</u>	<u>(29,494,375)</u>
Total net position	<u>\$ (40,547,028)</u>	<u>\$ (36,883,252)</u>

***Sienna Municipal Utility District No. 4
Management's Discussion and Analysis
July 31, 2025***

The total net position of the District decreased during the current fiscal year by \$3,663,776. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	<u>2025</u>	<u>2024</u>
Revenues		
Property taxes, penalties and interest	\$ 11,000,818	\$ 10,590,355
Water and sewer service	2,042,974	2,124,215
Surface water fees	865,370	927,058
Other	1,378,289	1,482,893
Total revenues	<u>15,287,451</u>	<u>15,124,521</u>
Expenses		
Current service operations	2,883,512	2,720,432
Debt interest and fees	3,240,827	2,848,652
Developer interest	1,942,658	832,145
Debt issuance costs	1,034,610	789,671
Intergovernmental	5,160,033	5,341,373
Depreciation and amortization	1,644,071	1,644,071
Total expenses	<u>15,905,711</u>	<u>14,176,344</u>
Change in net position before other item	(618,260)	948,177
Other item		
Transfers to other governments	<u>(3,045,516)</u>	<u>(1,386,192)</u>
Change in net position	(3,663,776)	(438,015)
Net position, beginning of year	<u>(36,883,252)</u>	<u>(36,445,237)</u>
Net position, end of year	<u><u>\$ (40,547,028)</u></u>	<u><u>\$ (36,883,252)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of July 31, 2025, were \$16,023,554, which consists of \$6,401,119 in the General Fund, \$8,262,119 in the Debt Service Fund, \$1,360,316 in the Capital Projects Fund.

***Sienna Municipal Utility District No. 4
Management's Discussion and Analysis
July 31, 2025***

General Fund

A comparative summary of the General Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 7,086,413</u>	<u>\$ 6,696,260</u>
Total liabilities	\$ 676,542	\$ 647,422
Total deferred inflows	8,752	9,573
Total fund balance	<u>6,401,119</u>	<u>6,039,265</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 7,086,413</u>	<u>\$ 6,696,260</u>

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

	2025	2024
Total revenues	\$ 4,513,019	\$ 5,036,556
Total expenditures	<u>(4,151,165)</u>	<u>(4,055,891)</u>
Revenues over expenditures	<u>\$ 361,854</u>	<u>\$ 980,665</u>

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

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

***Sienna Municipal Utility District No. 4
Management's Discussion and Analysis
July 31, 2025***

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 8,431,094</u>	<u>\$ 7,407,841</u>
Total liabilities	\$ -	\$ 913
Total deferred inflows	168,975	124,277
Total fund balance	<u>8,262,119</u>	<u>7,282,651</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 8,431,094</u>	<u>\$ 7,407,841</u>

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

	2025	2024
Total revenues	\$ 10,635,580	\$ 9,923,510
Total expenditures	<u>(9,656,112)</u>	<u>(8,954,267)</u>
Revenues over expenditures	<u>\$ 979,468</u>	<u>\$ 969,243</u>

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

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 1,360,316</u>	<u>\$ 2,013,532</u>
Total fund balance	<u>\$ 1,360,316</u>	<u>\$ 2,013,532</u>

***Sienna Municipal Utility District No. 4
Management's Discussion and Analysis
July 31, 2025***

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

	2025	2024
Total revenues	\$ 94,975	\$ 98,338
Total expenditures	(12,633,191)	(8,646,327)
Revenues under expenditures	(12,538,216)	(8,547,989)
Other changes in fund balance	11,885,000	9,880,000
Net change in fund balance	\$ (653,216)	\$ 1,332,011

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2024 Unlimited Tax Park Bonds in the current fiscal year and issuance of its Series 2023 Unlimited Tax Bonds and Series 2023 Unlimited Tax Road Bonds in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$95,559 greater than budgeted. The *Budgetary Comparison Schedule* on page 42 of this report provides variance information per financial statement line item.

Capital Assets

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

***Sienna Municipal Utility District No. 4
Management's Discussion and Analysis
July 31, 2025***

Capital assets held by the District at July 31, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	\$ 1,377,767	\$ 1,377,767
Capital assets being depreciated/amortized		
Infrastructure	42,864,591	42,864,591
Landscaping improvements	11,162,911	11,162,911
Master District connection charges	342,760	342,760
	<u>54,370,262</u>	<u>54,370,262</u>
Less accumulated depreciation/amortization		
Infrastructure	(8,208,819)	(7,132,415)
Landscaping improvements	(1,664,908)	(1,106,762)
Master District connection charges	(149,956)	(140,435)
	<u>(10,023,683)</u>	<u>(8,379,612)</u>
Subtotal depreciable capital assets, net	<u>44,346,579</u>	<u>45,990,650</u>
Capital assets, net	<u>\$ 45,724,346</u>	<u>\$ 47,368,417</u>

Additionally, Fort Bend County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended July 31, 2025, capital assets in the amount of \$3,045,516 have been recorded as transfers to other governments in the government-wide statements.

Long-Term Debt and Related Liabilities

As of July 31, 2025, the District owes approximately \$5,247,967 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

***Sienna Municipal Utility District No. 4
Management's Discussion and Analysis
July 31, 2025***

At July 31, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2016	\$ 7,170,000	\$ 7,470,000
2016A Road	7,450,000	7,760,000
2017	8,180,000	8,485,000
2018	7,155,000	7,400,000
2019 Road	6,440,000	6,665,000
2020	13,225,000	13,685,000
2021	2,990,000	3,090,000
2021 Road	3,615,000	3,740,000
2022	1,300,000	1,330,000
2022 Road	17,140,000	17,560,000
2023	3,750,000	3,825,000
2023 Road	5,935,000	6,055,000
2024 Park	11,885,000	
	<u>\$ 96,235,000</u>	<u>\$ 87,065,000</u>

During the current fiscal year, the District issued \$11,885,000 in unlimited tax park bonds. At July 31, 2025, the District had \$214,895,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; \$56,315,000 for parks and recreational facilities and the refunding of such bonds and \$121,565,000 for road improvements and the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately \$42,111,000 for the 2025 tax year from \$1,164,852,801 to \$1,206,963,864. This increase was primarily due to new construction in the District and increased property values. For the 2025 tax year, the District has levied a maintenance tax rate of \$0.05 per \$100 of assessed value, a water, sewer, and drainage debt service tax rate of \$0.33 per \$100 of assessed value, a road debt service tax rate of \$0.2475 per \$100 of assessed value, and a contract tax rate of \$0.3075 per \$100 of assessed value for a total combined tax rate of \$0.935 per \$100 of assessed value. Tax rates for the 2024 tax year were \$0.05 per \$100 for maintenance and operations, \$0.325 per \$100 for water, sewer, and drainage debt service, \$0.24 per \$100 for road debt service, and \$0.32 per \$100 for contract tax for a combined total of \$0.935 per \$100 of assessed value.

***Sienna Municipal Utility District No. 4
Management's Discussion and Analysis
July 31, 2025***

Next Year's Budget

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

	<u>2025 Actual</u>	<u>2026 Budget</u>
Total revenues	\$ 4,513,019	\$ 4,675,750
Total expenditures	<u>(4,151,165)</u>	<u>(5,129,540)</u>
Revenues over/(under) expenditures	361,854	(453,790)
Beginning fund balance	<u>6,039,265</u>	<u>6,401,119</u>
Ending fund balance	<u>\$ 6,401,119</u>	<u>\$ 5,947,329</u>

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Basic Financial Statements

Sienna Municipal Utility District No. 4
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 483,790	\$ 89,384	\$ 839	\$ 574,013	\$ -	\$ 574,013
Investments	5,928,663	8,173,726	1,414,477	15,516,866		15,516,866
Taxes receivable	8,752	168,975		177,727		177,727
Customer service receivables	400,950			400,950		400,950
Internal balances	55,991	(991)	(55,000)			
Prepaid items	6,610			6,610		6,610
Other receivables	6,455			6,455		6,455
Operating reserve	195,202			195,202		195,202
Capital assets not being depreciated					1,377,767	1,377,767
Capital assets, net					44,346,579	44,346,579
Total Assets	<u>\$ 7,086,413</u>	<u>\$ 8,431,094</u>	<u>\$ 1,360,316</u>	<u>\$ 16,877,823</u>	<u>45,724,346</u>	<u>62,602,169</u>
Liabilities						
Accounts payable	\$ 645,246	\$ -	\$ -	\$ 645,246		645,246
Other payables	9,261			9,261		9,261
Customer deposits	22,035			22,035		22,035
Accrued interest payable					1,389,833	1,389,833
Due to developer					5,247,967	5,247,967
Long-term debt						
Due within one year					3,100,000	3,100,000
Due after one year					92,734,855	92,734,855
Total Liabilities	<u>676,542</u>			<u>676,542</u>	<u>102,472,655</u>	<u>103,149,197</u>
Deferred Inflows of Resources						
Deferred property taxes	<u>8,752</u>	<u>168,975</u>		<u>177,727</u>	<u>(177,727)</u>	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	201,812			201,812	(201,812)	
Restricted		8,262,119	1,360,316	9,622,435	(9,622,435)	
Unassigned	<u>6,199,307</u>			<u>6,199,307</u>	<u>(6,199,307)</u>	
Total Fund Balances	<u>6,401,119</u>	<u>8,262,119</u>	<u>1,360,316</u>	<u>16,023,554</u>	<u>(16,023,554)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,086,413</u>	<u>\$ 8,431,094</u>	<u>\$ 1,360,316</u>	<u>\$ 16,877,823</u>		
Net Position						
Net investment in capital assets					(14,249,864)	(14,249,864)
Restricted for debt service					7,041,261	7,041,261
Unrestricted					<u>(33,338,425)</u>	<u>(33,338,425)</u>
Total Net Position					<u>\$ (40,547,028)</u>	<u>\$ (40,547,028)</u>

See notes to basic financial statements.

Sienna Municipal Utility District No. 4

**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	\$ 843,603	\$ -	\$ -	\$ 843,603	\$ -	\$ 843,603
Sewer service	1,199,371			1,199,371		1,199,371
Property taxes	583,456	10,275,053		10,858,509	35,425	10,893,934
Penalties and interest	38,576	59,856		98,432	8,452	106,884
Tap connection and inspection	62,303			62,303		62,303
Surface water fees	865,370			865,370		865,370
Fire protection fees	647,732			647,732		647,732
Miscellaneous	16,711	17,084		33,795		33,795
Investment earnings	255,897	283,587	94,975	634,459		634,459
Total Revenues	4,513,019	10,635,580	94,975	15,243,574	43,877	15,287,451
Expenditures/Expenses						
Current service operations						
Professional fees	187,853			187,853		187,853
Contracted services	794,781	172,152		966,933		966,933
Repairs and maintenance	630,887			630,887		630,887
Utilities	112,419			112,419		112,419
Surface water fees	863,487			863,487		863,487
Administrative	69,761	15,573		85,334		85,334
Other	36,539		60	36,599		36,599
Capital outlay			9,655,863	9,655,863	(9,655,863)	
Debt service						
Principal		2,715,000		2,715,000	(2,715,000)	
Interest and fees		3,048,792		3,048,792	192,035	3,240,827
Developer interest			1,942,658	1,942,658		1,942,658
Debt issuance costs			1,034,610	1,034,610		1,034,610
Intergovernmental						
Master District connection charges	739,999			739,999		739,999
Facilities renewal and replacement	76,011			76,011		76,011
Fire protection services	639,428			639,428		639,428
Contractual obligations		3,704,595		3,704,595		3,704,595
Depreciation and amortization					1,644,071	1,644,071
Total Expenditures/Expenses	4,151,165	9,656,112	12,633,191	26,440,468	(10,534,757)	15,905,711
Revenues Over/(Under)						
Expenditures/Expenses	361,854	979,468	(12,538,216)	(11,196,894)	10,578,634	(618,260)
Other Financing Sources						
Proceeds from sale of bonds			11,885,000	11,885,000	(11,885,000)	
Other Item						
Transfers to other governments					(3,045,516)	(3,045,516)
Net Change in Fund Balances	361,854	979,468	(653,216)	688,106	(688,106)	
Change in Net Position					(3,663,776)	(3,663,776)
Fund Balance/Net Position						
Beginning of the year	6,039,265	7,282,651	2,013,532	15,335,448	(52,218,700)	(36,883,252)
End of the year	<u>\$ 6,401,119</u>	<u>\$ 8,262,119</u>	<u>\$ 1,360,316</u>	<u>\$ 16,023,554</u>	<u>\$ (56,570,582)</u>	<u>\$ (40,547,028)</u>

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

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

Creation

The District was organized, created and established as Sienna Plantation Municipal Utility District No. 4 pursuant to an order of the Texas Natural Resource Conservation Commission, statutory predecessor to the Texas Commission on Environmental Quality, dated March 10, 1997, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on October 31, 2000 and the first bonds were issued on October 27, 2016. In 2009, the Texas Legislature adopted Chapter 8320 Special District Local Laws Code, to give the District the powers and duties essential to acquire, construct, and maintain roads and road improvements. On October 7, 2020, the District obtained approval from the TCEQ to change the District’s name to Sienna Municipal Utility District No. 4.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

Use of Restricted Resources

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

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At July 31, 2025, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$250,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

Assets	Useful Life
Infrastructure	10-45 years
Landscaping improvements	20 years
Master District connection charges	40 years [max]

Deferred Inflows and Outflows of Financial Resources

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

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

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

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

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	\$ 16,023,554
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 55,748,029	
Less accumulated depreciation/amortization	<u>(10,023,683)</u>	
		45,724,346

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:

Accrued interest payable	(1,389,833)	
Due to developer	(5,247,967)	
Bonds payable, net	<u>(95,834,855)</u>	
		(102,472,655)

Deferred inflows in the fund statements consist of property taxes and related penalties and interest receivable that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.

177,727

Total net position - governmental activities	<u><u>\$ (40,547,028)</u></u>
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Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

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	\$ 688,106
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Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes and penalties and interest.	43,877
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Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Capital outlays	\$ 9,655,863	
Transfers to other governments	(3,045,516)	
Depreciation/amortization expense	<u>(1,644,071)</u>	
		4,966,276

Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Issuance of long-term debt	(11,885,000)	
Principal payments	2,715,000	
Interest expense accrual	<u>(192,035)</u>	
		(9,362,035)

Change in net position of governmental activities	<u><u>\$ (3,663,776)</u></u>
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Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

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

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

As of July 31, 2025, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	\$ 200,000	1%	N/A	N/A
Texas CLASS	General	5,728,663	99%	AAAm	34 days
	Debt Service	8,173,726			
	Capital Projects	1,414,477			
		15,316,866			
Total		\$ 15,516,866	100%		

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

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

Texas CLASS

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at July 31, 2025, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	\$ 991	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	55,000	Bond application fees paid by the General Fund

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

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended July 31, 2025, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 1,377,767	\$ -	\$ 1,377,767
Capital assets being depreciated/amortized			
Infrastructure	42,864,591		42,864,591
Landscaping improvements	11,162,911		11,162,911
Master District connection charges	342,760		342,760
	<u>54,370,262</u>		<u>54,370,262</u>
Less accumulated depreciation/amortization			
Infrastructure	(7,132,415)	(1,076,404)	(8,208,819)
Landscaping improvements	(1,106,762)	(558,146)	(1,664,908)
Master District connection charges	(140,435)	(9,521)	(149,956)
	<u>(8,379,612)</u>	<u>(1,644,071)</u>	<u>(10,023,683)</u>
Subtotal depreciable capital assets, net	<u>45,990,650</u>	<u>(1,644,071)</u>	<u>44,346,579</u>
Capital assets, net	<u>\$ 47,368,417</u>	<u>\$ (1,644,071)</u>	<u>\$ 45,724,346</u>

Depreciation/amortization expense for the current fiscal year was \$1,644,071.

Note 6 – Due to Developers

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

The District's developers have also advanced funds to the District for operating expenses.

Changes in the estimated amounts due to developers during the fiscal year are as follows:

Due to developers, beginning of year	\$ 11,858,314
Developer reimbursements	(9,655,864)
Developer funded construction and adjustments	<u>3,045,517</u>
Due to developers, end of year	<u>\$ 5,247,967</u>

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 96,235,000
Unamortized discounts	(559,586)
Unamortized premium	159,441
	<u>\$ 95,834,855</u>
Due within one year	<u>\$ 3,100,000</u>

The District's bonds payable at July 31, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2016	\$ 7,170,000	\$ 8,800,000	2.00% - 3.60%	September 1, 2019 - 2041	September 1, March 1	September 1, 2024
2016A Road	7,450,000	9,400,000	1.75% - 3.60%	September 1, 2018 - 2041	September 1, March 1	September 1, 2024
2017	8,180,000	10,135,000	2.50% - 3.375%	September 1, 2018 - 2042	September 1, March 1	September 1, 2025
2018	7,155,000	8,530,000	3.25% - 5.00%	September 1, 2019 - 2043	September 1, March 1	September 1, 2023
2019 Road	6,440,000	7,500,000	2.00% - 2.75%	September 1, 2020 - 2043	September 1, March 1	September 1, 2024
2020	13,225,000	14,570,000	2.00% - 3.00%	September 1, 2022 - 2045	September 1, March 1	September 1, 2025
2021	2,990,000	3,190,000	2.00% - 2.375%	September 1, 2023 - 2046	September 1, March 1	September 1, 2026
2021 Road	3,615,000	3,860,000	2.00% - 2.375%	September 1, 2023 - 2046	September 1, March 1	September 1, 2026
2022	1,300,000	1,355,000	4.00% - 5.00%	September 1, 2023 - 2047	September 1, March 1	September 1, 2028
2022 Road	17,140,000	17,920,000	3.00% - 5.50%	September 1, 2023 - 2047	September 1, March 1	September 1, 2028
2023	3,750,000	3,825,000	4.00% - 6.00%	September 1, 2024 - 2048	September 1, March 1	September 1, 2029
2023 Road	5,935,000	6,055,000	4.00% - 4.50%	September 1, 2024 - 2048	September 1, March 1	September 1, 2029
2024 Park	11,885,000	11,885,000	3.00% - 5.50%	September 1, 2025 - 2049	September 1, March 1	September 1, 2030
	<u>\$ 96,235,000</u>					

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

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

At July 31, 2025, the District had authorized but unissued bonds in the amount of \$214,895,000 for water, sewer and drainage facilities and the refunding of such bonds; \$56,315,000 for park and recreational facilities and the refunding of such bonds; and \$121,565,000 for road improvements and the refunding of such bonds.

On October 8, 2024, the District issued its \$11,885,000 Series 2024 Unlimited Tax Park Bonds at a net effective interest rate of 4.083043%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

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

Bonds payable, beginning of year	\$ 87,065,000
Bonds issued	11,885,000
Bonds retired	(2,715,000)
Bonds payable, end of year	<u>\$ 96,235,000</u>

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

As of July 31, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	\$ 3,100,000	\$ 3,236,947	\$ 6,336,947
2027	3,230,000	3,128,075	6,358,075
2028	3,350,000	3,017,039	6,367,039
2029	3,495,000	2,900,270	6,395,270
2030	3,620,000	2,778,081	6,398,081
2031	3,755,000	2,651,980	6,406,980
2032	3,900,000	2,523,420	6,423,420
2033	4,055,000	2,393,659	6,448,659
2034	4,210,000	2,261,653	6,471,653
2035	4,370,000	2,124,311	6,494,311
2036	4,535,000	1,979,996	6,514,996
2037	4,715,000	1,828,436	6,543,436
2038	4,890,000	1,669,603	6,559,603
2039	5,085,000	1,503,082	6,588,082
2040	5,280,000	1,327,504	6,607,504
2041	5,480,000	1,141,377	6,621,377
2042	5,695,000	945,428	6,640,428
2043	4,735,000	762,280	5,497,280
2044	4,275,000	604,023	4,879,023
2045	3,400,000	468,065	3,868,065
2046	3,535,000	344,172	3,879,172
2047	2,840,000	224,376	3,064,376
2048	2,560,000	120,694	2,680,694
2049	1,375,000	48,038	1,423,038
2050	750,000	11,250	761,250
	<u>\$ 96,235,000</u>	<u>\$ 39,993,759</u>	<u>\$ 136,228,759</u>

Note 8 – Property Taxes

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

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

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$0.935 per \$100 of assessed value, of which \$0.05 was allocated to maintenance and operations, \$0.325 was allocated to water, sewer, and drainage debt service, \$0.24 was allocated to road debt service, and \$0.32 was allocated to contract tax. The resulting tax levy was \$10,891,374 on the adjusted taxable value of \$1,164,852,801.

Property taxes receivable, at July 31, 2025, consisted of the following:

Current year taxes receivable	\$ 127,733
Prior years taxes receivable	20,146
	147,879
Penalty and interest receivable	29,848
Property taxes receivable	<u>\$ 177,727</u>

Note 9 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits (after expiration of a one-year maintenance period). Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended July 31, 2025, the District recorded transfers to other governments in the amount of \$3,045,516 for road facilities constructed by a developer within the District.

Note 10 – Contracts with Sienna Regional Municipal Utility District

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

In 2009, the Master District (on behalf of the participants) entered into a utility contract with Sienna RM for the purposes of amending and supplementing the Sienna RM Regional Contract (the "Utility Contract"). Pursuant to the terms of the Utility Contract, the parties agreed that the Master District

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

will construct and finance the regional water, sewer and drainage facilities that serve the service area. Once completed, the Master District will convey the regional water, sewer and drainage facilities (other than interim wastewater treatment facilities) to Sienna RM for ownership, operation and maintenance. Upon conveyance, the Master District is not obligated to pay connection charges in order to receive water and sewer service from Sienna RM. The Master District will pay monthly operations charges to Sienna RM on behalf of the participants for their pro-rata share of the monthly operating and maintenance expenses and will charge the participating districts for their pro-rata share of the monthly operating and maintenance expenses.

The Master District currently has purchased capacity in the water and wastewater plants owned by Sienna RM and receives surface water from the City of Missouri City.

Sienna RM Debt

Sienna RM is authorized to issue bonds for the purpose of acquiring and constructing facilities needed to provide services to Sienna. The Master District shall be obligated to contribute to the payment of Sienna RM's debt service requirements based on its allocated share of the debt until such time as the bonds have been repaid. The Master District shall charge each participating district its pro rata share based on assessed values in each district.

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

As of July 31, 2025, Sienna RM has \$22,395,000 in contract revenue bonds outstanding and the Master District's share of said bonds is \$12,305,000. Principal payments on these bonds began in the Master District's 2025 fiscal year. Sienna RM bills the Master District in January of each year for Sienna RM's debt service payments for that calendar year. During the current year, the Master District paid \$681,295 to Sienna RM for Sienna RM's 2025 debt service requirements.

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

The Master District's future annual obligation to Sienna RM for Sienna RM's debt service requirements (principal and interest) for each of the next five years and in five-year increments thereafter is as follows:

Year	Total
2026	\$ 679,415
2027	677,085
2028	679,418
2029	681,270
2030	677,627
2031-2035	3,394,138
2036-2040	3,393,791
2041-2045	3,394,343
2046-2048	2,037,230
	<u>\$ 15,614,317</u>

Joint Construction Agreement for Fire Facilities

Sienna RM and the City entered into a fire protection agreement which establishes the terms and conditions for the construction of fire facilities to serve Sienna. The cost of the facilities were paid by the internal Sienna Districts served by the fire station on a pro-rata basis. Sienna RM and Sienna Municipal Utility District Nos. 2 and 3 contributed their pro-rata shares of the costs to Sienna RM. The District and Sienna Municipal Utility District Nos. 5, 6 and 7 ("Sienna South Districts") received a loan from Sienna Municipal Utility District No. 3 ("MUD 3") to fund their pro-rata share. MUD 3 advanced \$2,076,000 to Sienna RM for the construction of the fire facilities. As of July 31, 2025, the Master District has fully repaid MUD 3 for the outstanding loan obligation.

Fire Protection Services

On June 25, 2015, Sienna RM entered into the Operations Agreement for Fire Protection Services for Sienna (the "Operations Agreement") with the City. The Operations Agreement established the terms and conditions under which the City will provide fire protection services to Sienna and will be reimbursed for the cost of providing those services. Pursuant to the Operations Agreement, Sienna RM pays the City each month for one-twelfth the annual operating and capital costs of providing fire protection services. The City recalculates the cost every year in June and revises the monthly payment. The District executed a Joinder and Third Party Beneficiary to the Operations Agreement, whereby the District agreed to be bound by the terms and conditions of the Operations Agreement and to pay Sienna RM for its pro-rata share of operating costs and capital costs. As of July 31, 2025, the monthly charge is \$22.50 per connection.

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

On May 13, 2013, the District, along with Sienna Municipal Utility District No. 6, Sienna Municipal Utility District No. 7, and Sienna Municipal Utility District No. 5, (as a participant) entered into a contract (the "Contract") with the Master District whereby the Master District agrees to provide or

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

cause to be provided regional water, wastewater, drainage, roads, firefighting and park facilities to land within the participants' boundaries (or Service Area). Pursuant to the Utility Contract with Sienna RM, the water, wastewater and drainage facilities will be conveyed to Sienna RM for Sienna RM to own, operate and maintain such facilities to serve the Service Area. The Master District agrees to provide or cause to be provided road facilities to be conveyed to Fort Bend County to own, operate and maintain such roads.

Master District Debt

The Master District is authorized to issue contract revenue bonds for the purpose of acquiring and constructing regional facilities needed to provide services to all Participants. The District shall contribute to the regional payment of debt service requirements based on its pro rata share of the total certified assessed valuation of all Participants. During the current fiscal year, the Master District issued \$11,850,000 in Contract Revenue Bonds. As of July 31, 2025, the Master District has \$86,310,000 in contract revenue bonds outstanding.

The Master District also has the option to finance the road and park facilities through connection charges which will be determined based on the number of estimated total connections to be constructed within the Service Area. As of July 31, 2025, the District has not paid any such connection charges.

Monthly Connection Fees for Operating Expenses

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

Operating and Maintenance Reserve

The Master District Contract authorizes the establishment of an operating and maintenance reserve by the Master District equivalent to three months' operating and maintenance expenses, as set forth in the Master District's annual budget. The Master District shall adjust the reserve as needed, not less than annually. As of July 31, 2025, the District has paid \$195,202 to the Master District for its share of the operating and maintenance reserve.

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

Summary of Charges

For fiscal year ended July 31, 2025, the District incurred the following costs pursuant to contracts with the Master District and Sienna RM:

- Monthly connection fees in the amount of \$739,999;
- Monthly charges totally \$76,011 for Sienna RM's renewal and replacement fund, which was established by Sienna RM to provide funding to repair and replace aging Sienna RM facilities;
- Monthly charges for fire protection services in the amount of \$639,428; and
- Contractual obligations for debt service requirements in the amount of \$3,704,595, which consists of \$3,311,489 for Master District Bonds and \$393,106 for the Master District's share of Sienna RM's contract revenue bonds.

Note 12 – Agreements with City of Missouri City

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

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

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

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

Sienna Municipal Utility District No. 4
Notes to Financial Statements
July 31, 2025

Participant's obligation under the Master District Contract) and dissolve the Participant within ninety (90) days.

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

Note 13 – Risk Management

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

Note 14 – Subsequent Event

On October 23, 2025, the District issued its \$3,280,000 Series 2025 Unlimited Tax Road Bonds at a net effective rate of 4.277680%. Proceeds from the bonds were used to reimburse the District's developers for infrastructure improvements in the District.

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Required Supplementary Information

Sienna Municipal Utility District No. 4
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended July 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	\$ 925,000	\$ 925,000	\$ 843,603	\$ (81,397)
Sewer service	1,216,500	1,216,500	1,199,371	(17,129)
Property taxes	573,300	573,300	583,456	10,156
Penalties and interest	42,000	42,000	38,576	(3,424)
Tap connection and inspection	69,250	69,250	62,303	(6,947)
Surface water fees	1,049,993	1,049,993	865,370	(184,623)
Fire protection fees	605,010	605,010	647,732	42,722
Miscellaneous	4,100	4,100	16,711	12,611
Investment earnings	263,500	263,500	255,897	(7,603)
Total Revenues	<u>4,748,653</u>	<u>4,748,653</u>	<u>4,513,019</u>	<u>(235,634)</u>
Expenditures				
Current service operations				
Professional fees	169,000	169,000	187,853	(18,853)
Contracted services	823,350	823,350	794,781	28,569
Repairs and maintenance	506,700	756,700	630,887	125,813
Utilities	107,500	107,500	112,419	(4,919)
Surface water fees	1,049,993	1,049,993	863,487	186,506
Administrative	81,900	81,900	69,761	12,139
Other	35,630	35,630	36,539	(909)
Intergovernmental				
Master District connection charges	760,846	760,846	739,999	20,847
Facilities renewal and replacement	92,429	92,429	76,011	16,418
Fire protection services	605,010	605,010	639,428	(34,418)
Total Expenditures	<u>4,232,358</u>	<u>4,482,358</u>	<u>4,151,165</u>	<u>331,193</u>
Revenues Over Expenditures	516,295	266,295	361,854	95,559
Fund Balance				
Beginning of the year	<u>6,039,265</u>	<u>6,039,265</u>	<u>6,039,265</u>	
End of the year	<u>\$ 6,555,560</u>	<u>\$ 6,305,560</u>	<u>\$ 6,401,119</u>	<u>\$ 95,559</u>

Sienna Municipal Utility District No. 4
Notes to Required Supplementary Information
July 31, 2025

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated expenditures.

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Texas Supplementary Information

Sienna Municipal Utility District No. 4
TSI-1. Services and Rates
July 31, 2025

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

☒ Retail Water	☐ Wholesale Water	☐ Solid Waste / Garbage	☒ Drainage
☒ Retail Wastewater	☐ Wholesale Wastewater	☐ Flood Control	☐ Irrigation
☒ Parks / Recreation	☒ Fire Protection	☒ Roads	☐ Security
☒ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)			
☐ Other (Specify): _____			

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels	
Water:	\$ 24.60	10,000	N	\$ 2.25	10,001 to	20,000
				\$ 2.75	20,001 to	no limit
Wastewater:	\$ 45.94		Y			to
Surcharge:	\$ 2.84	1,000	N	\$ 2.84	1,001 to	no limit

District employs winter averaging for wastewater usage? ☐ Yes ☒ No

Total charges per 10,000 gallons usage: Water \$ 53.00 Wastewater \$ 45.94

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,074	1,069	x 1.0	1,069
1"	1,143	1,132	x 2.5	2,830
1.5"			x 5.0	
2"	37	37	x 8.0	296
3"	2	2	x 15.0	30
4"	2	2	x 25.0	50
6"	1	1	x 50.0	50
8"			x 80.0	
10"			x 115.0	
Total Water	2,259	2,243		4,325
Total Wastewater	2,167	2,151	x 1.0	2,151

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-1. Services and Rates
July 31, 2025

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

*Gallons purchased:	<u>306,884,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>306,884,000</u>	(Gallons billed / Gallons pumped)
		<u>100%</u>

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

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

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

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

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

Entirely ☒ Partly ☐ Not at all ☐

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

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

If Yes, by whom? _____

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

Sienna Municipal Utility District No. 4
TSI-2. General Fund Expenditures
For the Year Ended July 31, 2025

Professional fees	
Legal	\$ 85,620
Audit	18,000
Engineering	84,233
	<u>187,853</u>
Contracted services	
Bookkeeping	71,014
Operator	84,499
Garbage collection	598,089
Inspection	41,179
	<u>794,781</u>
Repairs and maintenance	<u>630,887</u>
Utilities	<u>112,419</u>
Surface water fees	<u>863,487</u>
Administrative	
Directors fees	11,713
Printing and office supplies	36,537
Insurance	6,514
Other	14,997
	<u>69,761</u>
Other	<u>36,539</u>
Intergovernmental	
Monthly connection charges	739,999
Master District replacement fund	76,011
Fire protection services	639,428
	<u>1,455,438</u>
Total expenditures	<u><u>\$ 4,151,165</u></u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-3. Investments
July 31, 2025

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Interest Receivable</u>
General				
Texas CLASS	Variable	N/A	\$ 5,728,663	\$ -
Certificates of deposit	4.75%	10/07/25	100,000	3,800
Certificates of deposit	4.25%	12/15/25	100,000	2,655
			<u>5,928,663</u>	<u>6,455</u>
Debt Service				
Texas CLASS	Variable	N/A	3,446,509	
Texas CLASS	Variable	N/A	4,573,486	
Texas CLASS	Variable	N/A	153,731	
			<u>8,173,726</u>	
Capital Projects				
Texas CLASS	Variable	N/A	19,305	
Texas CLASS	Variable	N/A	40,531	
Texas CLASS	Variable	N/A	104,680	
Texas CLASS	Variable	N/A	472,982	
Texas CLASS	Variable	N/A	295,115	
Texas CLASS	Variable	N/A	160,478	
Texas CLASS	Variable	N/A	99,628	
Texas CLASS	Variable	N/A	221,758	
			<u>1,414,477</u>	
Total - All Funds			<u>\$ 15,516,866</u>	<u>\$ 6,455</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-4. Taxes Levied and Receivable
July 31, 2025

	Maintenance Taxes	W-S-D Debt Service Taxes	Road Debt Service Taxes	Contract Taxes	Totals
Beginning Taxes Receivable	\$ 9,573	\$ 32,305	\$ 30,260	\$ 40,317	\$ 112,455
Adjustments	208	735	682	934	2,559
Adjusted Receivable	9,781	33,040	30,942	41,251	115,014
2024 Original Tax Levy	575,356	3,739,814	2,761,709	3,682,279	10,759,158
Adjustments	7,070	45,958	33,938	45,250	132,216
Adjusted Tax Levy	582,426	3,785,772	2,795,647	3,727,529	10,891,374
Total to be accounted for	592,207	3,818,812	2,826,589	3,768,780	11,006,388
Tax collections:					
Current year	575,595	3,741,373	2,762,860	3,683,813	10,763,641
Prior years	7,860	27,161	25,599	34,248	94,868
Total Collections	583,455	3,768,534	2,788,459	3,718,061	10,858,509
Ending Taxes Receivable	\$ 8,752	\$ 50,278	\$ 38,130	\$ 50,719	\$ 147,879
Taxes Receivable, By Years					
2024	\$ 6,831	\$ 44,399	\$ 32,787	\$ 43,716	\$ 127,733
2023	1,093	3,825	3,620	4,849	13,387
2022	828	2,054	1,723	2,154	6,759
Ending Taxes Receivable	\$ 8,752	\$ 50,278	\$ 38,130	\$ 50,719	\$ 147,879
		2024	2023	2022	2021
Property Valuations:					
Land		\$ 234,633,189	\$ 180,127,982	\$ 172,333,480	\$ 162,341,386
Improvements		1,059,008,502	1,012,197,794	859,759,653	630,226,904
Personal Property		3,588,504	3,238,639	2,523,600	2,353,360
Exemptions		(132,377,394)	(122,243,843)	(107,176,488)	(85,370,333)
Total Property Valuations		\$ 1,164,852,801	\$ 1,073,320,572	\$ 927,440,245	\$ 709,551,317
Tax Rates per \$100 Valuation:					
Maintenance tax rates		\$ 0.050	\$ 0.080	\$ 0.125	\$ 0.135
W-S-D debt service tax rates		0.325	0.280	0.310	0.365
Road debt service tax rates		0.240	0.265	0.260	0.165
Contract tax rates		0.320	0.355	0.325	0.385
Total Tax Rates per \$100 Valuation		\$ 0.935	\$ 0.980	\$ 1.020	\$ 1.050
Adjusted Tax Levy:		\$ 10,891,374	\$ 10,518,542	\$ 9,459,890	\$ 7,450,289
Percentage of Taxes Collected to Taxes Levied **		98.83%	99.87%	99.93%	100.00%

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

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

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2016--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 310,000	\$ 231,353	\$ 541,353
2027	320,000	223,002	543,002
2028	335,000	213,992	548,992
2029	345,000	204,300	549,300
2030	360,000	193,898	553,898
2031	370,000	182,762	552,762
2032	385,000	170,868	555,868
2033	400,000	158,108	558,108
2034	415,000	144,556	559,556
2035	430,000	130,403	560,403
2036	445,000	115,635	560,635
2037	465,000	100,165	565,165
2038	480,000	83,860	563,860
2039	500,000	66,710	566,710
2040	520,000	48,600	568,600
2041	535,000	29,610	564,610
2042	555,000	9,990	564,990
	<u>\$ 7,170,000</u>	<u>\$ 2,307,812</u>	<u>\$ 9,477,812</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2016A Road--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 320,000	\$ 240,930	\$ 560,930
2027	335,000	232,247	567,247
2028	345,000	222,895	567,895
2029	360,000	212,845	572,845
2030	370,000	202,075	572,075
2031	385,000	190,558	575,558
2032	400,000	178,190	578,190
2033	415,000	164,943	579,943
2034	430,000	150,893	580,893
2035	445,000	136,236	581,236
2036	465,000	120,760	585,760
2037	480,000	104,460	584,460
2038	500,000	87,430	587,430
2039	520,000	69,580	589,580
2040	540,000	50,760	590,760
2041	560,000	30,960	590,960
2042	580,000	10,440	590,440
	<u>\$ 7,450,000</u>	<u>\$ 2,406,202</u>	<u>\$ 9,856,202</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 320,000	\$ 253,700	\$ 573,700
2027	330,000	245,188	575,188
2028	345,000	237,163	582,163
2029	360,000	227,900	587,900
2030	375,000	217,794	592,794
2031	390,000	206,788	596,788
2032	405,000	194,863	599,863
2033	420,000	182,488	602,488
2034	435,000	169,391	604,391
2035	455,000	155,484	610,484
2036	470,000	140,738	610,738
2037	490,000	125,138	615,138
2038	510,000	108,569	618,569
2039	530,000	91,019	621,019
2040	550,000	72,450	622,450
2041	575,000	52,763	627,763
2042	600,000	32,200	632,200
2043	620,000	10,850	630,850
	<u>\$ 8,180,000</u>	<u>\$ 2,724,486</u>	<u>\$ 10,904,486</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 255,000	\$ 261,619	\$ 516,619
2027	265,000	251,219	516,219
2028	275,000	240,419	515,419
2029	290,000	230,206	520,206
2030	300,000	220,619	520,619
2031	315,000	210,428	525,428
2032	325,000	199,425	524,425
2033	340,000	187,788	527,788
2034	355,000	175,625	530,625
2035	365,000	163,025	528,025
2036	385,000	149,900	534,900
2037	400,000	135,663	535,663
2038	415,000	120,381	535,381
2039	430,000	104,538	534,538
2040	450,000	88,038	538,038
2041	470,000	70,200	540,200
2042	485,000	51,100	536,100
2043	505,000	31,300	536,300
2044	530,000	10,600	540,600
	<u>\$ 7,155,000</u>	<u>\$ 2,902,093</u>	<u>\$ 10,057,093</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 235,000	\$ 154,625	\$ 389,625
2027	240,000	149,875	389,875
2028	250,000	144,975	394,975
2029	260,000	139,875	399,875
2030	270,000	134,575	404,575
2031	285,000	129,025	414,025
2032	295,000	123,041	418,041
2033	305,000	116,475	421,475
2034	320,000	109,244	429,244
2035	330,000	101,319	431,319
2036	345,000	92,881	437,881
2037	360,000	84,069	444,069
2038	375,000	74,881	449,881
2039	385,000	65,141	450,141
2040	405,000	54,519	459,519
2041	420,000	43,175	463,175
2042	435,000	31,419	466,419
2043	455,000	19,181	474,181
2044	470,000	6,463	476,463
	<u>\$ 6,440,000</u>	<u>\$ 1,774,758</u>	<u>\$ 8,214,758</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 475,000	\$ 274,419	\$ 749,419
2027	485,000	262,444	747,444
2028	500,000	252,594	752,594
2029	515,000	242,444	757,444
2030	530,000	231,994	761,994
2031	540,000	221,294	761,294
2032	555,000	210,344	765,344
2033	575,000	199,044	774,044
2034	590,000	187,394	777,394
2035	605,000	175,444	780,444
2036	620,000	163,194	783,194
2037	640,000	150,594	790,594
2038	655,000	137,644	792,644
2039	675,000	124,344	799,344
2040	695,000	110,209	805,209
2041	710,000	94,838	804,838
2042	730,000	78,638	808,638
2043	750,000	61,988	811,988
2044	770,000	44,888	814,888
2045	795,000	27,281	822,281
2046	815,000	9,169	824,169
	<u>\$ 13,225,000</u>	<u>\$ 3,260,202</u>	<u>\$ 16,485,202</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 105,000	\$ 64,925	\$ 169,925
2027	105,000	62,825	167,825
2028	110,000	60,675	170,675
2029	110,000	58,475	168,475
2030	115,000	56,225	171,225
2031	115,000	53,925	168,925
2032	120,000	51,575	171,575
2033	125,000	49,125	174,125
2034	125,000	46,625	171,625
2035	130,000	44,075	174,075
2036	130,000	41,313	171,313
2037	135,000	38,331	173,331
2038	140,000	35,238	175,238
2039	145,000	32,031	177,031
2040	145,000	28,678	173,678
2041	150,000	25,175	175,175
2042	155,000	21,553	176,553
2043	160,000	17,813	177,813
2044	160,000	14,012	174,012
2045	165,000	10,153	175,153
2046	170,000	6,175	176,175
2047	175,000	2,078	177,078
	<u>\$ 2,990,000</u>	<u>\$ 821,000</u>	<u>\$ 3,811,000</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 125,000	\$ 78,500	\$ 203,500
2027	130,000	75,950	205,950
2028	130,000	73,350	203,350
2029	135,000	70,700	205,700
2030	140,000	67,950	207,950
2031	140,000	65,150	205,150
2032	145,000	62,300	207,300
2033	150,000	59,350	209,350
2034	155,000	56,300	211,300
2035	155,000	53,200	208,200
2036	160,000	49,850	209,850
2037	165,000	46,193	211,193
2038	170,000	42,425	212,425
2039	175,000	38,544	213,544
2040	175,000	34,497	209,497
2041	180,000	30,281	210,281
2042	185,000	25,947	210,947
2043	190,000	21,494	211,494
2044	195,000	16,922	211,922
2045	200,000	12,231	212,231
2046	205,000	7,422	212,422
2047	210,000	2,494	212,494
	<u>\$ 3,615,000</u>	<u>\$ 991,050</u>	<u>\$ 4,606,050</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 35,000	\$ 54,694	\$ 89,694
2027	35,000	52,944	87,944
2028	35,000	51,194	86,194
2029	40,000	49,319	89,319
2030	40,000	47,319	87,319
2031	40,000	45,519	85,519
2032	45,000	43,819	88,819
2033	45,000	42,019	87,019
2034	50,000	40,119	90,119
2035	50,000	38,119	88,119
2036	50,000	36,119	86,119
2037	55,000	34,018	89,018
2038	55,000	31,819	86,819
2039	60,000	29,481	89,481
2040	60,000	27,006	87,006
2041	65,000	24,428	89,428
2042	65,000	21,747	86,747
2043	70,000	18,919	88,919
2044	75,000	15,838	90,838
2045	75,000	12,650	87,650
2046	80,000	9,356	89,356
2047	85,000	5,797	90,797
2048	90,000	1,969	91,969
	<u>\$ 1,300,000</u>	<u>\$ 734,212</u>	<u>\$ 2,034,212</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 440,000	\$ 722,113	\$ 1,162,113
2027	460,000	697,363	1,157,363
2028	480,000	671,513	1,151,513
2029	505,000	644,425	1,149,425
2030	525,000	616,100	1,141,100
2031	550,000	587,225	1,137,225
2032	575,000	558,413	1,133,413
2033	600,000	533,538	1,133,538
2034	625,000	511,319	1,136,319
2035	655,000	486,500	1,141,500
2036	685,000	459,700	1,144,700
2037	715,000	431,699	1,146,699
2038	745,000	402,500	1,147,500
2039	780,000	372,000	1,152,000
2040	815,000	340,100	1,155,100
2041	850,000	306,269	1,156,269
2042	890,000	269,825	1,159,825
2043	930,000	231,150	1,161,150
2044	970,000	190,775	1,160,775
2045	1,015,000	148,594	1,163,594
2046	1,060,000	104,500	1,164,500
2047	1,110,000	58,388	1,168,388
2048	1,160,000	17,400	1,177,400
	<u>\$ 17,140,000</u>	<u>\$ 9,361,409</u>	<u>\$ 26,501,409</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 90,000	\$ 161,832	\$ 251,832
2027	90,000	157,331	247,331
2028	95,000	152,707	247,707
2029	100,000	147,331	247,331
2030	105,000	141,182	246,182
2031	110,000	135,831	245,831
2032	115,000	131,332	246,332
2033	120,000	126,631	246,631
2034	125,000	121,731	246,731
2035	135,000	116,531	251,531
2036	140,000	111,031	251,031
2037	145,000	105,331	250,331
2038	150,000	99,431	249,431
2039	160,000	93,131	253,131
2040	165,000	86,428	251,428
2041	175,000	79,306	254,306
2042	185,000	71,656	256,656
2043	190,000	63,688	253,688
2044	200,000	55,400	255,400
2045	210,000	46,556	256,556
2046	220,000	37,150	257,150
2047	230,000	27,306	257,306
2048	240,000	16,875	256,875
2049	255,000	5,738	260,738
	<u>\$ 3,750,000</u>	<u>\$ 2,291,466</u>	<u>\$ 6,041,466</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 140,000	\$ 250,174	\$ 390,174
2027	145,000	244,475	389,475
2028	150,000	238,574	388,574
2029	160,000	232,375	392,375
2030	165,000	225,875	390,875
2031	175,000	219,075	394,075
2032	180,000	211,975	391,975
2033	190,000	204,575	394,575
2034	200,000	196,775	396,775
2035	210,000	188,575	398,575
2036	220,000	179,975	399,975
2037	230,000	170,975	400,975
2038	240,000	161,425	401,425
2039	250,000	151,163	401,163
2040	265,000	140,219	405,219
2041	275,000	128,572	403,572
2042	290,000	116,213	406,213
2043	305,000	103,197	408,197
2044	320,000	89,325	409,325
2045	330,000	74,700	404,700
2046	350,000	59,400	409,400
2047	365,000	43,313	408,313
2048	380,000	26,550	406,550
2049	400,000	9,000	409,000
	<u>\$ 5,935,000</u>	<u>\$ 3,666,475</u>	<u>\$ 9,601,475</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2024 Park--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 250,000	\$ 488,063	\$ 738,063
2027	290,000	473,212	763,212
2028	300,000	456,988	756,988
2029	315,000	440,075	755,075
2030	325,000	422,475	747,475
2031	340,000	404,400	744,400
2032	355,000	387,275	742,275
2033	370,000	369,575	739,575
2034	385,000	351,681	736,681
2035	405,000	335,400	740,400
2036	420,000	318,900	738,900
2037	435,000	301,800	736,800
2038	455,000	284,000	739,000
2039	475,000	265,400	740,400
2040	495,000	246,000	741,000
2041	515,000	225,800	740,800
2042	540,000	204,700	744,700
2043	560,000	182,700	742,700
2044	585,000	159,800	744,800
2045	610,000	135,900	745,900
2046	635,000	111,000	746,000
2047	665,000	85,000	750,000
2048	690,000	57,900	747,900
2049	720,000	33,300	753,300
2050	750,000	11,250	761,250
	<u>\$ 11,885,000</u>	<u>\$ 6,752,594</u>	<u>\$ 18,637,594</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 3,100,000	\$ 3,236,947	\$ 6,336,947
2027	3,230,000	3,128,075	6,358,075
2028	3,350,000	3,017,039	6,367,039
2029	3,495,000	2,900,270	6,395,270
2030	3,620,000	2,778,081	6,398,081
2031	3,755,000	2,651,980	6,406,980
2032	3,900,000	2,523,420	6,423,420
2033	4,055,000	2,393,659	6,448,659
2034	4,210,000	2,261,653	6,471,653
2035	4,370,000	2,124,311	6,494,311
2036	4,535,000	1,979,996	6,514,996
2037	4,715,000	1,828,436	6,543,436
2038	4,890,000	1,669,603	6,559,603
2039	5,085,000	1,503,082	6,588,082
2040	5,280,000	1,327,504	6,607,504
2041	5,480,000	1,141,377	6,621,377
2042	5,695,000	945,428	6,640,428
2043	4,735,000	762,280	5,497,280
2044	4,275,000	604,023	4,879,023
2045	3,400,000	468,065	3,868,065
2046	3,535,000	344,172	3,879,172
2047	2,840,000	224,376	3,064,376
2048	2,560,000	120,694	2,680,694
2049	1,375,000	48,038	1,423,038
2050	750,000	11,250	761,250
	<u>\$ 96,235,000</u>	<u>\$ 39,993,759</u>	<u>\$ 136,228,759</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-6. Change in Long-Term Bonded Debt
July 31, 2025

Page 1 of 3

	Bond Issue			
	Series 2016	Series 2016A Road	Series 2017	Series 2018
Interest rate	2.00% - 3.60%	1.75% - 3.60%	2.25% - 4.50%	3.25% - 5.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/19 - 9/1/41	9/1/18 - 9/1/41	9/1/18 - 9/1/42	9/1/19 - 9/1/43
Beginning bonds outstanding	\$ 7,470,000	\$ 7,760,000	\$ 8,485,000	\$ 7,400,000
Bonds issued				
Bonds retired	<u>(300,000)</u>	<u>(310,000)</u>	<u>(305,000)</u>	<u>(245,000)</u>
Ending bonds outstanding	<u>\$ 7,170,000</u>	<u>\$ 7,450,000</u>	<u>\$ 8,180,000</u>	<u>\$ 7,155,000</u>
Interest paid during fiscal year	<u>\$ 239,132</u>	<u>\$ 248,965</u>	<u>\$ 265,362</u>	<u>\$ 271,619</u>
Paying agent's name and city				
Series 2024 Park	BOKF, NA, Dallas, Texas			
All Other Series	Regions Bank, an Alabama State Banking Corporation, Houston, Texas			

	Water, Sewer and Drainage and Refunding Bonds	Road and Refunding Bonds	Park and Refunding Bonds
Bond Authority:			
Amount Authorized by Voters	\$ 265,300,000	\$ 166,300,000	\$ 68,200,000
Amount Issued	<u>(50,405,000)</u>	<u>(44,735,000)</u>	<u>(11,885,000)</u>
Remaining To Be Issued	<u>\$ 214,895,000</u>	<u>\$ 121,565,000</u>	<u>\$ 56,315,000</u>

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

Debt Service Fund cash and investments balance as of July 31, 2025: \$ 8,263,110

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 5,449,150

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-6. Change in Long-Term Bonded Debt (continued)
July 31, 2025

Page 2 of 3

	Bond Issue			
	Series 2019 Road	Series 2020	Series 2021	Series 2021 Road
Interest rate	2.00% - 2.75%	2.00% - 3.00%	2.00% - 2.375%	2.00% - 2.375%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/20 - 9/1/43	9/1/22 - 9/1/45	9/1/23 - 9/1/46	9/1/23 - 9/1/46
Beginning bonds outstanding	\$ 6,665,000	\$ 13,685,000	\$ 3,090,000	\$ 3,740,000
Bonds issued				
Bonds retired	(225,000)	(460,000)	(100,000)	(125,000)
Ending bonds outstanding	<u>\$ 6,440,000</u>	<u>\$ 13,225,000</u>	<u>\$ 2,990,000</u>	<u>\$ 3,615,000</u>
Interest paid during fiscal year	<u>\$ 159,225</u>	<u>\$ 288,444</u>	<u>\$ 66,975</u>	<u>\$ 81,000</u>

See accompanying auditor's report.

Bond Issue					
Series 2022	Series 2022 Road	Series 2023	Series 2023 Road	Series 2024 Park	Totals
4.00% - 5.00%	3.00% - 5.50%	4.00% - 6.00%	4.00% - 4.50%	3.00% - 5.50%	
9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	
9/1/23 -	9/1/23 -	9/1/24 -	9/1/24 -	9/1/25 -	
9/1/47	9/1/47	9/1/48	9/1/48	9/1/49	
\$ 1,330,000	\$ 17,560,000	\$ 3,825,000	\$ 6,055,000	\$ -	\$ 87,065,000
				11,885,000	11,885,000
(30,000)	(420,000)	(75,000)	(120,000)		(2,715,000)
<u>\$ 1,300,000</u>	<u>\$ 17,140,000</u>	<u>\$ 3,750,000</u>	<u>\$ 5,935,000</u>	<u>\$ 11,885,000</u>	<u>\$ 96,235,000</u>
<u>\$ 56,319</u>	<u>\$ 745,763</u>	<u>\$ 165,956</u>	<u>\$ 255,375</u>	<u>\$ 196,600</u>	<u>\$ 3,040,735</u>

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

	Amounts				
	2025	2024	2023	2022**	2021
Revenues					
Water service	\$ 843,603	\$ 925,146	\$ 858,377	\$ 1,010,087	\$ 709,882
Sewer service	1,199,371	1,199,069	1,165,937	1,385,325	923,339
Property taxes	583,456	852,165	1,165,238	964,086	754,679
Penalties and interest	38,576	41,430	51,877	45,357	15,367
Tap connection and inspection	62,303	227,523	77,045	317,855	743,747
Surface water fees	865,370	927,058	817,847	998,199	653,101
Fire protection fees	647,732	598,786	593,072	714,600	510,879
Miscellaneous	16,711	6,597	10,987	9,519	4,557
Investment earnings	255,897	258,782	150,289	12,808	8,796
Total Revenues	4,513,019	5,036,556	4,890,669	5,457,836	4,324,347
Expenditures					
Current service operations					
Professional fees	187,853	165,393	167,768	239,237	238,437
Contracted services	794,781	722,895	688,366	798,620	723,480
Repairs and maintenance	630,887	345,437	199,388	269,288	287,007
Utilities	112,419	105,204	84,791	31,213	765
Surface water fees	863,487	954,688	826,805	1,012,931	656,967
Administrative	69,761	73,721	68,055	77,614	67,429
Other	36,539	33,175	33,147	38,041	34,663
Capital outlay		70,833	65,441		
Intergovernmental					
Master District connection charges	739,999	903,538	875,269	1,156,309	734,055
Facilities renewal and replacement	76,011	85,715	82,351	96,551	43,729
Fire protection services	639,428	595,292	602,280	716,703	511,657
Total Expenditures	4,151,165	4,055,891	3,693,661	4,436,507	3,298,189
Revenues Over Expenditures	\$ 361,854	\$ 980,665	\$ 1,197,008	\$ 1,021,329	\$ 1,026,158
Total Active Retail Water Connections	2,243	2,231	2,185	2,167	2,027
Total Active Retail Wastewater Connections	2,151	2,141	2,099	2,079	1,939

*Percentage is negligible

**Fifteen-month period

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022**	2021
19%	18%	18%	19%	16%
27%	24%	24%	25%	22%
13%	17%	23%	18%	18%
1%	1%	1%	1%	*
1%	5%	2%	6%	17%
19%	18%	17%	18%	15%
14%	12%	12%	13%	12%
*	*	*	*	*
6%	5%	3%	*	*
100%	100%	100%	100%	100%

4%	3%	3%	4%	6%
18%	14%	14%	15%	17%
14%	7%	4%	5%	7%
2%	2%	2%	1%	*
19%	19%	17%	19%	15%
2%	1%	1%	1%	2%
1%	1%	1%	1%	1%
	1%	1%		
16%	18%	18%	21%	17%
2%	2%	2%	2%	1%
14%	12%	12%	13%	12%
92%	80%	75%	82%	78%
8%	20%	25%	18%	22%

Sienna Municipal Utility District No. 4

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

For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022**	2021
Revenues					
Property taxes	\$ 10,275,053	\$ 9,578,266	\$ 8,339,606	\$ 6,534,360	\$ 5,128,239
Penalties and interest	59,856	52,377	40,763	31,572	24,045
Miscellaneous	17,084	11,007	15,822	4,743	13,500
Investment earnings	283,587	281,860	190,728	16,358	4,734
Total Revenues	10,635,580	9,923,510	8,586,919	6,587,033	5,170,518
Expenditures					
Tax collection services	187,725	133,688	133,488	117,295	68,860
Debt service					
Principal	2,715,000	2,385,000	1,715,000	1,230,000	1,205,000
Interest and fees	3,048,792	2,678,751	2,063,036	1,687,133	1,465,329
Intergovernmental					
Contractual obligations	3,704,595	3,756,828	2,986,993	2,749,963	1,902,673
Total Expenditures	9,656,112	8,954,267	6,898,517	5,784,391	4,641,862
Revenues Over Expenditures	\$ 979,468	\$ 969,243	\$ 1,688,402	\$ 802,642	\$ 528,656

*Percentage is negligible

** Fifteen-month period

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022**	2021
96%	96%	98%	100%	100%
1%	1%	*	*	*
*	*	*	*	*
3%	3%	2%	*	*
100%	100%	100%	100%	100%
2%	1%	2%	2%	1%
26%	24%	20%	19%	23%
29%	27%	24%	26%	28%
35%	38%	35%	42%	37%
92%	90%	81%	89%	89%
8%	10%	19%	11%	11%

Sienna Municipal Utility District No. 4
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 2025

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027
District Business Telephone Number: (713) 860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): May 6, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Ray Sick	05/22 to 05/26	\$ 442	\$ 35	President
Maris Reynolds	05/24 to 05/28	1,105	123	Vice President
Robert Vacek	05/22 to 05/26	884	80	Secretary
Jose A. Munoz	05/24 to 05/28	1,326	146	Assistant Vice President
Bryan D. Ives	05/24 to 05/28	1,326	135	Assistant Secretary
Consultants				
Allen Boone Humphries Robinson LLP	2004	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 89,576		
<i>Bond counsel</i>		287,200		
Si Enviromental, LLC	2013	488,640		Operator
Municipal Accounts & Consulting	2017	81,924		Bookkeeper
Tax Tech, Inc.	2006	40,135		Tax Collector
Fort Bend Central Appraisal District	Legislation	109,868		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	2006	17,039		Delinquent Tax Attorney
LJA Engineering and Surveying	2000	131,941		Engineer
McGrath & Co., PLLC	2010	30,700		Auditor
Robert W. Baird & Co.	2015	240,159		Financial Advisor

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

See accompanying auditor's report.

**SIENNA MUNICIPAL
UTILITY DISTRICT NO. 5
FORT BEND COUNTY, TEXAS
FINANCIAL REPORT
July 31, 2025**

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sienna Municipal Utility District No. 5 (the "District"), as of and for the year ended July 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sienna Municipal Utility District No. 5, as of July 31, 2025, 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.

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

***Board of Directors
Sienna Municipal Utility District No. 5
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.

McGuire & Co, P.C.

Houston, Texas
November 3, 2025

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Management's Discussion and Analysis

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***Sienna Municipal Utility District No. 5
Management's Discussion and Analysis
July 31, 2025***

Using this Annual Report

This section of the financial report of Sienna Municipal Utility District No. 5 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended July 31, 2025. 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.

***Sienna Municipal Utility District No. 5
Management's Discussion and Analysis
July 31, 2025***

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 July 31, 2025, was negative \$54,305,960. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to Fort Bend County. A comparative summary of the District's overall financial position, as of July 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 13,739,680	\$ 11,551,078
Capital assets	66,342,636	62,617,864
Total assets	80,082,316	74,168,942
Current liabilities	6,129,627	4,474,805
Long-term liabilities	128,258,649	120,546,167
Total liabilities	134,388,276	125,020,972
Net position		
Net investment in capital assets	(25,322,482)	(22,744,301)
Restricted	7,368,128	5,927,438
Unrestricted	(36,351,606)	(34,035,167)
Total net position	\$ (54,305,960)	\$ (50,852,030)

***Sienna Municipal Utility District No. 5
Management's Discussion and Analysis
July 31, 2025***

The total net position of the District decreased during the current fiscal year by \$3,453,930. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Monthly connections	\$ 1,422,843	\$ 1,578,203
Fire connections	1,245,871	1,057,822
Surface water fees	1,575,054	1,560,497
Renewal and replacement charges	138,289	139,969
Contract taxes	6,420,467	5,715,194
Other	493,424	499,571
Total revenues	<u>11,295,948</u>	<u>10,551,256</u>
Expenses		
Current service operations	997,154	1,167,272
Debt interest and fees	2,945,670	2,781,356
Developer interest	797,010	1,188,566
Debt issuance costs	953,001	1,424,633
Intergovernmental	4,445,162	4,007,658
Depreciation and amortization	2,141,780	2,006,373
Total expenses	<u>12,279,777</u>	<u>12,575,858</u>
Change in net position before other items	(983,829)	(2,024,602)
Other items		
Transfers to other governments	<u>(2,470,101)</u>	<u>(6,354,995)</u>
Change in net position	(3,453,930)	(8,379,597)
Net position, beginning of year	<u>(50,852,030)</u>	<u>(42,472,433)</u>
Net position, end of year	<u>\$ (54,305,960)</u>	<u>\$ (50,852,030)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of July 31, 2025, were \$10,039,001, which consists of \$419,545 in the General Fund, \$8,039,298 in the Debt Service Fund and \$1,580,158 in the Capital Projects Fund.

***Sienna Municipal Utility District No. 5
Management's Discussion and Analysis
July 31, 2025***

General Fund

A comparative summary of the General Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 1,833,219</u>	<u>\$ 2,007,792</u>
Total liabilities	\$ 1,413,674	\$ 1,044,279
Total deferred inflows		161,346
Total fund balance	<u>419,545</u>	<u>802,167</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,833,219</u>	<u>\$ 2,007,792</u>

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

	2025	2024
Total revenues	\$ 4,577,584	\$ 4,216,329
Total expenditures	<u>(5,084,766)</u>	<u>(4,453,151)</u>
Revenues under expenditures	(507,182)	(236,822)
Other changes in fund balance	<u>124,560</u>	<u>124,560</u>
Net change in fund balance	<u>\$ (382,622)</u>	<u>\$ (112,262)</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 charges to participating districts within the Master District service area for monthly operating costs, fire connection costs, surface water fees and the renewal and replacement of District facilities. These charges are based on the number of connections or water consumption in the participating districts.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 8,039,298</u>	<u>\$ 6,731,214</u>
Total fund balance	<u>\$ 8,039,298</u>	<u>\$ 6,731,214</u>

***Sienna Municipal Utility District No. 5
Management's Discussion and Analysis
July 31, 2025***

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

	2025	2024
Total revenues	\$ 6,708,107	\$ 5,986,651
Total expenditures	(5,871,159)	(4,783,588)
Revenues over expenditures	836,948	1,203,063
Other changes in fund balance	471,136	895,525
Net change in fund balance	\$ 1,308,084	\$ 2,098,588

The District's financial resources in the Debt Service Fund in both the current and prior fiscal year are from contract tax revenues collected from participants in the Master District service area and capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	\$ 3,867,163	\$ 2,812,072
Total liabilities	\$ 1,039,783	\$ 1,750
Total deferred inflows	1,247,222	
Total fund balance	1,580,158	2,810,322
Total liabilities, deferred inflows and fund balance	\$ 3,867,163	\$ 2,812,072

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

	2025	2024
Total revenues	\$ 171,603	\$ 186,930
Total expenditures	(10,439,394)	(14,726,251)
Revenues under expenditures	(10,267,791)	(14,539,321)
Other changes in fund balance	9,037,627	16,915,040
Net change in fund balance	\$ (1,230,164)	\$ 2,375,719

The District has had considerable capital asset activity in the last two fiscal years, which was financed with proceeds from the issuance of its Series 2024 Contract Revenue Bonds, Series 2024 Contract Revenue Road Bonds, and Series 2024 Contract Revenue Fire Bonds in the current fiscal year and the sale of its Series 2023 Contract Revenue Bonds and Series 2023 Contract Revenue Road Bonds in the prior year.

***Sienna Municipal Utility District No. 5
Management's Discussion and Analysis
July 31, 2025***

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 \$382,622 less than budgeted. The *Budgetary Comparison Schedule* on page 40 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at July 31, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	\$ 3,835,678	\$ 1,886,465
Construction in progress	1,253,108	
	<u>5,088,786</u>	<u>1,886,465</u>
Capital assets being depreciated/amortized		
Infrastructure	32,609,523	31,441,378
Landscaping improvements	19,860,297	17,116,989
Capacity in regional facilities	19,084,958	20,332,180
	<u>71,554,778</u>	<u>68,890,547</u>
Less accumulated depreciation/amortization		
Infrastructure	(3,780,369)	(3,055,715)
Landscaping improvements	(3,289,309)	(2,296,293)
Capacity in regional facilities	(3,231,250)	(2,807,140)
	<u>(10,300,928)</u>	<u>(8,159,148)</u>
Depreciable capital assets, net	<u>61,253,850</u>	<u>60,731,399</u>
Capital assets, net	<u>\$ 66,342,636</u>	<u>\$ 62,617,864</u>

Capital asset additions during the current fiscal year include the following:

- Regency Lake Phase 1
- Landscaping improvements to serve Sienna Section 54, 59, 65 and 69A
- Landscaping to serve Sienna Waters Lake Boulevard Roundabouts

The District's construction in progress is for the construction of Lift Station No. 7.

***Sienna Municipal Utility District No. 5
Management's Discussion and Analysis
July 31, 2025***

Additionally, Fort Bend County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended July 31, 2025, capital assets in the amount of \$2,470,101 have been recorded as transfers to other governments in the government-wide statements.

Long-Term Debt and Related Liabilities

As of July 31, 2025, the District owes approximately \$32,798,174 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$34,380,000 for projects under construction by the developers. As noted, the District will owe its developers for these projects 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 developers is trued up when the developers are reimbursed.

At July 31, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2015 Road	\$ 885,000	\$ 920,000
2016 WSD	1,725,000	1,795,000
2017 WSD	5,355,000	5,555,000
2019 WSD	6,155,000	6,355,000
2019 Road	7,340,000	7,580,000
2020 WSD	5,445,000	5,635,000
2020 Road	5,390,000	5,600,000
2021 WSD	9,135,000	9,435,000
2021 Road	6,210,000	6,415,000
2022 WSD	3,560,000	3,650,000
2022 Road	5,430,000	5,565,000
2023 WSD	9,240,000	9,420,000
2023 Road	8,590,000	8,760,000
2024 WSD	5,125,000	
2024 Road	4,250,000	
2024 Fire	2,475,000	
	<u>\$ 86,310,000</u>	<u>\$ 76,685,000</u>

During the current year, the District, in its capacity as a Master District, issued \$5,125,000 in contract revenue bonds, \$4,250,000 in contract revenue road bonds, and \$2,475,000 in contract revenue fire bonds.

***Sienna Municipal Utility District No. 5
Management's Discussion and Analysis
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At July 31, 2025, the District, in its capacity as a Master District, had contract revenue bonds of \$392,015,000 authorized, but unissued for the purposes of regional water, sanitary sewer and drainage facilities; \$218,300,000 for parks and recreational facilities; \$208,495,000 for road improvements; and \$30,325,000 for fire-fighting facilities.

At July 31, 2025, the District, in its capacity as a participating district, had \$12,300,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; \$2,900,000 for parks and recreational facilities and the refunding of such bonds and \$9,200,000 for road improvements and the refunding of such bonds.

Additionally, as further discussed in Note 10, the District is obligated to pay its pro-rata share of regional wastewater treatment facilities constructed by Sienna Regional Municipal Utility District and elected to finance this obligation by paying its pro-rata share of the bonds issued to construct the facilities. The District's obligation as of July 31, 2025 and 2024, is as follows:

	2025	2024
Principal Amount	\$ 11,905,000	\$ 12,305,000

Next Year's Budget

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

	2025 Actual	2026 Budget
Total revenues	\$ 4,577,584	\$ 5,740,069
Total expenditures	(5,084,766)	(5,743,069)
Revenues under expenditures	(507,182)	(3,000)
Other changes in fund balance	124,560	3,000
Net change in fund balance	(382,622)	
Beginning fund balance	802,167	419,545
Ending fund balance	<u>\$ 419,545</u>	<u>\$ 419,545</u>

Basic Financial Statements

Sienna Municipal Utility District No. 5
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	\$ 400,255	\$ -	\$ 235	\$ 400,490
Investments	577,918	8,039,298	2,680,269	11,297,485
Internal balances	60,563		(60,563)	
Due from other governments	776,480		1,247,222	2,023,702
Prepaid items	18,003			18,003
Capital assets not being depreciated				
Capital assets, net				
Total Assets	<u>\$ 1,833,219</u>	<u>\$ 8,039,298</u>	<u>\$ 3,867,163</u>	<u>\$ 13,739,680</u>
Liabilities				
Accounts payable	\$ 925,717	\$ -	\$ 925,787	\$ 1,851,504
Operating reserve	371,588			371,588
Retainage payable			113,996	113,996
Due to other governments	116,369			116,369
Accrued interest payable				
Due to developers				
Contractual obligations				
Due within one year				
Due after one year				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	<u>1,413,674</u>		<u>1,039,783</u>	<u>2,453,457</u>
Deferred Inflows of Resources				
Deferred refund of contributions			<u>1,247,222</u>	<u>1,247,222</u>
Fund Balances/Net Position				
Fund Balances				
Nonspendable	18,003			18,003
Restricted		8,039,298	1,580,158	9,619,456
Unassigned	401,542			401,542
Total Fund Balances	<u>419,545</u>	<u>8,039,298</u>	<u>1,580,158</u>	<u>10,039,001</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,833,219</u>	<u>\$ 8,039,298</u>	<u>\$ 3,867,163</u>	<u>\$ 13,739,680</u>
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
\$ -	\$ 400,490
	11,297,485
	2,023,702
	18,003
5,088,786	5,088,786
61,253,850	61,253,850
<u>66,342,636</u>	<u>80,082,316</u>
	1,851,504
	371,588
	113,996
	116,369
671,170	671,170
32,798,174	32,798,174
405,000	405,000
11,500,000	11,500,000
2,600,000	2,600,000
83,960,475	83,960,475
<u>131,934,819</u>	<u>134,388,276</u>
<u>(1,247,222)</u>	
(18,003)	
(9,619,456)	
<u>(401,542)</u>	
<u>(10,039,001)</u>	
(25,322,482)	(25,322,482)
7,368,128	7,368,128
(36,351,606)	(36,351,606)
<u>\$ (54,305,960)</u>	<u>\$ (54,305,960)</u>

Sienna Municipal Utility District No. 5**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Monthly connections	\$ 1,487,670	\$ -	\$ -	\$ 1,487,670
Fire connection charges	1,287,086			1,287,086
Surface water fees	1,625,884			1,625,884
Renewal and replacement charges	142,763			142,763
Contract taxes		6,420,467		6,420,467
Investment earnings	34,181	287,640	171,603	493,424
Total Revenues	4,577,584	6,708,107	171,603	11,457,294
Expenditures/Expenses				
Current service operations				
Professional fees	332,853		200,755	533,608
Contracted services	95,262			95,262
Repairs and maintenance	233,659			233,659
Utilities	61,253			61,253
Administrative	60,540		60	60,600
Other	12,772			12,772
Capital outlay			8,488,568	8,488,568
Debt service				
Principal		2,225,000		2,225,000
Interest and fees	124,560	2,964,864		3,089,424
Developer interest			797,010	797,010
Debt issuance costs			953,001	953,001
Intergovernmental				
Monthly connection charges	4,160,883			4,160,883
Contractual obligation	2,984	681,295		684,279
Depreciation and amortization				
Total Expenditures/Expenses	5,084,766	5,871,159	10,439,394	21,395,319
Revenues Over/(Under)				
Expenditures/Expenses	(507,182)	836,948	(10,267,791)	(9,938,025)
Other Financing Sources/(Uses)				
Proceeds from sale of bonds		471,136	11,378,864	11,850,000
Developer advances	124,560			124,560
Repayment of operating advances			(265,237)	(265,237)
Repayment of note payable			(2,076,000)	(2,076,000)
Other Items				
Transfers to other governments				
Net Change in Fund Balances	(382,622)	1,308,084	(1,230,164)	(304,702)
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year	802,167	6,731,214	2,810,322	10,343,703
End of the year	\$ 419,545	\$ 8,039,298	\$ 1,580,158	\$ 10,039,001

See notes to basic financial statements.

Adjustments	Statement of Activities
\$ (64,827)	\$ 1,422,843
(41,215)	1,245,871
(50,830)	1,575,054
(4,474)	138,289
	6,420,467
	493,424
<u>(161,346)</u>	<u>11,295,948</u>
	533,608
	95,262
	233,659
	61,253
	60,600
	12,772
(8,488,568)	
(2,225,000)	
(143,754)	2,945,670
	797,010
	953,001
	4,160,883
(400,000)	284,279
<u>2,141,780</u>	<u>2,141,780</u>
<u>(9,115,542)</u>	<u>12,279,777</u>
8,954,196	(983,829)
(11,850,000)	
(124,560)	
265,237	
2,076,000	
<u>(2,470,101)</u>	<u>(2,470,101)</u>
304,702	
(3,453,930)	(3,453,930)
(61,195,733)	(50,852,030)
<u>\$ (64,344,961)</u>	<u>\$ (54,305,960)</u>

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Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Sienna Municipal Utility District No. 5 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

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

The District’s primary activities include the construction of water, wastewater, drainage, parks and recreational facilities and road improvements for the benefit of land within the boundaries of the District, as well as the construction of regional water, sewer, drainage, road, fire-fighting and park facilities within the Master District service area (see Note 9 for additional information). As further discussed in Note 10, the District transfers the regional water, sewer and drainage facilities upon completion of construction to Sienna Regional Municipal Utility District (“Sienna RM”) for operation and maintenance. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

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

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

- The General Fund is used to account for the operations of the District’s facilities and all other financial transactions not reported in other funds. The principal sources of revenue are connection charges, fire connection charges, renewal and replacement charges and surface water charges. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is contract taxes. During current fiscal year, financial resources included capitalized interest from the sale of bonds. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer and drainage and road facilities.

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

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

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. Due from other governments in the Capital Projects Fund is reported as deferred inflows because it does not meet the availability criteria. Revenues susceptible to accrual include contract taxes, interest earned on investments and income from District operations. 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.

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

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.

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements is \$100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District’s nonspendable fund balance consists of prepaid items and amounts receivable from Sienna Regional MUD which will be applied to future construction costs.

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

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; the value of capital assets transferred to other governments 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.

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	\$ 10,039,001
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 76,643,564	
Less accumulated depreciation/amortization	<u>(10,300,928)</u>	
		66,342,636

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:

Accrued interest payable	(671,170)	
Contractual obligations	(11,905,000)	
Due to developer	(32,798,174)	
Bonds payable, net	<u>(86,560,475)</u>	
		(131,934,819)

Deferred inflows in the fund statements consist of a receivable for a refund related to an overpayment of capital asset costs that was not collected within 60 days of fiscal year end and, accordingly, is not available to pay current period expenditures. In the government wide statements, this refund is reflected as a reduction of related capital costs.

1,247,222

Total net position - governmental activities	<u><u>\$ (54,305,960)</u></u>
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Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

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	\$ (304,702)
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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 various monthly connection charges that were deferred in the prior year.

There are no deferred charges in the current fiscal year.	(161,346)
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Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Capital outlays	\$ 8,488,568	
Transfers to other governments	(2,470,101)	
Depreciation/amortization expense	(2,141,780)	
		3,876,687

Financial reporting for long-term obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as liabilities are acquired and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Issuance of long-term debt	(11,850,000)	
Developer advances	(124,560)	
Repayment of note payable	2,076,000	
Repayment of developer advances	265,237	
Principal payments - bonds	2,225,000	
Interest expense accrual	143,754	
Contractual obligations	400,000	
		(6,864,569)

Change in net position of governmental activities	\$ (3,453,930)
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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.

Investments

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

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

As of July 31, 2025, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
Texas CLASS	General	\$ 577,918	AAAm	34 days
	Debt Service	8,039,298		
	Capital Projects	2,680,269		
Total		<u>\$ 11,297,485</u>		

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

Texas CLASS

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

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

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

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at July 31, 2025, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Capital Projects Fund	\$ 60,563	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.

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended July 31, 2025, is as follows:

	Beginning Balances	Increases/ Decreases	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 1,886,465	\$ 1,949,213	\$ 3,835,678
Construction in progress		1,253,108	1,253,108
	<u>1,886,465</u>	<u>3,202,321</u>	<u>5,088,786</u>
Capital assets being depreciated/amortized			
Infrastructure	31,441,378	1,168,145	32,609,523
Landscaping improvements	17,116,989	2,743,308	19,860,297
Capacity in regional facilities	20,332,180	(1,247,222)	19,084,958
	<u>68,890,547</u>	<u>2,664,231</u>	<u>71,554,778</u>
Less accumulated depreciation/amortization			
Infrastructure	(3,055,715)	(724,654)	(3,780,369)
Landscaping improvements	(2,296,293)	(993,016)	(3,289,309)
Capacity in regional facilities	(2,807,140)	(424,110)	(3,231,250)
	<u>(8,159,148)</u>	<u>(2,141,780)</u>	<u>(10,300,928)</u>
Subtotal depreciable capital assets, net	<u>60,731,399</u>	<u>522,451</u>	<u>61,253,850</u>
Capital assets, net	<u>\$ 62,617,864</u>	<u>\$ 3,724,772</u>	<u>\$ 66,342,636</u>

Depreciation/amortization expense for the current fiscal year was \$2,141,780.

Regional wastewater treatment facilities included in "Capacity in regional facilities" were initially recorded at the District's proportionate share of Sienna Regional Municipal Utility District's (Sienna RM's) Series 2018 contract revenue bonds used to fund Phase 1 construction of the facilities (see Note 10 - Sienna RM Debt). Sienna RM's final project accounting revealed the District's allocation exceeded its share of actual construction costs. The capital asset values have been adjusted to reflect the final cost allocation. The approximately \$1.2 million surplus will be refunded to the District and applied toward the Phase 2 regional wastewater treatment plant expansion (see Note 13).

The District has contractual commitments for construction projects as follows:

	Contract Amount	Paid To Date	Remaining Amount *
Lift Station No. 7	\$ 1,514,387	\$ 1,025,964	\$ 488,423

* Includes retainage

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, firefighting, park and recreational facilities and road improvements. Under the agreements, the developers will construct facilities on behalf of 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 developers are reimbursed.

The District's developers have also advanced funds to the District for operating expenses.

Changes in the estimated amounts due to developers during the fiscal year are as follows:

Due to developers, beginning of year	\$ 31,843,544
Developer reimbursements	(8,176,011)
Developer funded construction and adjustments	9,271,318
Operating advances from developers	124,560
Repayment of operating advances	(265,237)
Due to developers, end of year	<u><u>\$ 32,798,174</u></u>

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

In addition, the District will owe the developers approximately \$34,380,000, which is included in the following schedule of contractual commitments. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount*	Percent Complete
South Regional Wastewater Treatment Plant Phase 2	\$ 12,200,000	83%
Water Plant No. 3 Phase 4	2,860,000	71%
Sienna Section 63 - landscaping and irrigation	210,000	99%
Sienna Crescent Spring Park - landscaping and irrigation	980,000	96%
Sienna Parkway Phase 5 Medians - landscaping and irrigation	570,000	99%
Sienna Section 50A - landscaping and irrigation	310,000	80%
Sienna Section 67 S- landscaping and irrigation	380,000	37%
Sienna Section 68 - landscaping and irrigation	450,000	91%
Sienna Section 60 - landscaping and irrigation	460,000	99%
Sienna Section 50B - landscaping and irrigation	1,100,000	68%
Sienna Section 50C - landscaping and irrigation	260,000	0%
Sienna Section 51A - landscaping and irrigation	100,000	4%
Sienna Section 65 Park - landscaping and irrigation	520,000	10%
Sienna Oaks Rec Center - landscaping and irrigation	2,580,000	0%
Sienna Section 69B - landscaping and irrigation	270,000	0%
Sienna Section 76 - landscaping and irrigation	540,000	0%
Sienna Section 35B - landscaping and irrigation	90,000	0%
South West Commercial Sites at Sienna Parkway at Waters Lake Boulevard - paving	1,190,000	49%
Sienna Parkway Section 6 - utilities and paving	3,310,000	94%
Sienna Parkway Section 6 - paving	1,670,000	84%
Sienna Oaks Amenity Center - utilities	1,390,000	64%
Sienna Lakes Drive - paving	2,940,000	81%
	<u>\$ 34,380,000</u>	

* Rounded to the nearest \$10,000.

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 86,310,000
Unamortized discounts	(208,215)
Unamortized premium	458,690
	<u>\$ 86,560,475</u>
Due within one year	<u>\$ 2,600,000</u>

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

The District's bonds payable at July 31, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2015 Road	\$ 885,000	\$ 1,100,000	3.10% - 4.00%	November 1, 2018/2040	November 1, May 1	November 1, 2023
2016	1,725,000	2,170,000	1.75% - 3.50%	November 1, 2018/2041	November 1, May 1	November 1, 2024
2017	5,355,000	6,645,000	2.00% - 4.00%	November 1, 2018/2042	November 1, May 1	November 1, 2025
2019	6,155,000	7,050,000	2.00% - 4.50%	November 1, 2020/2044	November 1, May 1	November 1, 2024
2019 Road	7,340,000	8,415,000	2.00% - 4.50%	November 1, 2020/2044	November 1, May 1	November 1, 2024
2020	5,445,000	6,000,000	2.00% - 4.50%	November 1, 2022/2045	November 1, May 1	November 1, 2025
2020 Road	5,390,000	6,000,000	2.00% - 4.50%	November 1, 2022/2045	November 1, May 1	November 1, 2025
2021	9,135,000	9,725,000	2.00% - 4.50%	November 1, 2023/2046	November 1, May 1	November 1, 2026
2021 Road	6,210,000	6,800,000	2.00% - 4.50%	November 1, 2022/2046	November 1, May 1	November 1, 2026
2022	3,560,000	3,650,000	4.00% - 6.50%	November 1, 2024/2047	November 1, May 1	November 1, 2028
2022 Road	5,430,000	5,680,000	4.00% - 6.50%	November 1, 2023/2047	November 1, May 1	November 1, 2028
2023	9,240,000	9,420,000	4.50% - 7.00%	November 1, 2024/2048	November 1, May 1	November 1, 2029
2023 Road	8,590,000	8,760,000	4.50% - 7.00%	November 1, 2024/2048	November 1, May 1	November 1, 2029
2024	5,125,000	5,125,000	3.00% - 4.00%	November 1, 2025/2049	November 1, May 1	November 1, 2030
2024 Road	4,250,000	4,250,000	3.00% - 4.00%	November 1, 2025/2049	November 1, May 1	November 1, 2030
2024 Fire	2,475,000	2,475,000	4.00% - 5.00%	November 1, 2025/2049	November 1, May 1	November 1, 2030
	<u>\$ 86,310,000</u>					

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

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

On October 8, 2024, the District issued its \$5,125,000 Series 2024 Contract Revenue Bonds at a net effective interest rate of 4.098269%. Proceeds of the bonds were used (1) to reimburse developers for the cost of regional facilities constructed within the Master District service area and operating advances; (2) to pay developer interest expense at the net effective interest rate of the bonds; and (3) to pay capitalized interest into the Debt Service Fund.

Additionally, on October 8, 2024, the District issued its \$4,250,000 Series 2024 Contract Revenue Road Bonds at a net effective interest rate of 4.099619%. Proceeds of the bonds were used (1) to reimburse developers for the cost of regional road facilities constructed within Master District service area, (2) to pay developer interest at the net effective interest rate of the bonds; and (3) to pay capitalized interest into the Debt Service Fund.

On December 17, 2024, the District issued its \$2,475,000 Series 2024 Contract Revenue Fire Bonds at a net effective interest rate of 4.256061%. Proceeds of the bonds were primarily used (1) to reimburse the Master District's pro rata share of the costs associated with the construction of the Master District Fire Facilities and operating advances (2) to pay capitalized interest into the Debt Service Fund.

At July 31, 2025, the District, in its capacity as the Master District, had \$392,015,000 contract revenue bonds authorized, but unissued for the purposes of financing regional water, sanitary sewer and drainage facilities; \$218,300,000 for regional park and recreational facilities; \$208,495,000 for road improvements; and \$30,325,000 for fire-fighting facilities.

At July 31, 2025, the District, in its capacity as a participating district, had \$12,300,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; \$2,900,000 for parks and recreational facilities for the refunding of such bonds; and \$9,200,000 for road improvements and the refunding of such bonds.

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

Bonds payable, beginning of year	\$ 76,685,000
Bonds issued	11,850,000
Bonds retired	(2,225,000)
Bonds payable, end of year	<u>\$ 86,310,000</u>

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

As of July 31, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	\$ 2,600,000	\$ 3,063,550	\$ 5,663,550
2027	2,725,000	2,934,287	5,659,287
2028	2,835,000	2,802,511	5,637,511
2029	2,920,000	2,677,224	5,597,224
2030	3,035,000	2,557,553	5,592,553
2031	3,140,000	2,436,274	5,576,274
2032	3,255,000	2,317,102	5,572,102
2033	3,365,000	2,203,528	5,568,528
2034	3,490,000	2,093,662	5,583,662
2035	3,630,000	1,981,545	5,611,545
2036	3,745,000	1,864,834	5,609,834
2037	3,895,000	1,743,964	5,638,964
2038	4,025,000	1,616,879	5,641,879
2039	4,195,000	1,482,829	5,677,829
2040	4,335,000	1,340,870	5,675,870
2041	4,505,000	1,190,381	5,695,381
2042	4,665,000	1,032,769	5,697,769
2043	4,700,000	872,146	5,572,146
2044	4,450,000	715,242	5,165,242
2045	4,615,000	560,116	5,175,116
2046	3,810,000	413,264	4,223,264
2047	3,255,000	282,687	3,537,687
2048	2,445,000	166,783	2,611,783
2049	1,925,000	71,799	1,996,799
2050	750,000	15,097	765,097
	<u>\$ 86,310,000</u>	<u>\$ 38,436,896</u>	<u>\$ 124,746,896</u>

Note 8 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developers are subsequently reimbursed. For the year ended July 31, 2025, the District recorded transfers to other governments in the amount of \$2,470,101 for road facilities constructed by developers within the District.

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

Note 9 – Master District

On May 13, 2013, the District entered into a contract (the “Master District Contract”) with Sienna Municipal Utility District No. 4 (“MUD 4”), Sienna Municipal Utility District No. 6 (“MUD 6”), Sienna Municipal Utility District No. 7 (“MUD 7”) and itself as a participant (the “Participants”), whereby the District will construct and finance all regional water, wastewater, drainage, road, firefighting and park facilities on behalf of the Participants. Pursuant to the Utility Contract with Sienna RM (see Note 10), the water, wastewater and drainage facilities will be conveyed to Sienna RM for Sienna RM to own, operate and maintain to serve the Sienna South service area. The District’s capacity in these regional facilities is recorded as intangible assets.

Master District Debt

The District, in its capacity as the Master District, is authorized to issue contract revenue bonds for the purpose of acquiring and constructing regional facilities needed to provide services to all Participating districts. All Participants shall contribute to the payment of debt service requirements based on its pro rata share of the total certified assessed valuation of all participating districts. During the current year, participating districts paid contract taxes in the amount of \$6,420,467.

The District also has the option to finance park facilities through connection charges, which will be determined based on the number of estimated total connections to be constructed within the service area.

Monthly Connection Fees for Operating Expenses

The District will charge each Participant a monthly fee based on the unit cost per connection multiplied by the number of equivalent single-family connections reserved to the District. The monthly fee will also include those monthly operations from Sienna RM, pursuant to the Utility Contract. For the current fiscal year, the District recorded participant billings in the amount of \$4,543,403 from MUDs 4, 6 and 7 which consists of \$1,287,086 in fire connection fees, \$1,625,884 in surface water billings, \$142,763 in renewal and replacement fees, and \$1,487,670 in monthly connection charges.

Operating Reserve

The Master District Contract authorizes the establishment of an operating and maintenance reserve by the District equivalent to three months’ operating and maintenance expenses, as set forth in the District’s annual budget. As of July 31, 2025, the District has established an operating and maintenance reserve of \$371,588. The District shall adjust the reserve as needed, not less than annually.

Note 10 – Contracts with Sienna Regional Municipal Utility District

Utility Contract

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

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

Sienna RM Debt

Sienna RM has limited authority to issue contract revenue bonds, specifically Sienna RM may only issue contract revenue bonds for acquisition, construction or improvement of (1) surface water facilities (2) a regional facility to comply with any regulatory requirement; (3) payment of extraordinary expenses of repairing or maintaining the regional facilities; or (4) a permanent wastewater treatment plant. The District shall be obligated to contribute to the payment of Sienna RM’s debt service requirements based on its allocated share of the debt until such time as the bonds have been repaid. The District shall charge each Master District participant its pro rata share of the Sienna RM debt service requirement based on assessed values in each district. On May 29, 2018, Sienna RM sold its \$25,010,000 Series 2018 Contract Revenue Bonds to the Texas Water Development Board as part of a plan to finance construction of approximately \$40 million in regional wastewater facilities. Additional financing for these facilities was obtained from cash contributions made by some of the participating districts. The District’s pro-rata share of the total cost (including financing) of the regional facilities is \$12,695,000 which was funded entirely by the District’s allocated share of the Sienna RM bond proceeds.

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

As of July 31, 2025, Sienna RM has \$22,395,000 in contract revenue bonds outstanding and the District's share of said bonds is \$11,905,000. Sienna RM bills the District in January of each year for Sienna RM's debt service payments due on May 1 and November 1 of that calendar year. During the current fiscal year, the District paid \$681,295 to Sienna RM for principal and interest on its pro rata share of the 2025 debt service requirement. The District's future annual obligation to Sienna RM for Sienna RM's debt service requirements (principal and interest) for each of the next five years and in five year increments thereafter is as follows:

Year	Principal	Interest	Total
2026	\$ 405,000	\$ 274,415	\$ 679,415
2027	410,000	267,085	677,085
2028	420,000	259,418	679,418
2029	430,000	251,270	681,270
2030	435,000	242,627	677,627
2031 - 2035	2,325,000	1,069,137	3,394,137
2036 - 2040	2,605,000	788,791	3,393,791
2041 - 2045	2,935,000	459,343	3,394,343
2046 - 2048	1,940,000	97,230	2,037,230
	<u>\$ 11,905,000</u>	<u>\$ 3,709,316</u>	<u>\$ 15,614,316</u>

Joint Construction Agreement for Fire Facilities

Sienna RM and the City entered into a fire protection agreement which establishes the terms and conditions for the construction of fire facilities to serve Sienna. The cost of the facilities was paid by the internal Sienna Districts served by the fire station on a pro-rata basis. Sienna RM and Sienna Municipal Utility District Nos. 2 and 3 contributed their pro-rata shares of the costs to Sienna RM. The District and Sienna Municipal Utility District Nos. 4, 6 and 7 ("Sienna South Districts") have received a loan from Sienna Municipal Utility District No. 3 ("MUD 3") in the amount of \$2,076,000 to fund their pro-rata share. As of July 31, 2025, the District has issued its contract revenue fire bonds and fully repaid MUD 3 for the outstanding loan obligation.

Note 11 – Strategic Partnership Agreement and Development Agreement with the City of Missouri City

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

Sienna Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2025

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

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

Note 12 – Interlocal Agreement for Transportation Facilities

On September 2, 2020, the District entered into an interlocal agreement with Fort Bend County for the widening and improving of FM 521 from State Highway 6 to Brazoria County to benefit the District and the County. The County is responsible for the design and construction of the project. Pursuant to this agreement, the District agrees to contribute \$487,401 for engineering costs of the project by the issuance of District road bonds. As of July 31, 2025 the project is not completed.

Note 13 – Interlocal Agreement for Wastewater Treatment Facilities

On January 23, 2025, the District and Sienna RM entered into an interlocal agreement to expand and improve the South Regional Wastewater Treatment Plant. Under the agreement, the District will design, construct, and finance the project, including odor-control improvements, and will convey the completed facility to Sienna RM for ownership, operation, and maintenance. The District will hold the exclusive equitable right to all additional wastewater treatment capacity created by the project and may allocate that capacity to districts within its service area. The term of the agreement is 40 years.

Sienna RM will contribute the District's remaining share of the Sienna RM Series 2018 Contract Revenue Bonds up to \$1,247,222 towards project costs, which will be paid to the District upon completion of construction. The District has recorded a Receivable for the amount due.

Note 14 – Risk Management

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

Note 15 – Subsequent Event

On October 23, 2025, the District issued its \$17,000,000 Series 2025 Contract Revenue Bonds at a net effective rate 4.524159%. Proceeds from the bonds were used to reimburse the District's developers for operating advances and infrastructure improvements in the District.

Required Supplementary Information

Sienna Municipal Utility District No. 5
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended July 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Monthly connections	\$ 1,448,359	\$ 1,487,670	\$ 39,311
Fire connection charges	1,159,065	1,287,086	128,021
Surface water fees	1,782,891	1,625,884	(157,007)
Renewal and replacement charges	156,303	142,763	(13,540)
Investment earnings	38,000	34,181	(3,819)
Total Revenues	<u>4,584,618</u>	<u>4,577,584</u>	<u>(7,034)</u>
Expenditures			
Current service operations			
Professional fees	216,000	332,853	(116,853)
Contracted services	85,000	95,262	(10,262)
Repairs and maintenance	85,500	233,659	(148,159)
Utilities	57,000	61,253	(4,253)
Administrative	49,250	60,540	(11,290)
Other	21,600	12,772	8,828
Debt Service			
Interest and fees	124,560	124,560	
Intergovernmental			
Monthly connection charges	4,068,268	4,160,883	(92,615)
Contractual obligations	2,000	2,984	(984)
Total Expenditures	<u>4,709,178</u>	<u>5,084,766</u>	<u>(375,588)</u>
Revenues Under Expenditures	(124,560)	(507,182)	(382,622)
Other Financing Sources			
Developer advances	<u>124,560</u>	<u>124,560</u>	
Net Change in Fund Balance		(382,622)	(382,622)
Fund Balance			
Beginning of the year	802,167	802,167	
End of the year	<u>\$ 802,167</u>	<u>\$ 419,545</u>	<u>\$ (382,622)</u>

Sienna Municipal Utility District No. 5
Notes to Required Supplementary Information
July 31, 2025

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Sienna Municipal Utility District No. 5

TSI-1. Services and Rates

July 31, 2025

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

☐ Retail Water	☒ Wholesale Water	☐ Solid Waste / Garbage	☒ Drainage
☐ Retail Wastewater	☒ Wholesale Wastewater	☐ Flood Control	☒ Irrigation
☐ Parks / Recreation	☒ Fire Protection	☒ Roads	☐ Security
☒ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)			
☐ Other (Specify): _____			

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	N/A				_____ to _____
Wastewater:	N/A				_____ to _____
Surcharge:	N/A				_____ to _____

District employs winter averaging for wastewater usage? ☐ Yes ☐ No

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

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.

Sienna Municipal Utility District No. 5
TSI-1. Services and Rates
July 31, 2025

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

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

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

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

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

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

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

Entirely ☒ Partly ☐ Not at all ☐

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

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

If Yes, by whom? _____

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-2. General Fund Expenditures
For the Year Ended July 31, 2025

Professional fees	
Legal	\$ 163,680
Audit	18,000
Engineering	151,173
	<u>332,853</u>
Contracted services	
Bookkeeping	79,185
Operator	16,077
	<u>95,262</u>
Repairs and maintenance	<u>233,659</u>
Utilities	<u>61,253</u>
Administrative	
Directors fees	15,691
Printing and office supplies	2,651
Insurance	16,301
Other	25,897
	<u>60,540</u>
Other	<u>12,772</u>
Debt service	
Interest on note payable	<u>124,560</u>
Intergovernmental	
Monthly connection charges	4,160,883
Contractual obligations	2,984
	<u>4,163,867</u>
Total expenditures	<u><u>\$ 5,084,766</u></u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-3. Investments
July 31, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
Texas CLASS	Variable	N/A	\$ 577,918
Debt Service			
Texas CLASS	Variable	N/A	55,623
Texas CLASS	Variable	N/A	4,326,826
Texas CLASS	Variable	N/A	3,656,849
			8,039,298
Capital Projects			
Texas CLASS	Variable	N/A	1,447
Texas CLASS	Variable	N/A	237,761
Texas CLASS	Variable	N/A	159,254
Texas CLASS	Variable	N/A	26,449
Texas CLASS	Variable	N/A	55,998
Texas CLASS	Variable	N/A	20,700
Texas CLASS	Variable	N/A	163,449
Texas CLASS	Variable	N/A	127,817
Texas CLASS	Variable	N/A	1,872,206
Texas CLASS	Variable	N/A	15,188
			2,680,269
Total - All Funds			\$ 11,297,485

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2015 Contract Revenue Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 35,000	\$ 33,431	\$ 68,431
2027	40,000	32,230	72,230
2028	40,000	30,910	70,910
2029	45,000	29,453	74,453
2030	45,000	27,833	72,833
2031	50,000	26,050	76,050
2032	50,000	24,150	74,150
2033	50,000	22,200	72,200
2034	55,000	20,100	75,100
2035	60,000	17,800	77,800
2036	60,000	15,400	75,400
2037	65,000	12,900	77,900
2038	65,000	10,300	75,300
2039	70,000	7,600	77,600
2040	75,000	4,700	79,700
2041	80,000	1,600	81,600
	<u>\$ 885,000</u>	<u>\$ 316,657</u>	<u>\$ 1,201,657</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2016 Contract Revenue WSD Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 75,000	\$ 54,657	\$ 129,657
2027	75,000	52,670	127,670
2028	80,000	50,538	130,538
2029	80,000	48,257	128,257
2030	85,000	45,822	130,822
2031	90,000	43,198	133,198
2032	90,000	40,452	130,452
2033	95,000	37,561	132,561
2034	100,000	34,415	134,415
2035	105,000	31,033	136,033
2036	110,000	27,485	137,485
2037	115,000	23,715	138,715
2038	115,000	19,805	134,805
2039	120,000	15,750	135,750
2040	125,000	11,463	136,463
2041	130,000	7,000	137,000
2042	135,000	2,362	137,362
	<u>\$ 1,725,000</u>	<u>\$ 546,183</u>	<u>\$ 2,271,183</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2017 Contract Revenue WSD Bonds--by Years
July 31, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due November 1</u>	<u>Interest Due November 1, May 1</u>	<u>Total</u>
2026	\$ 210,000	\$ 193,731	\$ 403,731
2027	220,000	187,281	407,281
2028	225,000	180,606	405,606
2029	235,000	173,559	408,559
2030	245,000	165,906	410,906
2031	255,000	157,622	412,622
2032	265,000	148,681	413,681
2033	275,000	139,231	414,231
2034	285,000	129,253	414,253
2035	295,000	118,556	413,556
2036	310,000	107,213	417,213
2037	320,000	95,000	415,000
2038	335,000	81,900	416,900
2039	350,000	68,200	418,200
2040	360,000	54,000	414,000
2041	375,000	39,300	414,300
2042	390,000	24,000	414,000
2043	405,000	8,100	413,100
	<u>\$ 5,355,000</u>	<u>\$ 2,072,139</u>	<u>\$ 7,427,139</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2019 Contract Revenue WSD Bonds--by Years
July 31, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due November 1</u>	<u>Interest Due November 1, May 1</u>	<u>Total</u>
2026	\$ 205,000	\$ 160,987	\$ 365,987
2027	215,000	151,537	366,537
2028	225,000	141,919	366,919
2029	230,000	134,837	364,837
2030	240,000	130,137	370,137
2031	250,000	125,237	375,237
2032	260,000	120,137	380,137
2033	270,000	114,669	384,669
2034	280,000	108,650	388,650
2035	295,000	102,181	397,181
2036	305,000	95,241	400,241
2037	320,000	87,819	407,819
2038	330,000	79,894	409,894
2039	345,000	71,456	416,456
2040	360,000	62,644	422,644
2041	375,000	52,519	427,519
2042	390,000	41,044	431,044
2043	405,000	29,878	434,878
2044	420,000	18,263	438,263
2045	435,000	5,981	440,981
	<u>\$ 6,155,000</u>	<u>\$ 1,835,030</u>	<u>\$ 7,990,030</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2019 Contract Revenue Road Bonds--by Years
July 31, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due November 1</u>	<u>Interest Due November 1, May 1</u>	<u>Total</u>
2026	\$ 245,000	\$ 197,000	\$ 442,000
2027	255,000	185,750	440,750
2028	265,000	174,381	439,381
2029	280,000	165,950	445,950
2030	290,000	160,250	450,250
2031	300,000	154,350	454,350
2032	310,000	148,250	458,250
2033	325,000	141,697	466,697
2034	340,000	134,419	474,419
2035	350,000	126,656	476,656
2036	365,000	118,384	483,384
2037	380,000	109,537	489,537
2038	395,000	100,087	495,087
2039	410,000	90,025	500,025
2040	425,000	78,525	503,525
2041	445,000	65,475	510,475
2042	460,000	51,900	511,900
2043	480,000	37,800	517,800
2044	500,000	23,100	523,100
2045	520,000	7,800	527,800
	<u>\$ 7,340,000</u>	<u>\$ 2,271,336</u>	<u>\$ 9,611,336</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2020 Contract Revenue WSD Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 195,000	\$ 145,450	\$ 340,450
2027	200,000	136,562	336,562
2028	205,000	127,450	332,450
2029	210,000	118,112	328,112
2030	215,000	108,550	323,550
2031	225,000	98,650	323,650
2032	230,000	90,138	320,138
2033	235,000	84,338	319,338
2034	240,000	79,588	319,588
2035	250,000	74,688	324,688
2036	255,000	69,638	324,638
2037	265,000	64,438	329,438
2038	270,000	59,088	329,088
2039	280,000	53,413	333,413
2040	285,000	47,231	332,231
2041	295,000	40,706	335,706
2042	300,000	34,012	334,012
2043	310,000	26,956	336,956
2044	320,000	19,475	339,475
2045	325,000	11,816	336,816
2046	335,000	3,978	338,978
	<u>\$ 5,445,000</u>	<u>\$ 1,494,277</u>	<u>\$ 6,939,277</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2020 Contract Revenue Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 220,000	\$ 139,906	\$ 359,906
2027	225,000	129,894	354,894
2028	235,000	119,544	354,544
2029	230,000	109,081	339,081
2030	235,000	99,206	334,206
2031	235,000	90,981	325,981
2032	240,000	85,056	325,056
2033	240,000	80,256	320,256
2034	235,000	75,506	310,506
2035	235,000	70,806	305,806
2036	235,000	66,106	301,106
2037	235,000	61,406	296,406
2038	235,000	56,706	291,706
2039	235,000	51,860	286,860
2040	235,000	46,719	281,719
2041	235,000	41,431	276,431
2042	320,000	35,188	355,188
2043	325,000	27,728	352,728
2044	325,000	20,009	345,009
2045	330,000	12,231	342,231
2046	350,000	4,156	354,156
	<u>\$ 5,390,000</u>	<u>\$ 1,423,776</u>	<u>\$ 6,813,776</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2021 Contract Revenue WSD Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 310,000	\$ 223,100	\$ 533,100
2027	315,000	209,038	524,038
2028	325,000	194,638	519,638
2029	335,000	182,300	517,300
2030	345,000	173,825	518,825
2031	350,000	166,875	516,875
2032	360,000	159,775	519,775
2033	370,000	152,475	522,475
2034	380,000	144,975	524,975
2035	395,000	137,225	532,225
2036	405,000	129,225	534,225
2037	415,000	120,766	535,766
2038	425,000	111,841	536,841
2039	440,000	102,375	542,375
2040	450,000	92,363	542,363
2041	460,000	81,838	541,838
2042	475,000	70,438	545,438
2043	490,000	58,374	548,374
2044	500,000	46,000	546,000
2045	515,000	33,312	548,312
2046	530,000	20,249	550,249
2047	545,000	6,812	551,812
	<u>\$ 9,135,000</u>	<u>\$ 2,617,819</u>	<u>\$ 11,752,819</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2021 Contract Revenue Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 210,000	\$ 144,619	\$ 354,619
2027	215,000	135,056	350,056
2028	220,000	128,018	348,018
2029	225,000	123,568	348,568
2030	235,000	118,968	353,968
2031	240,000	114,218	354,218
2032	245,000	109,368	354,368
2033	255,000	104,368	359,368
2034	260,000	99,218	359,218
2035	265,000	93,968	358,968
2036	275,000	88,397	363,397
2037	280,000	82,501	362,501
2038	290,000	76,444	366,444
2039	300,000	69,987	369,987
2040	305,000	63,181	368,181
2041	315,000	55,813	370,813
2042	325,000	47,813	372,813
2043	330,000	39,626	369,626
2044	340,000	31,251	371,251
2045	350,000	22,626	372,626
2046	360,000	13,751	373,751
2047	370,000	4,626	374,626
	<u>\$ 6,210,000</u>	<u>\$ 1,767,385</u>	<u>\$ 7,977,385</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2022 Contract Revenue WSD Bonds--by Years
July 31, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due November 1</u>	<u>Interest Due November 1, May 1</u>	<u>Total</u>
2026	\$ 90,000	\$ 165,768	\$ 255,768
2027	95,000	159,756	254,756
2028	100,000	153,419	253,419
2029	105,000	146,756	251,756
2030	110,000	139,769	249,769
2031	115,000	132,456	247,456
2032	120,000	124,819	244,819
2033	125,000	118,419	243,419
2034	130,000	113,319	243,319
2035	135,000	108,019	243,019
2036	140,000	102,519	242,519
2037	150,000	96,719	246,719
2038	155,000	90,522	245,522
2039	165,000	83,819	248,819
2040	170,000	76,700	246,700
2041	175,000	69,369	244,369
2042	185,000	61,719	246,719
2043	195,000	53,644	248,644
2044	200,000	45,000	245,000
2045	210,000	35,775	245,775
2046	220,000	26,100	246,100
2047	230,000	15,975	245,975
2048	240,000	5,400	245,400
	<u>\$ 3,560,000</u>	<u>\$ 2,125,761</u>	<u>\$ 5,685,761</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2022 Contract Revenue Road Bonds--by Years
July 31, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due November 1</u>	<u>Interest Due November 1, May 1</u>	<u>Total</u>
2026	\$ 140,000	\$ 252,313	\$ 392,313
2027	145,000	243,050	388,050
2028	155,000	233,300	388,300
2029	160,000	223,063	383,063
2030	165,000	212,500	377,500
2031	175,000	201,450	376,450
2032	180,000	189,913	369,913
2033	190,000	180,263	370,263
2034	200,000	172,463	372,463
2035	210,000	164,263	374,263
2036	215,000	155,763	370,763
2037	225,000	146,963	371,963
2038	235,000	137,616	372,616
2039	250,000	127,456	377,456
2040	260,000	116,619	376,619
2041	270,000	105,355	375,355
2042	280,000	93,668	373,668
2043	295,000	81,265	376,265
2044	310,000	68,031	378,031
2045	320,000	54,250	374,250
2046	335,000	39,712	374,712
2047	350,000	24,299	374,299
2048	365,000	8,212	373,212
	<u>\$ 5,430,000</u>	<u>\$ 3,231,787</u>	<u>\$ 8,661,787</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2023 Contract Revenue WSD Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 215,000	\$ 459,300	\$ 674,300
2027	225,000	443,900	668,900
2028	235,000	427,800	662,800
2029	245,000	411,000	656,000
2030	260,000	393,325	653,325
2031	270,000	374,775	644,775
2032	285,000	356,063	641,063
2033	295,000	337,213	632,213
2034	310,000	319,875	629,875
2035	325,000	304,000	629,000
2036	340,000	288,225	628,225
2037	360,000	272,475	632,475
2038	375,000	255,938	630,938
2039	390,000	238,725	628,725
2040	410,000	220,725	630,725
2041	430,000	201,825	631,825
2042	450,000	182,025	632,025
2043	470,000	161,325	631,325
2044	495,000	139,613	634,613
2045	520,000	116,775	636,775
2046	545,000	92,812	637,812
2047	570,000	67,725	637,725
2048	595,000	41,512	636,512
2049	625,000	14,062	639,062
	<u>\$ 9,240,000</u>	<u>\$ 6,121,013</u>	<u>\$ 15,361,013</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2023 Contract Revenue Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 200,000	\$ 427,075	\$ 627,075
2027	210,000	412,725	622,725
2028	220,000	397,675	617,675
2029	230,000	381,925	611,925
2030	240,000	365,475	605,475
2031	250,000	348,325	598,325
2032	265,000	330,963	595,963
2033	275,000	313,413	588,413
2034	290,000	297,225	587,225
2035	305,000	282,350	587,350
2036	315,000	267,638	582,638
2037	330,000	253,125	583,125
2038	345,000	237,938	582,938
2039	365,000	221,963	586,963
2040	380,000	205,200	585,200
2041	400,000	187,650	587,650
2042	420,000	169,200	589,200
2043	440,000	149,850	589,850
2044	460,000	129,600	589,600
2045	480,000	108,450	588,450
2046	505,000	86,287	591,287
2047	530,000	63,000	593,000
2048	555,000	38,587	593,587
2049	580,000	13,050	593,050
	<u>\$ 8,590,000</u>	<u>\$ 5,688,689</u>	<u>\$ 14,278,689</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2024 Contract Revenue WSD Bonds--by Years
July 31, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due November 1</u>	<u>Interest Due November 1, May 1</u>	<u>Total</u>
2026	\$ 105,000	\$ 198,913	\$ 303,913
2027	125,000	194,313	319,313
2028	130,000	189,213	319,213
2029	135,000	183,913	318,913
2030	140,000	178,412	318,412
2031	145,000	172,712	317,712
2032	155,000	167,487	322,487
2033	160,000	162,562	322,562
2034	165,000	157,281	322,281
2035	175,000	151,100	326,100
2036	180,000	144,000	324,000
2037	190,000	136,600	326,600
2038	195,000	128,900	323,900
2039	205,000	120,900	325,900
2040	215,000	112,500	327,500
2041	225,000	103,700	328,700
2042	230,000	94,600	324,600
2043	240,000	85,200	325,200
2044	250,000	75,400	325,400
2045	265,000	65,100	330,100
2046	275,000	54,300	329,300
2047	285,000	43,100	328,100
2048	300,000	31,400	331,400
2049	310,000	19,200	329,200
2050	325,000	6,500	331,500
	<u>\$ 5,125,000</u>	<u>\$ 2,977,306</u>	<u>\$ 8,102,306</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2024 Contract Revenue Road Bonds--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 90,000	\$ 164,925	\$ 254,925
2027	105,000	161,025	266,025
2028	110,000	156,725	266,725
2029	110,000	152,325	262,325
2030	115,000	147,825	262,825
2031	120,000	143,125	263,125
2032	125,000	138,850	263,850
2033	130,000	134,863	264,863
2034	140,000	130,475	270,475
2035	145,000	125,300	270,300
2036	150,000	119,400	269,400
2037	155,000	113,300	268,300
2038	165,000	106,900	271,900
2039	170,000	100,200	270,200
2040	175,000	93,300	268,300
2041	185,000	86,100	271,100
2042	195,000	78,500	273,500
2043	200,000	70,600	270,600
2044	210,000	62,400	272,400
2045	220,000	53,800	273,800
2046	225,000	44,900	269,900
2047	235,000	35,700	270,700
2048	245,000	26,100	271,100
2049	260,000	16,000	276,000
2050	270,000	5,400	275,400
	<u>\$ 4,250,000</u>	<u>\$ 2,468,038</u>	<u>\$ 6,718,038</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2024 Contract Revenue Fire Bonds--by Years
July 31, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due November 1</u>	<u>Interest Due November 1, May 1</u>	<u>Total</u>
2026	\$ 55,000	\$ 102,375	\$ 157,375
2027	60,000	99,500	159,500
2028	65,000	96,375	161,375
2029	65,000	93,125	158,125
2030	70,000	89,750	159,750
2031	70,000	86,250	156,250
2032	75,000	83,000	158,000
2033	75,000	80,000	155,000
2034	80,000	76,900	156,900
2035	85,000	73,600	158,600
2036	85,000	70,200	155,200
2037	90,000	66,700	156,700
2038	95,000	63,000	158,000
2039	100,000	59,100	159,100
2040	105,000	55,000	160,000
2041	110,000	50,700	160,700
2042	110,000	46,300	156,300
2043	115,000	41,800	156,800
2044	120,000	37,100	157,100
2045	125,000	32,200	157,200
2046	130,000	27,019	157,019
2047	140,000	21,450	161,450
2048	145,000	15,572	160,572
2049	150,000	9,487	159,487
2050	155,000	3,197	158,197
	<u>\$ 2,475,000</u>	<u>\$ 1,479,700</u>	<u>\$ 3,954,700</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 2,600,000	\$ 3,063,550	\$ 5,663,550
2027	2,725,000	2,934,287	5,659,287
2028	2,835,000	2,802,511	5,637,511
2029	2,920,000	2,677,224	5,597,224
2030	3,035,000	2,557,553	5,592,553
2031	3,140,000	2,436,274	5,576,274
2032	3,255,000	2,317,102	5,572,102
2033	3,365,000	2,203,528	5,568,528
2034	3,490,000	2,093,662	5,583,662
2035	3,630,000	1,981,545	5,611,545
2036	3,745,000	1,864,834	5,609,834
2037	3,895,000	1,743,964	5,638,964
2038	4,025,000	1,616,879	5,641,879
2039	4,195,000	1,482,829	5,677,829
2040	4,335,000	1,340,870	5,675,870
2041	4,505,000	1,190,381	5,695,381
2042	4,665,000	1,032,769	5,697,769
2043	4,700,000	872,146	5,572,146
2044	4,450,000	715,242	5,165,242
2045	4,615,000	560,116	5,175,116
2046	3,810,000	413,264	4,223,264
2047	3,255,000	282,687	3,537,687
2048	2,445,000	166,783	2,611,783
2049	1,925,000	71,799	1,996,799
2050	750,000	15,097	765,097
	<u>\$ 86,310,000</u>	<u>\$ 38,436,896</u>	<u>\$ 124,746,896</u>

See accompanying auditor's report.

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	Bond Issue			
	Series 2015 Road	Series 2016	Series 2017	Series 2019
Interest rate	3.10% - 4.00%	1.75% - 3.50%	2.00% - 4.00%	2.00% - 4.50%
Dates interest payable	11/1; 5/1	11/1; 5/1	11/1; 5/1	11/1; 5/1
Maturity dates	11/1/18 - 11/1/40	11/1/18 - 11/1/41	11/1/18 - 11/1/42	11/1/20 - 11/1/44
Beginning bonds outstanding	\$ 920,000	\$ 1,795,000	\$ 5,555,000	\$ 6,355,000
Bonds issued				
Bonds retired	(35,000)	(70,000)	(200,000)	(200,000)
Ending bonds outstanding	<u>\$ 885,000</u>	<u>\$ 1,725,000</u>	<u>\$ 5,355,000</u>	<u>\$ 6,155,000</u>
Interest paid during fiscal year	<u>\$ 34,525</u>	<u>\$ 56,508</u>	<u>\$ 199,881</u>	<u>\$ 170,100</u>
Paying agent's name and city				
Series 2023, 2023 Road, 2024,	BOKF, NA, Dallas, Texas			
2024 Road and 2024 Fire				
All other Series	Regions Bank, Houston, Texas			
Master District Contract Revenue	Water, Sewer and Drainage Bonds	Park Bonds	Road Bonds	Fire Bonds
Bond Authority:				
Amount Authorized by Voters	\$ 441,800,000	\$ 218,300,000	\$ 249,500,000	\$ 32,800,000
Amount Issued	(49,785,000)		(41,005,000)	(2,475,000)
Remaining To Be Issued	<u>\$ 392,015,000</u>	<u>\$ 218,300,000</u>	<u>\$ 208,495,000</u>	<u>\$ 30,325,000</u>

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

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

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

Debt Service Fund cash and investments balance as of July 31, 2025: \$ 8,039,298

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 4,989,876

See accompanying auditor's report.

Bond Issue					
Series 2019 Road	Series 2020	Series 2020 Road	Series 2021	Series 2021 Road	Series 2022
2.00% - 4.50%	2.00% - 4.50%	2.00% - 4.50%	2.00% - 4.50%	2.00% - 4.50%	4.00% - 6.50%
11/1; 5/1	11/1; 5/1	11/1; 5/1	11/1; 5/1	11/1; 5/1	11/1; 5/1
11/1/20 - 11/1/44	11/1/22 - 11/1/45	11/1/22 - 11/1/45	11/1/23 - 11/1/46	11/1/22 - 11/1/46	11/1/24 - 11/1/47
\$ 7,580,000	\$ 5,635,000	\$ 5,600,000	\$ 9,435,000	\$ 6,415,000	\$ 3,650,000
(240,000)	(190,000)	(210,000)	(300,000)	(205,000)	(90,000)
\$ 7,340,000	\$ 5,445,000	\$ 5,390,000	\$ 9,135,000	\$ 6,210,000	\$ 3,560,000
\$ 207,913	\$ 154,112	\$ 146,581	\$ 236,825	\$ 153,956	\$ 171,618

	Bond Issue			
	Series 2022 Road	Series 2023	Series 2023 Road	Series 2024
Interest rate	4.00% - 6.50%	4.50% - 7.00%	4.50% - 7.00%	3.00% - 4.00%
Dates interest payable	11/1; 5/1	11/1; 5/1	11/1; 5/1	11/1; 5/1
Maturity dates	11/1/23 - 11/1/47	11/1/24 - 11/1/48	11/1/24 - 11/1/48	11/1/25 - 11/1/49
Beginning bonds outstanding	\$ 5,565,000	\$ 9,420,000	\$ 8,760,000	\$ -
Bonds issued				5,125,000
Bonds retired	<u>(135,000)</u>	<u>(180,000)</u>	<u>(170,000)</u>	
Ending bonds outstanding	<u>\$ 5,430,000</u>	<u>\$ 9,240,000</u>	<u>\$ 8,590,000</u>	<u>\$ 5,125,000</u>
Interest paid during fiscal year	<u>\$ 261,250</u>	<u>\$ 473,125</u>	<u>\$ 440,025</u>	<u>\$ 113,349</u>
See accompanying auditor's report.				

Bond Issue		
Series 2024 Road	Series 2024 Fire	Totals
3.00% - 4.00% 11/1; 5/1 11/1/25 - 11/1/49	4.00% - 5.00% 11/1; 5/1 11/1/25 - 11/1/49	
\$ -	\$ -	\$ 76,685,000
4,250,000	2,475,000	11,850,000
		(2,225,000)
<u>\$ 4,250,000</u>	<u>\$ 2,475,000</u>	<u>\$ 86,310,000</u>
<u>\$ 90,014</u>	<u>\$ 38,618</u>	<u>\$ 2,948,400</u>

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

	Amounts				
	2025	2024	2023	2022**	2021
Revenues					
Monthly connections	\$ 1,487,670	\$ 1,513,376	\$ 1,349,655	\$ 1,550,538	\$ 806,877
Fire connection charges	1,287,086	1,016,606	943,098	998,460	594,518
Surface water fees	1,625,884	1509668	1218126	1273696	710267
Renewal and replacement charges	142,763	135,495	121,327	121,611	47,212
Capital recovery fees				323,454	170,820
Investment earnings	34,181	41,184	39,481	3,745	1,152
Total Revenues	<u>4,577,584</u>	<u>4,216,329</u>	<u>3,671,687</u>	<u>4,271,504</u>	<u>2,330,846</u>
Expenditures					
Current service operations					
Professional fees	332,853	173,004	179,000	256,743	153,988
Contracted services	95,262	85,662	71,409	130,883	111,926
Repairs and maintenance	233,659	234,144	223,258	149,269	118,943
Utilities	61,253	59,595	47,524	32,106	60,185
Administrative	60,540	42,910	36,484	36,347	31,775
Other	12,772	13,309	13,127	14,104	13,448
Lease				44,000	269,250
Debt service					
Interest and fees	124,560	124,560	124,560	124,560	124,560
Intergovernmental					
Monthly connection charges	4,160,883	3,718,296	3,182,318	3,279,156	1,562,425
Contractual obligations	2,984	1,671	1,524	1,813	
Total Expenditures	<u>5,084,766</u>	<u>4,453,151</u>	<u>3,879,204</u>	<u>4,068,981</u>	<u>2,446,500</u>
Revenues Over/(Under) Expenditures	<u>\$ (507,182)</u>	<u>\$ (236,822)</u>	<u>\$ (207,517)</u>	<u>\$ 202,523</u>	<u>\$ (115,654)</u>

*Percentage is negligible

** Fifteen-month period

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022**	2021
32%	36%	37%	36%	35%
28%	24%	26%	23%	26%
36%	36%	33%	30%	30%
3%	3%	3%	3%	2%
			8%	7%
1%	1%	1%	*	*
100%	100%	100%	100%	100%
7%	4%	5%	6%	7%
2%	2%	2%	3%	5%
5%	6%	6%	3%	5%
1%	1%	1%	1%	3%
1%	1%	1%	1%	1%
*	*	*	*	1%
			1%	12%
3%	3%	3%	3%	5%
91%	88%	87%	77%	67%
*	*	*	*	
110%	105%	105%	95%	106%
(10%)	(5%)	(5%)	5%	(6%)

Sienna Municipal Utility District No. 5

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

For the Last Five Fiscal Periods

	Amounts				
	2025	2024	2023	2022**	2021
Revenues					
Contract taxes	\$ 6,420,467	\$ 5,715,194	\$ 3,933,945	\$ 3,114,076	\$ 2,065,435
Investment earnings	287,640	271,457	148,789	12,484	2,434
Total Revenues	6,708,107	5,986,651	4,082,734	3,126,560	2,067,869
Expenditures					
Debt service					
Principal	2,225,000	1,710,000	1,250,000	660,000	585,000
Interest and fees	2,964,864	2,395,897	1,746,301	1,339,249	957,680
Contractual obligations	681,295	677,691	287,691	287,691	287,691
Total Expenditures	5,871,159	4,783,588	3,283,992	2,286,940	1,830,371
Revenues Over Expenditures	\$ 836,948	\$ 1,203,063	\$ 798,742	\$ 839,620	\$ 237,498

*Percentage is negligible

** Fifteen-month period

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022**	2021
96%	95%	96%	100%	100%
4%	5%	4%	*	*
100%	100%	100%	100%	100%
33%	29%	31%	21%	28%
44%	40%	43%	43%	46%
10%	11%	7%	9%	14%
87%	80%	81%	73%	88%
13%	20%	19%	27%	12%

Sienna Municipal Utility District No. 5
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 2025

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027
District Business Telephone Number: (713) 860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): May 6, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Joe Price	05/24 - 05/28	\$ 2,652	\$ 102	President
Gary Ross	05/24 - 05/28	1,989	62	Vice President
Douglas Earle	05/22 - 05/26	2,873	268	Secretary
Regina Morales	05/24 - 05/28	3,315	508	Assistant Vice President
Dennis Parmer	05/22 - 05/26	4,862	863	Assistant Secretary
Consultants				
Allen Boone Humphries Robinson LLP	2000	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 183,427		
<i>Bond counsel</i>		350,006		
Si Environmental, LLC	2015	252,677		Operator
Municipal Accounts & Consulting, L.P	2017	95,123		Bookkeeper
Tax Tech, Inc.	2016	6,400		Tax Collector
Fort Bend Central Appraisal District	Legislation	730		Property Valuation
Pape-Dawson Engineers, Inc.	2017	150,546		Engineer
McGrath & Co., PLLC	2015	42,250		Auditor
Robert W. Baird & Co.	2015	240,392		Financial Advisor

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

See accompanying auditor's report.

**SIENNA MUNICIPAL
UTILITY DISTRICT NO. 6
FORT BEND COUNTY, TEXAS
FINANCIAL REPORT
July 31, 2025**

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sienna Municipal Utility District No. 6 (the "District"), as of and for the year ended July 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sienna Municipal Utility District No. 6, as of July 31, 2025, 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.

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

***Board of Directors
Sienna Municipal Utility District No. 6
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.

McGuire & Co, PLLC

Houston, Texas
November 18, 2025

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Management's Discussion and Analysis

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***Sienna Municipal Utility District No. 6
Management's Discussion and Analysis
July 31, 2025***

Using this Annual Report

This section of the financial report of Sienna Municipal Utility District No. 6 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended July 31, 2025. 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.

***Sienna Municipal Utility District No. 6
Management's Discussion and Analysis
July 31, 2025***

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 July 31, 2025, was negative \$61,607,279. The District's net position is negative because the District incurs debt to construct public roads which it conveys to Fort Bend County (after a one-year maintenance period). A comparative summary of the District's overall financial position, as of July 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 8,902,177	\$ 6,140,453
Capital assets	66,261,911	56,827,785
Total assets	75,164,088	62,968,238
Current liabilities	4,636,663	3,118,128
Long-term liabilities	132,134,704	109,418,906
Total liabilities	136,771,367	112,537,034
Net position		
Net investment in capital assets	(13,337,844)	(8,472,467)
Restricted	4,888,397	3,306,700
Unrestricted	(53,157,832)	(44,403,029)
Total net position	\$ (61,607,279)	\$ (49,568,796)

***Sienna Municipal Utility District No. 6
Management's Discussion and Analysis
July 31, 2025***

The total net position of the District decreased during the current fiscal year by \$12,038,483. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Water and sewer service	\$ 1,798,210	\$ 1,422,927
Property taxes, penalties and interest	8,390,348	6,074,532
Other	3,027,477	2,132,448
Total revenues	<u>13,216,035</u>	<u>9,629,907</u>
Expenses		
Current service operations	2,980,847	2,179,627
Debt interest and fees	3,555,101	2,183,219
Developer interest	2,874,453	1,343,724
Debt issuance costs	2,967,546	1,197,906
Intergovernmental	3,970,277	3,088,090
Depreciation	1,605,208	1,370,425
Total expenses	<u>17,953,432</u>	<u>11,362,991</u>
Change in net position before other item	(4,737,397)	(1,733,084)
Other item		
Transfers to other governments	<u>(7,301,086)</u>	<u>(7,965,677)</u>
Change in net position	(12,038,483)	(9,698,761)
Net position, beginning of year	<u>(49,568,796)</u>	<u>(39,870,035)</u>
Net position, end of year	<u><u>\$ (61,607,279)</u></u>	<u><u>\$ (49,568,796)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of July 31, 2025, were \$7,965,292, which consists of \$1,578,423 in the General Fund, \$6,371,426 in the Debt Service Fund and \$15,443 in the Capital Projects Fund.

***Sienna Municipal Utility District No. 6
Management's Discussion and Analysis
July 31, 2025***

General Fund

A comparative summary of the General Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 2,358,521</u>	<u>\$ 1,707,932</u>
Total liabilities	\$ 776,847	\$ 806,234
Total deferred inflows	3,251	4,951
Total fund balance	<u>1,578,423</u>	<u>896,747</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,358,521</u>	<u>\$ 1,707,932</u>

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

	2025	2024
Total revenues	\$ 5,043,151	\$ 3,705,427
Total expenditures	<u>(4,361,475)</u>	<u>(3,532,923)</u>
Revenues over expenditures	<u>\$ 681,676</u>	<u>\$ 172,504</u>

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

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

***Sienna Municipal Utility District No. 6
Management's Discussion and Analysis
July 31, 2025***

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 6,526,467</u>	<u>\$ 4,293,594</u>
Total liabilities	\$ 3,428	\$ 2,186
Total deferred inflows	151,613	120,186
Total fund balance	<u>6,371,426</u>	<u>4,171,222</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 6,526,467</u>	<u>\$ 4,293,594</u>

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

	2025	2024
Total revenues	\$ 8,368,694	\$ 5,815,806
Total expenditures	<u>(6,973,796)</u>	<u>(4,213,778)</u>
Revenues over expenditures	1,394,898	1,602,028
Other changes in fund balance	805,306	253,888
Net change in fund balance	<u>\$ 2,200,204</u>	<u>\$ 1,855,916</u>

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

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 17,189</u>	<u>\$ 138,927</u>
Total liabilities	\$ 1,746	\$ -
Total fund balance	<u>15,443</u>	<u>138,927</u>
Total liabilities and fund balance	<u>\$ 17,189</u>	<u>\$ 138,927</u>

***Sienna Municipal Utility District No. 6
Management's Discussion and Analysis
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A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 5,314	\$ 8,851
Total expenditures	(38,573,492)	(14,784,406)
Revenues under expenditures	(38,568,178)	(14,775,555)
Other changes in fund balance	38,444,694	14,926,428
Net change in fund balance	\$ (123,484)	\$ 150,873

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2024 Unlimited Tax Bonds and Series 2024 Unlimited Tax Road Bonds in the current fiscal year and issuance of its Series 2023 Unlimited Tax Bonds and Series 2023 Unlimited Tax Road Bonds in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal 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 \$179,744 greater than budgeted. The *Budgetary Comparison Schedule* on page 42 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at July 31, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	\$ 2,661,625	\$ 2,490,330
Capital assets being depreciated		
Infrastructure	68,808,030	57,939,991
Less accumulated depreciation	(5,207,744)	(3,602,536)
Depreciable capital assets, net	63,600,286	54,337,455
Capital assets, net	\$ 66,261,911	\$ 56,827,785

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Capital asset additions during the current fiscal year include utilities to serve Sienna Sections 54, 60, 67, 68, 69A and 69B.

Additionally, Fort Bend County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended July 31, 2025, capital assets in the amount of \$7,301,086 have been recorded as transfers to other governments in the government-wide statements.

Long-Term Debt and Related Liabilities

As of July 31, 2025, the District owes approximately \$42,029,704 to the developer 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. As discussed in Note 6, the District has an additional commitment in the amount of \$2,540,000 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At July 31, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2020 Road	\$ 5,020,000	\$ 5,185,000
2021	3,570,000	3,685,000
2021 Road	2,505,000	2,590,000
2022	14,435,000	14,790,000
2022 Road	12,575,000	12,885,000
2023	10,220,000	10,420,000
2023 Road	4,750,000	4,845,000
2024	24,375,000	
2024 Road	14,875,000	
	<u>\$ 92,325,000</u>	<u>\$ 54,400,000</u>

During the current fiscal year, the District issued \$24,375,000 in unlimited tax bonds and \$14,875,000 in unlimited tax road bonds. At July 31, 2025, the District had \$293,615,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; \$78,800,000 for parks and recreational facilities and the refunding of such bonds; and \$158,725,000 for road improvements and the refunding of such bonds.

***Sienna Municipal Utility District No. 6
Management's Discussion and Analysis
July 31, 2025***

Property Taxes

The District's property tax base increased approximately \$259,325,000 for the 2025 tax year from \$789,057,782 to \$1,048,382,430. This increase was primarily due to new construction in the District and increased property values. For the 2025 tax year, the District has levied a maintenance tax rate of \$0.08 per \$100 of assessed value, a water, sewer and drainage debt service tax rate of \$0.39 per \$100 of assessed value, a contract tax debt service rate of \$0.31 of \$100 of assessed value and a road debt service tax rate of \$0.27 per \$100 of assessed value, for a total combined tax rate of \$1.05 per \$100 of assessed values. Tax rates for the 2024 tax year were \$0.02 per \$100 for maintenance and operations, \$0.40 per \$100 for water, sewer and drainage debt service, \$0.325 per \$100 for contract tax debt service and \$0.305 per \$100 for road debt service for a combined total of \$1.05 per \$100 of assessed value.

Next Year's Budget

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

	2025 Actual	2026 Budget
Total revenues	\$ 5,043,151	\$ 5,099,089
Total expenditures	(4,361,475)	(4,846,965)
Revenues over expenditures	681,676	252,124
Beginning fund balance	896,747	1,578,423
Ending fund balance	<u>\$ 1,578,423</u>	<u>\$ 1,830,547</u>

Basic Financial Statements

Sienna Municipal Utility District No. 6
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	\$ 887,262	\$ 136,386	\$ 675	\$ 1,024,323
Investments	641,610	6,230,052	76,077	6,947,739
Taxes receivable	3,251	151,613		154,864
Customer service receivables	384,753			384,753
Accrued interest receivable		9,872		9,872
Prepaid items	165,972			165,972
Internal balances	61,019	(1,456)	(59,563)	
Builder damages receivable	46,564			46,564
Operating reserve	168,090			168,090
Capital assets not being depreciated				
Capital assets, net				
Total Assets	<u>\$ 2,358,521</u>	<u>\$ 6,526,467</u>	<u>\$ 17,189</u>	<u>\$ 8,902,177</u>
Liabilities				
Accounts payable	\$ 747,337	\$ -	\$ 1,746	\$ 749,083
Other payables	8,185	3,428		11,613
Customer deposits	21,325			21,325
Accrued interest payable				
Due to developer				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	<u>776,847</u>	<u>3,428</u>	<u>1,746</u>	<u>782,021</u>
Deferred Inflows of Resources				
Deferred property taxes	<u>3,251</u>	<u>151,613</u>		<u>154,864</u>
Fund Balances/Net Position				
Fund Balances				
Nonspendable	334,062			334,062
Restricted		6,371,426	15,443	6,386,869
Unassigned	1,244,361			1,244,361
Total Fund Balances	<u>1,578,423</u>	<u>6,371,426</u>	<u>15,443</u>	<u>7,965,292</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,358,521</u>	<u>\$ 6,526,467</u>	<u>\$ 17,189</u>	<u>\$ 8,902,177</u>
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
\$ -	\$ 1,024,323
	6,947,739
	154,864
	384,753
	9,872
	165,972
	46,564
	168,090
2,661,625	2,661,625
63,600,286	63,600,286
<u>66,261,911</u>	<u>75,164,088</u>
	749,083
	11,613
	21,325
1,634,642	1,634,642
42,029,704	42,029,704
2,220,000	2,220,000
90,105,000	90,105,000
<u>135,989,346</u>	<u>136,771,367</u>
<u>(154,864)</u>	
(334,062)	
(6,386,869)	
<u>(1,244,361)</u>	
<u>(7,965,292)</u>	
(13,337,844)	(13,337,844)
4,888,397	4,888,397
<u>(53,157,832)</u>	<u>(53,157,832)</u>
<u>\$ (61,607,279)</u>	<u>\$ (61,607,279)</u>

Sienna Municipal Utility District No. 6**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Water service	\$ 746,071	\$ -	\$ -	\$ 746,071
Sewer service	1,052,139			1,052,139
Property taxes	159,305	8,098,614		8,257,919
Penalties and interest	35,501	67,201		102,702
Surface water fees	692,862			692,862
Tap connection and inspection	1,143,035			1,143,035
Fire protection fees	606,785			606,785
Miscellaneous	341,521	221		341,742
Refund of tap connection fees (Note 9)	230,851			230,851
Investment earnings	35,081	202,658	5,314	243,053
Total Revenues	<u>5,043,151</u>	<u>8,368,694</u>	<u>5,314</u>	<u>13,417,159</u>
Expenditures/Expenses				
Current service operations				
Professional fees	157,821		20,750	178,571
Contracted services	757,967	119,155	2,502	879,624
Repairs and maintenance	1,033,391			1,033,391
Utilities	33,959			33,959
Surface water	696,295			696,295
Administrative	100,841	10,977		111,818
Other	47,129		60	47,189
Capital outlay	177,292		32,708,181	32,885,473
Debt service				
Principal		1,325,000		1,325,000
Interest and fees		2,905,167		2,905,167
Developer interest			2,874,453	2,874,453
Debt issuance costs			2,967,546	2,967,546
Intergovernmental				
Master District connection charges	697,053			697,053
Facilities renewal and replacement	61,294			61,294
Fire protection services	598,433			598,433
Contractual obligations		2,613,497		2,613,497
Depreciation				
Total Expenditures/Expenses	<u>4,361,475</u>	<u>6,973,796</u>	<u>38,573,492</u>	<u>49,908,763</u>
Revenues Over/(Under)				
Expenditures/Expenses	681,676	1,394,898	(38,568,178)	(36,491,604)
Other Financing Sources				
Proceeds from sale of bonds		805,306	38,444,694	39,250,000
Other Items				
Transfers to other governments				
Net Change in Fund Balances	681,676	2,200,204	(123,484)	2,758,396
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year	896,747	4,171,222	138,927	5,206,896
End of the year	<u>\$ 1,578,423</u>	<u>\$ 6,371,426</u>	<u>\$ 15,443</u>	<u>\$ 7,965,292</u>

See notes to basic financial statements.

Adjustments	Statement of Activities
\$ -	\$ 746,071
	1,052,139
22,692	8,280,611
7,035	109,737
	692,862
	1,143,035
	606,785
	341,742
(230,851)	
	243,053
(201,124)	13,216,035
	178,571
	879,624
	1,033,391
	33,959
	696,295
	111,818
	47,189
(32,885,473)	
(1,325,000)	
649,934	3,555,101
	2,874,453
	2,967,546
	697,053
	61,294
	598,433
	2,613,497
1,605,208	1,605,208
(31,955,331)	17,953,432
31,754,207	(4,737,397)
(39,250,000)	
(7,301,086)	(7,301,086)
(2,758,396)	
(12,038,483)	(12,038,483)
(54,775,692)	(49,568,796)
\$ (69,572,571)	\$ (61,607,279)

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Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Sienna Municipal Utility District No. 6 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established as Sienna Plantation Municipal Utility District No. 6 pursuant to an order of the Texas Natural Resource Conservation Commission, statutory predecessor to the Texas Commission on Environmental Quality (“TCEQ”) dated March 10, 1997, under the terms and conditions of Article III, Section 52 and Article XIV, Section 59 of the Texas Constitution and operates in accordance with the Texas Water Code, Chapters 49 and 54. In 2009, road powers were added to the District by Special Legislation codified as Chapter 8322, Special District Local Laws Code. The Board of Directors held its first meeting on October 31, 2000. On October 7, 2020, the District obtained approval from the TCEQ to change the name of the District to Sienna Municipal Utility District No. 6.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

Use of Restricted Resources

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

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At July 31, 2025, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$250,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated using the straight-line method over an estimated useful life of 10 to 45 years.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

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

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

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

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

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	\$ 7,965,292
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 71,469,655	
Less accumulated depreciation	<u>(5,207,744)</u>	66,261,911

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:

Accrued interest payable	(1,634,642)	
Due to developer	(42,029,704)	
Bonds payable	<u>(92,325,000)</u>	(135,989,346)

Deferred inflows in the fund statements consist of property taxes receivable and related penalties and interest that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.

154,864

Total net position - governmental activities	<u><u>\$ (61,607,279)</u></u>
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Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

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

Net change in fund balances - total governmental funds	\$ 2,758,396
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Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes and related penalties and interest.	29,727
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Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Capital outlays	\$ 32,885,473	
Transfers to other governments	(7,301,086)	
Depreciation expense	(1,605,208)	
Refund of tap connection fees	<u>(230,851)</u>	
		23,748,328

Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Issuance of long-term debt	(39,250,000)	
Principal payments	1,325,000	
Interest expense accrual	<u>(649,934)</u>	
		(38,574,934)

Change in net position of governmental activities	<u><u>\$ (12,038,483)</u></u>
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Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

As of July 31, 2025, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	Debt Service	<u>\$ 470,000</u>	7%	N/A	N/A
Texas CLASS	General	641,610			
	Debt Service	5,760,052			
	Capital Projects	<u>76,077</u>			
		<u>6,477,739</u>	93%	AAAm	34 days
Total		<u><u>\$ 6,947,739</u></u>	<u>100%</u>		

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

Texas CLASS

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

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

Note 4 – Interfund Balances

Amounts due to/from other funds at July 31, 2025, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	\$ 1,456	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	59,563	Bond application fees paid by the General Fund

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

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended July 31, 2025, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 2,490,330	\$ 171,295	\$ 2,661,625
Capital assets being depreciated			
Infrastructure	57,939,991	10,868,039	68,808,030
Less accumulated depreciation	(3,602,536)	(1,605,208)	(5,207,744)
Subtotal depreciable capital assets, net	54,337,455	9,262,831	63,600,286
Capital assets, net	\$ 56,827,785	\$ 9,434,126	\$ 66,261,911

Depreciation expense for the current fiscal year was \$1,605,208.

Note 6 – Due to Developer

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

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

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

Due to developer, beginning of year	\$ 56,343,906
Developer reimbursements	(32,708,181)
Developer funded construction and adjustments	<u>18,393,979</u>
Due to developer, end of year	<u><u>\$ 42,029,704</u></u>

In addition, the District will owe the developer approximately \$2,540,000, which is included in the schedule of contractual commitments below. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

Project	Contract Amount *
Sienna Section 35B - utilities and paving	\$ 720,000
Sienna Section 69B - paving	1,080,000
Southwest commercial site at Sienna Parkway at Water Lakes Boulevard **	740,000
	<u><u>\$ 2,540,000</u></u>

* Rounded to the nearest \$10,000

** District's estimated share of contract

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u><u>\$ 92,325,000</u></u>
Due within one year	<u><u>\$ 2,220,000</u></u>

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

The District's bonds payable at July 31, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2020 Road	\$ 5,020,000	\$ 5,500,000	1.60% - 3.00%	September 1, 2022 - 2045	March 1, September 1	September 1, 2026
2021	3,570,000	3,800,000	2.125% - 4.625%	September 1, 2023 - 2046	March 1, September 1	September 1, 2026
2021 Road	2,505,000	2,670,000	2.125% - 4.625%	September 1, 2023 - 2046	March 1, September 1	September 1, 2026
2022	14,435,000	14,790,000	4.00% - 6.00%	September 1, 2024 - 2047	March 1, September 1	September 1, 2028
2022 Road	12,575,000	12,885,000	4.00% - 6.00%	September 1, 2024 - 2047	March 1, September 1	September 1, 2028
2023	10,220,000	10,420,000	4.00% - 6.50%	September 1, 2024 - 2048	March 1, September 1	September 1, 2029
2023 Road	4,750,000	4,845,000	4.00% - 6.50%	September 1, 2024 - 2048	March 1, September 1	September 1, 2029
2024	24,375,000	24,375,000	3.00% - 5.50%	September 1, 2025 - 2049	March 1, September 1	September 1, 2030
2024 Road	14,875,000	14,875,000	3.00% - 5.50%	September 1, 2025 - 2049	March 1, September 1	September 1, 2030
	<u>\$ 92,325,000</u>					

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

At July 31, 2025, the District had \$293,615,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; \$78,800,000 for park and recreational facilities and the refunding of such bonds; and \$158,725,000 for road improvements and the refunding of such bonds.

On October 16, 2024, the District issued its \$24,375,000 Series 2024 Unlimited Tax Bonds at a net effective interest rate of 4.069681%. Proceeds of the bonds were used (1) to reimburse the developer for the following: the construction of capital assets within the District; engineering, clearing and grubbing, and other costs associated with the construction of capital assets, (2) to pay developer interest at the net effective interest rate of the bonds, and (3) to pay capitalized interest into the Debt Service Fund.

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

On October 16, 2024, the District issued its \$14,875,000 Series 2024 Unlimited Tax Road Bonds at a net effective interest rate of 4.070515%. Proceeds of the bonds were used to reimburse the developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	\$	54,400,000
Bonds issued		39,250,000
Bonds retired		(1,325,000)
Bonds payable, end of year	\$	<u>92,325,000</u>

As of July 31, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	\$ 2,220,000	\$ 3,810,968	\$ 6,030,968
2027	2,425,000	3,686,017	6,111,017
2028	2,525,000	3,558,965	6,083,965
2029	2,630,000	3,430,849	6,060,849
2030	2,750,000	3,301,857	6,051,857
2031	2,860,000	3,176,035	6,036,035
2032	2,985,000	3,048,503	6,033,503
2033	3,115,000	2,922,051	6,037,051
2034	3,245,000	2,798,154	6,043,154
2035	3,380,000	2,668,612	6,048,612
2036	3,515,000	2,533,902	6,048,902
2037	3,665,000	2,395,095	6,060,095
2038	3,820,000	2,248,723	6,068,723
2039	3,980,000	2,093,427	6,073,427
2040	4,150,000	1,929,916	6,079,916
2041	4,320,000	1,758,753	6,078,753
2042	4,515,000	1,577,948	6,092,948
2043	4,705,000	1,386,558	6,091,558
2044	4,910,000	1,185,989	6,095,989
2045	5,110,000	976,426	6,086,426
2046	5,330,000	756,793	6,086,793
2047	5,225,000	531,865	5,756,865
2048	5,075,000	306,623	5,381,623
2049	3,390,000	134,085	3,524,085
2050	2,480,000	37,198	2,517,198
	<u>\$ 92,325,000</u>	<u>\$ 52,255,312</u>	<u>\$ 144,580,312</u>

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

Note 8 – Property Taxes

On March 1, 2010, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. In addition, the voters of the District authorized the District's Board of Directors to levy taxes annually for road maintenance limited to \$0.25 per \$100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$1.05 per \$100 of assessed value, of which \$0.02 was allocated to maintenance and operations, \$0.40 per \$100 for water, sewer and drainage debt service, \$0.325 per \$100 for contract tax debt service and \$0.305 per \$100 for road debt service. The resulting tax levy was \$8,285,107 on the adjusted taxable value of \$789,057,782.

Property taxes receivable, at July 31, 2025, consisted of the following:

Current year taxes receivable	\$ 97,331
Prior years taxes receivable	<u>30,324</u>
	127,655
Penalty and interest receivable	<u>27,209</u>
Property taxes receivable	<u><u>\$ 154,864</u></u>

Note 9 – Refund of Tap Connection Fees

During the current fiscal year, it was determined the District was being billed incorrectly for tap installations by the Operator. As a result, a credit of \$230,851 was issued to the District to be applied to future billings. Additionally, the value of water meters previously capitalized by the District, affected by the overcharge have been reduced accordingly. As of July 31, 2025, \$68,248 of the credit has been applied to current year expenditures leaving \$162,603 to be applied to future billings. The remaining credit is recorded under prepaid items on the *Statement of Net Position*.

Note 10 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits (after a one-year maintenance period). Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District. The estimated cost of each road project is recorded as a transfer to other government upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended July 31, 2025, the District recorded

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

transfers to other governments in the amount of \$7,301,086 for road facilities constructed by a developer within the District.

Note 11 – Contracts with Sienna Regional Municipal Utility District

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

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

The Master District currently has purchased capacity in water and wastewater plants owned by Sienna RM and receives surface water from the City of Missouri City.

Sienna RM Debt

Sienna RM is authorized to issue bonds for the limited purpose of acquiring and constructing certain facilities needed to provide services to Sienna. The Master District shall be obligated to contribute to the payment of Sienna RM’s debt service requirements based on its allocated share of the debt until such time as the bonds have been repaid. The Master District shall charge each participating district its prorated share based on assessed values in each district.

On May 29, 2018, Sienna RM sold its \$25,010,000 Series 2018 Contract Revenue Bonds to the Texas Water Development Board as part of a plan to finance construction of approximately \$40 million in regional wastewater facilities. Additional financing for these facilities was obtained from cash

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

contributions made by participating districts. The Master District's pro-rata share of total costs of the regional facilities is \$12,695,000 which is funded through annual payments to Sienna RM by the Master District.

As of July 31, 2025, Sienna RM has \$22,395,000 in contract revenue bonds outstanding and the Master District's share of said bonds is \$11,905,000. Sienna RM bills the Master District in January of each year for Sienna RM's debt service payments due in May and November of that same year. During the current fiscal year, the Master District paid \$681,295 to Sienna RM for Sienna RM's 2025 debt service requirements. The Master District's future annual obligation to Sienna RM for Sienna RM's debt service requirements (principal and interest) for each of the next five years and in five-year increments thereafter is as follows:

Year	Principal	Interest	Total
2026	\$ 405,000	\$ 274,415	\$ 679,415
2027	410,000	267,085	677,085
2028	420,000	259,418	679,418
2029	430,000	251,270	681,270
2030	435,000	242,627	677,627
2031-2035	2,325,000	1,069,137	3,394,137
2036-2040	2,605,000	788,791	3,393,791
2041-2045	2,935,000	459,343	3,394,343
2046-2048	1,940,000	97,230	2,037,230
	<u>\$ 11,905,000</u>	<u>\$ 3,709,316</u>	<u>\$ 15,614,316</u>

Joint Construction Agreement for Fire Facilities

Sienna RM and the City entered into a fire protection agreement which establishes the terms and conditions for the construction of fire facilities to serve Sienna. The cost of the facilities was paid by the internal Sienna Districts served by the fire station on a pro-rata basis. Sienna RM and Sienna Municipal Utility District Nos. 2 and 3 contributed their pro-rata shares of the costs to Sienna RM. The District and Sienna Municipal Utility District Nos. 4 and 7 and the Master District (Sienna South Districts) received a loan from Sienna Municipal Utility District No. 3 (MUD 3) to fund their pro-rata share. MUD 3 advanced \$2,076,000 to Sienna RM for the construction of the fire facilities. During the current year, MUD 3 was fully reimbursed by the Master District through the issuance of its Series 2024 contract revenue fire bonds.

Fire Protection Services

On June 25, 2015, Sienna RM entered into the Operations Agreement for Fire Protection Services for Sienna (the "Operations Agreement") with the City. The Operations Agreement established the terms and conditions under which the City will provide fire protection services to Sienna and will be reimbursed for the cost of providing those services. Pursuant to the Operations Agreement, Sienna RM pays the City each month for one-twelfth the annual operating and capital costs of providing fire protection services. The City recalculates the cost every year in June. The District executed a Joinder and Third-Party Beneficiary to the Operations Agreement, whereby the District agreed to be bound

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

by the terms and conditions of the Operations Agreement and to pay Sienna RM for its pro-rata share of operating costs and capital costs. As of July 31, 2025, the monthly charge is \$22.50 per connection.

Note 12 – Master District Contract with Sienna Municipal Utility District No. 5

On May 13, 2013, the District, along with Sienna Municipal Utility District No. 4, Sienna Municipal Utility District No. 7, and Sienna Municipal Utility District No. 5, (as a participant) entered into a contract (the “Contract”) with the Master District whereby the Master District agrees to provide or cause to be provided regional water, wastewater, drainage, roads, firefighting and park facilities to land within the participants’ boundaries (or Service Area). Pursuant to the Utility Contract with Sienna RM, the water, wastewater and drainage facilities will be conveyed to Sienna RM for Sienna RM to own, operate and maintain such facilities to serve the Service Area. The Master District agrees to provide or cause to be provided road facilities to be conveyed to Fort Bend County to own, operate and maintain such roads.

Master District Debt

The Master District is authorized to issue contract revenue bonds for the purpose of acquiring and constructing regional facilities needed to provide services to all Participants. The District shall contribute to the regional payment of debt service requirements based on its pro rata share of the total certified assessed valuation of all Participants. During the current year, the Master District issued \$11,850,000 in Contract Revenue Bonds. As of July 31, 2025, the Master District has \$86,310,000 in contract revenue bonds outstanding.

The Master District also has the option to finance the road and park facilities through connection charges which will be determined based on the number of estimated total connections to be constructed within the service area. As of July 31, 2025, the District has not paid any such connection charges.

Monthly Connection Fees for Operating Expenses

The Master District charges each participating district a monthly fee based on the unit cost per connection multiplied by the number of equivalent single-family connections reserved to the District. The monthly fee will also include those monthly operations from Sienna RM, pursuant to the Utility Contract. During the current year, the District was overcharged by Sienna RM due to the incorrect inclusion of inactive connections when calculating the monthly fee. As a result, Sienna RM repaid the District \$104,030 to reimburse overpayments resulting from the error.

Operating and Maintenance Reserve

The Master District Contract authorizes the establishment of an operating and maintenance reserve by the Master District equivalent to three months’ operating and maintenance expenses, as set forth in the Master District’s annual budget. The Master District shall adjust the reserve as needed, not less than annually. As of July 31, 2025, the District has paid \$168,090 to the Master District for its share of the operating and maintenance reserve.

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

Summary of Charges

For the fiscal year ended July 31, 2025, the District incurred the following costs pursuant to contracts with the Master District and Sienna RM:

- Monthly connection fees in the amount of \$697,053;
- Monthly charges in the amount of \$61,294 for Sienna RM's renewal and replacement fund, which was established by Sienna RM to provide funding to repair and replace aging Sienna RM facilities;
- Monthly charges for fire protection services in the amount of \$598,433; and
- Contractual obligations for debt service requirements in the amount of \$2,613,497, which consists of \$2,336,171 for Master District bonds and \$277,326 for the Master District's share of Sienna RM's contract revenue bonds.

Note 13 – Agreements with the City of Missouri City

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

The District has also entered into an amended and restated Strategic Partnership Agreement with the City dated July 15, 2013, which stipulates the City's regulatory authority over the District; stipulates a formula for determining the time of annexation of land within the District by the City and identifies and establishes a master plan for the development of the District. On October 5, 2020, the agreement was amended to authorize the annexation of the District for the sole, and limited purpose of providing fire protection services and to establish the City as the sole provider of such services to the District.

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

Under existing Texas law, since the Master District and each of the Participants lie wholly within the extraterritorial jurisdiction of the City of Missouri City, each Participant must conform to a City of Missouri City consent ordinance. The Participants and the City have entered into Strategic Partnership Agreements that govern the terms of annexation. The Master District may not be annexed until all Participants are annexed. In addition, without an agreement in place, no Participant may be annexed by the City of Missouri City without consent; however, under Texas Law, the City of Missouri City

Sienna Municipal Utility District No. 6
Notes to Financial Statements
July 31, 2025

cannot annex territory within a district unless it annexes the entire district. If a Participant is annexed, the City of Missouri City will assume the Participant's assets and obligations (including the Participant's obligation under the Master District Contract) and dissolve the Participant within ninety (90) days.

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

Note 14 – Risk Management

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

Note 15 – Subsequent Events

On October 22, 2025, the District issued its \$14,850,000 Series 2025 Unlimited Tax Bonds at a net effective rate of 4.600094%. Proceeds from the bonds were used to reimburse the District's developer for infrastructure improvements in the District and to pay capitalized interest into the District's Debt Service Fund.

Additionally, on October 22, 2025, the District issued its \$7,250,000 Series 2025 Unlimited Tax Road Bonds at a net effective rate of 4.64271%. Proceeds from the bonds were used to reimburse the District's developer for road improvements in the District and to pay capitalized interest into the District's Debt Service Fund.

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Required Supplementary Information

Sienna Municipal Utility District No. 6**Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended July 31, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	\$ 775,000	\$ 746,071	\$ (28,929)
Sewer service	1,000,000	1,052,139	52,139
Property taxes	248,430	159,305	(89,125)
Penalties and interest	33,800	35,501	1,701
Surface water fees	750,000	692,862	(57,138)
Tap connection and inspection	1,023,600	1,143,035	119,435
Fire protection fees	525,000	606,785	81,785
Miscellaneous	22,500	341,521	319,021
Operator refund		230,851	230,851
Investment earnings	48,800	35,081	(13,719)
Total Revenues	4,427,130	5,043,151	616,021
Expenditures			
Current service operations			
Professional fees	138,500	157,821	(19,321)
Contracted services	749,140	757,967	(8,827)
Repairs and maintenance	711,100	1,033,391	(322,291)
Utilities	26,900	33,959	(7,059)
Surface water	750,000	696,295	53,705
Administrative	89,175	100,841	(11,666)
Other	44,100	47,129	(3,029)
Capital outlay	329,800	177,292	152,508
Intergovernmental			
Master District connection charges	459,990	697,053	(237,063)
Facilities renewal and replacement	62,733	61,294	1,439
Fire protection services	563,760	598,433	(34,673)
Total Expenditures	3,925,198	4,361,475	(436,277)
Revenues Over Expenditures	501,932	681,676	179,744
Fund Balance			
Beginning of the year	896,747	896,747	
End of the year	\$ 1,398,679	\$ 1,578,423	\$ 179,744

Sienna Municipal Utility District No. 6
Notes to Required Supplementary Information
July 31, 2025

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Sienna Municipal Utility District No. 6

TSI-1. Services and Rates

July 31, 2025

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

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

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels	
Water:	\$ 24.60	10,000	N	\$ 2.25	10,001 to	20,000
				\$ 2.75	20,001 to	no limit
Wastewater:	\$ 45.94	- 0 -	Y			to
Surface water:	\$ 2.84	1,000	N	\$ 2.84	10,001 to	no limit

District employs winter averaging for wastewater usage? ☐ Yes ☒ No

Total charges per 10,000 gallons usage: Water \$ 53.00 Wastewater \$ 45.94

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,007	991	x 1.0	991
1"	1,312	1,294	x 2.5	3,235
1.5"			x 5.0	
2"	34	34	x 8.0	272
3"	3	3	x 15.0	45
4"	1	1	x 25.0	25
6"			x 50.0	
8"	2	2	x 80.0	160
10"			x 115.0	
Total Water	2,359	2,325		4,728
Total Wastewater	2,265	2,231	x 1.0	2,231

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-1. Services and Rates
July 31, 2025

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

Gallons purchased from Sienna Regional MUD:	<u>254,066,000</u>	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	<u>254,066,000</u>	<u>100.00%</u>

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

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

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

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

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

Entirely ☒ Partly ☐ Not at all ☐

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

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

If Yes, by whom? _____

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-2. General Fund Expenditures
For the Year Ended July 31, 2025

Professional fees	
Legal	\$ 103,801
Audit	18,000
Engineering	36,020
	<u>157,821</u>
Contracted services	
Bookkeeping	56,819
Operator	70,017
Garbage collection	475,773
Inspection fees	155,358
	<u>757,967</u>
Repairs and maintenance	<u>1,033,391</u>
Utilities	<u>33,959</u>
Surface water	<u>696,295</u>
Administrative	
Directors fees	16,796
Printing and office supplies	21,988
Insurance	3,369
Other	58,688
	<u>100,841</u>
Other	<u>47,129</u>
Capital outlay	<u>177,292</u>
Intergovernmental	
Master District connection charges	697,053
Facilities renewal and replacement	61,294
Fire protection services	598,433
	<u>1,356,780</u>
Total expenditures	<u><u>\$ 4,361,475</u></u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-3. Investments
July 31, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Texas CLASS	Variable	N/A	\$ 641,610	\$ -
Debt Service				
Texas CLASS	Variable	N/A	3,271,961	
Texas CLASS	Variable	N/A	2,417,630	
Texas CLASS	Variable	N/A	70,461	
Certificate of deposit	4.25%	01/21/26	235,000	5,090
Certificate of deposit	4.15%	02/01/26	235,000	4,782
			<u>6,230,052</u>	<u>9,872</u>
Capital Projects				
Texas CLASS	Variable	N/A	5,589	
Texas CLASS	Variable	N/A	15,968	
Texas CLASS	Variable	N/A	49,177	
Texas CLASS	Variable	N/A	5,343	
			<u>76,077</u>	
Total - All Funds			<u>\$ 6,947,739</u>	<u>\$ 9,872</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-4. Taxes Levied and Receivable
July 31, 2025

	Maintenance Taxes	Contract Taxes	Road Debt Service Taxes
Taxes Receivable, Beginning of Year	\$ 4,951	\$ 35,467	\$ 30,613
Adjustments to Prior Year Tax Levy	(207)	(1,506)	(1,344)
Adjusted Receivable	4,744	33,961	29,269
2024 Original Tax Levy	156,852	2,548,849	2,391,997
Adjustments	960	15,589	14,629
Adjusted Tax Levy	157,812	2,564,438	2,406,626
Total to be accounted for	162,556	2,598,399	2,435,895
Tax collections:			
Current year	155,957	2,534,312	2,378,354
Prior years	3,348	23,825	20,323
Total Collections	159,305	2,558,137	2,398,677
Taxes Receivable, End of Year	\$ 3,251	\$ 40,262	\$ 37,218
Taxes Receivable, By Years			
2024	\$ 1,855	\$ 30,126	\$ 28,272
2023	1,209	8,586	7,255
2022	187	1,550	1,691
Taxes Receivable, End of Year	\$ 3,251	\$ 40,262	\$ 37,218
	2024	2023	2022
Property Valuations:			
Land	\$ 200,933,172	\$ 135,142,776	\$ 92,789,208
Improvements	766,361,369	572,994,529	276,988,275
Personal Property	2,258,391	1,496,003	1,115,980
Exemptions	(180,495,150)	(139,202,583)	(92,541,097)
Total Property Valuations	\$ 789,057,782	\$ 570,430,725	\$ 278,352,366
Tax Rates per \$100 Valuation:			
Maintenance tax rates	\$ 0.020	\$ 0.050	\$ 0.04
Contract tax rates	0.325	0.355	0.33
Road debt service tax rates	0.305	0.300	0.36
WSD debt service tax rates	0.400	0.345	0.32
Total Tax Rates per \$100 Valuation	\$ 1.050	\$ 1.050	\$ 1.05
Adjusted Tax Levy:	\$ 8,285,107	\$ 5,989,523	\$ 2,922,700
Percentage of Taxes Collected to Taxes Levied **	98.83%	99.58%	99.83%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on March 1, 2010

* Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on March 1, 2010

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

See accompanying auditor's report.

WSD Debt	
Service Taxes	Totals
\$ 33,932	\$ 104,963
(1,439)	(4,496)
32,493	100,467
3,137,045	8,234,743
19,186	50,364
3,156,231	8,285,107
3,188,724	8,385,574
3,119,153	8,187,776
22,647	70,143
3,141,800	8,257,919
\$ 46,924	\$ 127,655
\$ 37,078	\$ 97,331
8,344	25,394
1,502	4,930
\$ 46,924	\$ 127,655
2021	
\$ 54,229,602	
100,802,118	
575,940	
(76,749,819)	
\$ 78,857,841	
\$ 0.050	
0.390	
0.425	
0.185	
\$ 1.050	
\$ 828,007	
100.00%	

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2020 Road--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 170,000	\$ 133,637	\$ 303,637
2027	175,000	130,272	305,272
2028	180,000	126,723	306,723
2029	185,000	122,980	307,980
2030	195,000	118,893	313,893
2031	200,000	114,448	314,448
2032	205,000	109,688	314,688
2033	215,000	104,540	319,540
2034	220,000	98,993	318,993
2035	225,000	93,095	318,095
2036	235,000	86,826	321,826
2037	240,000	80,235	320,235
2038	250,000	73,313	323,313
2039	260,000	65,850	325,850
2040	265,000	57,975	322,975
2041	275,000	49,875	324,875
2042	285,000	41,475	326,475
2043	295,000	32,775	327,775
2044	305,000	23,775	328,775
2045	315,000	14,475	329,475
2046	325,000	4,875	329,875
	<u>\$ 5,020,000</u>	<u>\$ 1,684,718</u>	<u>\$ 6,704,718</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 120,000	\$ 82,844	\$ 202,844
2027	125,000	77,178	202,178
2028	125,000	72,959	197,959
2029	130,000	70,250	200,250
2030	135,000	67,434	202,434
2031	140,000	64,513	204,513
2032	140,000	61,538	201,538
2033	145,000	58,509	203,509
2034	150,000	55,375	205,375
2035	155,000	52,134	207,134
2036	160,000	48,788	208,788
2037	165,000	45,334	210,334
2038	165,000	41,828	206,828
2039	170,000	38,163	208,163
2040	175,000	34,281	209,281
2041	180,000	30,288	210,288
2042	185,000	26,066	211,066
2043	190,000	21,613	211,613
2044	195,000	17,041	212,041
2045	200,000	12,350	212,350
2046	205,000	7,540	212,540
2047	215,000	2,552	217,552
	<u>\$ 3,570,000</u>	<u>\$ 988,578</u>	<u>\$ 4,558,578</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 85,000	\$ 58,522	\$ 143,522
2027	85,000	54,591	139,591
2028	90,000	51,669	141,669
2029	90,000	49,756	139,756
2030	95,000	47,791	142,791
2031	95,000	45,772	140,772
2032	100,000	43,700	143,700
2033	100,000	41,575	141,575
2034	105,000	39,397	144,397
2035	110,000	37,113	147,113
2036	110,000	34,775	144,775
2037	115,000	32,313	147,313
2038	115,000	29,725	144,725
2039	120,000	27,081	147,081
2040	125,000	24,325	149,325
2041	125,000	21,434	146,434
2042	130,000	18,406	148,406
2043	135,000	15,259	150,259
2044	140,000	11,994	151,994
2045	140,000	8,669	148,669
2046	145,000	5,284	150,284
2047	150,000	1,780	151,780
	<u>\$ 2,505,000</u>	<u>\$ 700,931</u>	<u>\$ 3,205,931</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 370,000	\$ 662,600	\$ 1,032,600
2027	390,000	641,750	1,031,750
2028	405,000	621,875	1,026,875
2029	425,000	601,125	1,026,125
2030	440,000	579,500	1,019,500
2031	460,000	557,000	1,017,000
2032	485,000	533,375	1,018,375
2033	505,000	511,150	1,016,150
2034	530,000	490,450	1,020,450
2035	550,000	468,163	1,018,163
2036	575,000	444,256	1,019,256
2037	600,000	419,288	1,019,288
2038	630,000	392,363	1,022,363
2039	655,000	363,450	1,018,450
2040	685,000	333,300	1,018,300
2041	715,000	301,800	1,016,800
2042	750,000	267,900	1,017,900
2043	785,000	231,444	1,016,444
2044	820,000	193,325	1,013,325
2045	855,000	153,544	1,008,544
2046	895,000	111,980	1,006,980
2047	935,000	68,518	1,003,518
2048	975,000	23,156	998,156
	<u>\$ 14,435,000</u>	<u>\$ 8,971,312</u>	<u>\$ 23,406,312</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 325,000	\$ 577,513	\$ 902,513
2027	335,000	557,713	892,713
2028	355,000	538,788	893,788
2029	370,000	520,663	890,663
2030	385,000	501,788	886,788
2031	400,000	482,163	882,163
2032	420,000	461,663	881,663
2033	440,000	442,363	882,363
2034	460,000	424,363	884,363
2035	480,000	404,963	884,963
2036	500,000	384,138	884,138
2037	525,000	362,356	887,356
2038	545,000	339,619	884,619
2039	570,000	315,213	885,213
2040	600,000	288,887	888,887
2041	625,000	261,324	886,324
2042	655,000	232,524	887,524
2043	680,000	201,637	881,637
2044	715,000	168,505	883,505
2045	745,000	133,830	878,830
2046	780,000	97,612	877,612
2047	815,000	59,730	874,730
2048	850,000	20,188	870,188
	<u>\$ 12,575,000</u>	<u>\$ 7,777,543</u>	<u>\$ 20,352,543</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 235,000	\$ 487,138	\$ 722,138
2027	250,000	471,375	721,375
2028	260,000	454,800	714,800
2029	270,000	437,575	707,575
2030	285,000	419,538	704,538
2031	300,000	402,775	702,775
2032	315,000	387,400	702,400
2033	330,000	371,275	701,275
2034	345,000	354,400	699,400
2035	360,000	336,775	696,775
2036	375,000	320,275	695,275
2037	395,000	304,875	699,875
2038	415,000	288,156	703,156
2039	435,000	270,094	705,094
2040	455,000	250,897	705,897
2041	475,000	230,256	705,256
2042	500,000	208,319	708,319
2043	520,000	185,369	705,369
2044	545,000	161,406	706,406
2045	575,000	135,847	710,847
2046	600,000	108,300	708,300
2047	630,000	79,087	709,087
2048	660,000	48,449	708,449
2049	690,000	16,387	706,387
	<u>\$ 10,220,000</u>	<u>\$ 6,730,768</u>	<u>\$ 16,950,768</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 110,000	\$ 220,238	\$ 330,238
2027	115,000	212,925	327,925
2028	120,000	205,288	325,288
2029	125,000	197,325	322,325
2030	135,000	188,875	323,875
2031	140,000	181,688	321,688
2032	145,000	175,988	320,988
2033	155,000	169,988	324,988
2034	160,000	163,688	323,688
2035	170,000	156,981	326,981
2036	175,000	149,756	324,756
2037	185,000	142,106	327,106
2038	195,000	134,031	329,031
2039	200,000	125,388	325,388
2040	210,000	116,163	326,163
2041	220,000	106,488	326,488
2042	230,000	96,362	326,362
2043	245,000	85,674	330,674
2044	255,000	74,425	329,425
2045	265,000	62,724	327,724
2046	280,000	50,112	330,112
2047	290,000	36,574	326,574
2048	305,000	22,444	327,444
2049	320,000	7,600	327,600
	<u>\$ 4,750,000</u>	<u>\$ 3,082,831</u>	<u>\$ 7,832,831</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 500,000	\$ 977,288	\$ 1,477,288
2027	590,000	947,313	1,537,313
2028	615,000	914,175	1,529,175
2029	645,000	879,525	1,524,525
2030	670,000	848,388	1,518,388
2031	700,000	820,988	1,520,988
2032	730,000	792,388	1,522,388
2033	760,000	762,588	1,522,588
2034	790,000	731,588	1,521,588
2035	825,000	699,288	1,524,288
2036	860,000	665,588	1,525,588
2037	895,000	630,488	1,525,488
2038	935,000	593,888	1,528,888
2039	975,000	555,688	1,530,688
2040	1,015,000	515,888	1,530,888
2041	1,060,000	474,388	1,534,388
2042	1,105,000	430,396	1,535,396
2043	1,150,000	383,887	1,533,887
2044	1,200,000	335,418	1,535,418
2045	1,250,000	284,887	1,534,887
2046	1,305,000	232,190	1,537,190
2047	1,360,000	177,224	1,537,224
2048	1,420,000	119,887	1,539,887
2049	1,480,000	68,399	1,548,399
2050	1,540,000	23,099	1,563,099
	<u>\$ 24,375,000</u>	<u>\$ 13,864,844</u>	<u>\$ 38,239,844</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2024 Road--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 305,000	\$ 611,188	\$ 916,188
2027	360,000	592,900	952,900
2028	375,000	572,688	947,688
2029	390,000	551,650	941,650
2030	410,000	529,650	939,650
2031	425,000	506,688	931,688
2032	445,000	482,763	927,763
2033	465,000	460,063	925,063
2034	485,000	439,900	924,900
2035	505,000	420,100	925,100
2036	525,000	399,500	924,500
2037	545,000	378,100	923,100
2038	570,000	355,800	925,800
2039	595,000	332,500	927,500
2040	620,000	308,200	928,200
2041	645,000	282,900	927,900
2042	675,000	256,500	931,500
2043	705,000	228,900	933,900
2044	735,000	200,100	935,100
2045	765,000	170,100	935,100
2046	795,000	138,900	933,900
2047	830,000	106,400	936,400
2048	865,000	72,499	937,499
2049	900,000	41,699	941,699
2050	940,000	14,099	954,099
	<u>\$ 14,875,000</u>	<u>\$ 8,453,787</u>	<u>\$ 23,328,787</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
July 31, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 2,220,000	\$ 3,810,968	\$ 6,030,968
2027	2,425,000	3,686,017	6,111,017
2028	2,525,000	3,558,965	6,083,965
2029	2,630,000	3,430,849	6,060,849
2030	2,750,000	3,301,857	6,051,857
2031	2,860,000	3,176,035	6,036,035
2032	2,985,000	3,048,503	6,033,503
2033	3,115,000	2,922,051	6,037,051
2034	3,245,000	2,798,154	6,043,154
2035	3,380,000	2,668,612	6,048,612
2036	3,515,000	2,533,902	6,048,902
2037	3,665,000	2,395,095	6,060,095
2038	3,820,000	2,248,723	6,068,723
2039	3,980,000	2,093,427	6,073,427
2040	4,150,000	1,929,916	6,079,916
2041	4,320,000	1,758,753	6,078,753
2042	4,515,000	1,577,948	6,092,948
2043	4,705,000	1,386,558	6,091,558
2044	4,910,000	1,185,989	6,095,989
2045	5,110,000	976,426	6,086,426
2046	5,330,000	756,793	6,086,793
2047	5,225,000	531,865	5,756,865
2048	5,075,000	306,623	5,381,623
2049	3,390,000	134,085	3,524,085
2050	2,480,000	37,198	2,517,198
	<u>\$ 92,325,000</u>	<u>\$ 52,255,312</u>	<u>\$ 144,580,312</u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 6
TSI-6. Change in Long-Term Bonded Debt
July 31, 2025

	Bond Issue			
	Series 2020 Road	Series 2021	Series 2021 Road	Series 2022
Interest rate	1.60% - 3.00%	2.125% - 4.625%	2.125% - 4.625%	4.00% - 6.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/22 - 9/1/45	9/1/23 - 9/1/46	9/1/23 - 9/1/46	9/1/24 - 9/1/47
Beginning bonds outstanding	\$ 5,185,000	\$ 3,685,000	\$ 2,590,000	\$ 14,790,000
Bonds issued				
Bonds retired	(165,000)	(115,000)	(85,000)	(355,000)
Ending bonds outstanding	<u>\$ 5,020,000</u>	<u>\$ 3,570,000</u>	<u>\$ 2,505,000</u>	<u>\$ 14,435,000</u>
Interest paid during fiscal year	<u>\$ 136,737</u>	<u>\$ 88,278</u>	<u>\$ 62,453</u>	<u>\$ 684,350</u>
Paying agent's name and city				
Series 2024 and 2024 Road	BOKF, NA, Dallas, Texas			
All other Series	Regions Bank, Houston, Texas			
Bond Authority:	Water, Sewer and Drainage Bonds	Parks and Recreational Bonds	Road Bonds	
Amount Authorized by Voters	\$ 347,000,000	\$ 78,800,000	\$ 199,500,000	
Amount Issued	(53,385,000)		(40,775,000)	
Remaining To Be Issued	<u>\$ 293,615,000</u>	<u>\$ 78,800,000</u>	<u>\$ 158,725,000</u>	

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

Debt Service Fund cash and investments balance as of July 31, 2025: \$ 6,366,438

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 5,783,212

See accompanying auditor's report.

Bond Issue					
Series 2022 Road	Series 2023	Series 2023 Road	Series 2024	Series 2024 Road	Totals
4.00% - 6.00%	4.00% - 6.50%	4.00% - 6.50%	3.00% - 5.50%	3.00% - 5.50%	
9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1	
9/1/24 - 9/1/47	9/1/24 - 9/1/48	9/1/24 - 9/1/48	9/1/25 - 9/1/49	9/1/25 - 9/1/49	
\$ 12,885,000	\$ 10,420,000	\$ 4,845,000	\$ -	\$ -	\$ 54,400,000
			24,375,000	14,875,000	39,250,000
(310,000)	(200,000)	(95,000)			(1,325,000)
\$ 12,575,000	\$ 10,220,000	\$ 4,750,000	\$ 24,375,000	\$ 14,875,000	\$ 92,325,000
\$ 596,563	\$ 501,275	\$ 226,900	\$ 371,639	\$ 232,341	\$ 2,900,536

*Sienna Municipal Utility District No. 6****TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Periods***

	Amounts				
	2025	2024	2023	2022**	2021
Revenues					
Water service	\$ 746,071	\$ 611,833	\$ 440,451	\$ 314,177	\$ 64,847
Sewer service	1,052,139	811,094	570,541	358,435	62,812
Property taxes	159,305	281,266	110,574	40,616	32,079
Penalties and interest	35,501	31,872	23,372	11,987	1,280
Surface water fees	692,862	587,510	385,865	256,450	52,689
Tap connection and inspection	1,143,035	863,640	587,590	1,376,466	571,874
Fire protection fees	606,785	452,116	344,987	280,940	83,064
Miscellaneous	341,521	20,039	32,017	30,642	5,688
Refund of tap connection fees	230,851				
Investment earnings	35,081	46,057	23,553	1,976	346
Total Revenues	5,043,151	3,705,427	2,518,950	2,671,689	874,679
Expenditures					
Current service operations					
Professional fees	157,821	125,601	127,296	152,592	103,195
Contracted services	757,967	585,388	551,335	659,939	366,204
Repairs and maintenance	1,033,391	528,953	360,152	504,704	88,267
Utilities	33,959	25,089	20,094		
Surface water	696,295	603,892	391,321	260,764	53,300
Administrative	100,841	90,294	67,006	68,217	22,707
Other	47,129	38,640	30,115	40,024	23,750
Capital outlay	177,292	354,140			
Intergovernmental					
Master District connection charges	697,053	671,212	474,386	394,229	72,823
Facilities renewal and replacement	61,294	54,085	38,976	25,060	3,483
Fire protection services	598,433	455,629	347,268	281,758	82,861
Total Expenditures	4,361,475	3,532,923	2,407,949	2,387,287	816,590
Revenues Over Expenditures	\$ 681,676	\$ 172,504	\$ 111,001	\$ 284,402	\$ 58,089
Total Active Retail Water Connections	2,325	1,849	1,415	1,077	390
Total Active Retail Wastewater Connections	2,231	1,774	1,351	1,022	366

*Percentage is negligible

**Fifteen month period

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022**	2021
15%	17%	17%	12%	7%
21%	22%	23%	13%	7%
3%	8%	4%	2%	5%
1%	1%	1%	*	*
14%	16%	15%	10%	6%
21%	22%	24%	51%	65%
12%	12%	14%	11%	9%
7%	1%	1%	1%	1%
5%				
1%	1%	1%	*	*
100%	100%	100%	100%	100%
3%	3%	5%	6%	12%
15%	16%	22%	25%	42%
20%	14%	14%	19%	10%
1%	1%	1%		
14%	16%	16%	10%	6%
2%	2%	3%	3%	3%
1%	1%	1%	1%	3%
4%	10%			
14%	18%	19%	15%	8%
1%	1%	2%	1%	*
12%	12%	14%	11%	9%
87%	94%	97%	91%	93%
13%	6%	3%	9%	7%

Sienna Municipal Utility District No. 6

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

For the Last Five Fiscal Periods

	Amounts				
	2025	2024	2023	2022**	2021
Revenues					
Property taxes	\$ 8,098,614	\$ 5,627,471	\$ 2,793,033	\$ 799,550	\$ 304,748
Penalties and interest	67,201	34,100	16,691	8,542	
Miscellaneous	221	117	81	240	41
Investment earnings	202,658	154,118	71,710	3,016	
Total Revenues	8,368,694	5,815,806	2,881,515	811,348	304,789
Expenditures					
Tax collection services	130,132	74,710	40,350	26,793	
Debt service					
Principal	1,325,000	355,000	155,000		
Interest and fees	2,905,167	1,876,904	782,346	203,587	54,183
Intergovernmental					
Contractual obligations	2,613,497	1,907,164	899,642	299,338	113,115
Total Expenditures	6,973,796	4,213,778	1,877,338	529,718	167,298
Revenues Over Expenditures	\$ 1,394,898	\$ 1,602,028	\$ 1,004,177	\$ 281,630	\$ 137,491

*Percentage is negligible

**Fifteen-month period

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022**	2021
97%	96%	97%	99%	100%
1%	1%	1%	1%	
*	*	*	*	*
2%	3%	2%	*	
100%	100%	100%	100%	100%
2%	1%	1%	3%	
16%	6%	5%		
35%	32%	27%	25%	18%
31%	33%	31%	37%	37%
84%	72%	64%	65%	55%
16%	28%	36%	35%	45%

Sienna Municipal Utility District No. 6
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 2025

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District Business Telephone Number: (713) 860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): May 21, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Jason Miller	05/24 - 05/28	\$ 1,768	\$ 143	President
Ryan Pledger	05/22 - 05/26	3,536	868	Vice President
Hector Handal	06/24 - 05/28	6,409	657	Secretary
Linda Noyd	05/22 - 05/26	1,326	122	Assistant Vice President
Brad Baird	05/22 - 05/26	3,757	618	Assistant Secretary
Consultants				
Allen Boone Humphries Robinson LLP	2004	Amounts Paid		Attorney
<i>General legal fees</i>		\$ 112,902		
<i>Bond counsel</i>		884,000		
Si Environmental, LLC	2012	1,287,102		Operator
Municipal Accounts & Consulting, L.P.	2018	68,563		Bookkeeper
Tax Tech, Inc.	2014	43,586		Tax Collector
Fort Bend Central Appraisal District	Legislation	61,774		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2020	16,294		Delinquent Tax Attorney
LJA Engineering, Inc.	2000	53,005		Engineer
McGrath & Co., PLLC	2020	40,250		Auditor
Robert W. Baird & Co. Incorporated	2015	787,448		Financial Advisor

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

See accompanying auditor's report.

**SIENNA MUNICIPAL
UTILITY DISTRICT NO. 7
FORT BEND COUNTY, TEXAS
FINANCIAL REPORT
July 31, 2025**

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Sienna Municipal Utility District No. 7
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sienna Municipal Utility District No. 7 (the "District"), as of and for the year ended July 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sienna Municipal Utility District No. 7, as of July 31, 2025, 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.

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

***Board of Directors
Sienna Municipal Utility District No. 7
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.

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

Houston, Texas
November 18, 2025

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Management's Discussion and Analysis

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***Sienna Municipal Utility District No. 7
Management's Discussion and Analysis
July 31, 2025***

Using this Annual Report

This section of the financial report of Sienna Municipal Utility District No. 7 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended July 31, 2025. 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.

***Sienna Municipal Utility District No. 7
Management's Discussion and Analysis
July 31, 2025***

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 July 31, 2025, was negative \$4,872,225. The District's net position is negative because the District incurs debt to construct public road facilities which it conveys to Fort Bend County and because the District relies on advances from its developer to fund operating costs. A comparative summary of the District's overall financial position, as of July 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 81,763	\$ 47,543
Capital assets	7,693,514	3,252,666
Total assets	<u>7,775,277</u>	<u>3,300,209</u>
Current liabilities	50,533	38,192
Long-term liabilities	12,596,969	5,379,963
Total liabilities	<u>12,647,502</u>	<u>5,418,155</u>
Net position		
Net investment in capital assets	(238,531)	(68,029)
Restricted for debt service	2,141	
Unrestricted	(4,635,835)	(2,049,917)
Total net position	<u>\$ (4,872,225)</u>	<u>\$ (2,117,946)</u>

***Sienna Municipal Utility District No. 7
Management's Discussion and Analysis
July 31, 2025***

The total net position of the District decreased during the current fiscal year by \$2,754,279. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes, penalties and interest	\$ 313,631	\$ 157,473
Water and sewer service	28,907	4,152
Other	121,305	19,071
Total revenues	<u>463,843</u>	<u>180,696</u>
Expenses		
Current service operations	323,873	164,372
Intergovernmental	118,091	56,128
Depreciation	170,502	68,029
Total expenses	<u>612,466</u>	<u>288,529</u>
Change in net position before other item	(148,623)	(107,833)
Other item		
Transfers to other governments	<u>(2,605,656)</u>	<u>(1,222,047)</u>
Change in net position	(2,754,279)	(1,329,880)
Net position, beginning of year	<u>(2,117,946)</u>	<u>(788,066)</u>
Net position, end of year	<u><u>\$ (4,872,225)</u></u>	<u><u>\$ (2,117,946)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of July 31, 2025, were \$30,962, which consists of \$28,821 in the General Fund and \$2,141 in the Debt Service Fund.

General Fund

A comparative summary of the General Fund's financial position as of July 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 79,622</u>	<u>\$ 47,543</u>
Total liabilities	\$ 50,533	\$ 38,192
Total deferred inflows	268	58
Total fund balance	28,821	9,293
Total liabilities, deferred inflows and fund balance	<u><u>\$ 79,622</u></u>	<u><u>\$ 47,543</u></u>

***Sienna Municipal Utility District No. 7
Management's Discussion and Analysis
July 31, 2025***

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

	2025	2024
Total revenues	\$ 360,406	\$ 180,638
Total expenditures	(329,080)	(220,500)
Revenues over (under) expenditures	31,326	(39,862)
Other changes in fund balance	(11,798)	63,592
Net change in fund balance	\$ 19,528	\$ 23,730

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Water, sewer and surface water revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

Debt Service Fund

The District established the Debt Service Fund in the current fiscal year to account for the accumulation of financial resources restricted for debt service purposes. A summary of the Debt Service Fund's financial position as of July 31, 2025, is as follows:

Total assets	\$ 2,141
Total fund balance	\$ 2,141

A summary of activities of the Debt Service Fund for the current fiscal year is as follows:

Total revenues	\$ 103,227
Total expenditures	(112,884)
Revenues under expenditures	(9,657)
Other changes in fund balance	11,798
Net change in fund balance	\$ 2,141

The District's financial resources in the Debt Service Fund in the current fiscal year are from property tax revenues. It is important to note that the District sets its annual debt service tax rate as

***Sienna Municipal Utility District No. 7
Management's Discussion and Analysis
July 31, 2025***

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 contractual obligations.

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 \$221,874 less than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at July 31, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	\$ 259,440	\$ 259,440
Capital assets being depreciated		
Infrastructure	7,672,605	3,061,255
Less accumulated depreciation	(238,531)	(68,029)
Depreciable capital assets, net	7,434,074	2,993,226
Capital assets, net	\$ 7,693,514	\$ 3,252,666

Capital asset additions during the current fiscal year include the following:

- Sienna Section 50C – utilities
- Sienna Lakes Drive, Phase 1 – utilities
- Sienna Sections 81, 82, 83 and 84 – clearing, grubbing and mass grading

Additionally, Fort Bend County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended July 31, 2025, capital assets in the amount of \$2,605,656 have been recorded as transfers to other governments in the government-wide statements.

***Sienna Municipal Utility District No. 7
Management's Discussion and Analysis
July 31, 2025***

Long-Term Debt and Related Liabilities

As of July 31, 2025, the District owes approximately \$12,596,969 to its developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$27,500,000 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At July 31, 2025, the District had \$271,300,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; \$68,500,000 for parks and recreational facilities and the refunding of such bonds; and \$156,900,000 for road improvements and the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately \$13,095,000 for the 2025 tax year from \$30,018,128 to \$43,112,924. This increase was primarily due to new construction in the District and increased property values. For the 2025 tax year, the District has levied a maintenance tax rate of \$0.74 per \$100 of assessed value and a contract tax debt service rate of \$0.31 per \$100 of assessed value, for a total combined tax rate of \$1.05 per \$100 of assessed value. Tax rates for the 2024 tax year were \$0.71 per \$100 for maintenance and operations and \$0.34 per \$100 for contract tax debt service for a combined total of \$1.05 per \$100 of assessed value.

Next Year's Budget

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

	2025 Actual	2026 Budget
Total revenues	\$ 360,406	\$ 858,795
Total expenditures	(329,080)	(697,266)
Revenues over expenditures	31,326	161,529
Other changes in fund balance	(11,798)	
Net change in fund balance	19,528	161,529
Beginning fund balance	9,293	28,821
Ending fund balance	\$ 28,821	\$ 190,350

Basic Financial Statements

Sienna Municipal Utility District No. 7
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2025

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	\$ 33,676	\$ 8,068	\$ 41,744	\$ -	\$ 41,744
Investments	428	2,141	2,569		2,569
Taxes receivable	268		268		268
Customer service receivables	17,489		17,489		17,489
Internal balances	8,068	(8,068)			
Prepaid items	3,069		3,069		3,069
Other receivables	8,329		8,329		8,329
Operating reserve	8,295		8,295		8,295
Capital assets not being depreciated				259,440	259,440
Capital assets, net				7,434,074	7,434,074
Total Assets	<u>\$ 79,622</u>	<u>\$ 2,141</u>	<u>\$ 81,763</u>	<u>7,693,514</u>	<u>7,775,277</u>
Liabilities					
Accounts payable	\$ 41,315	\$ -	\$ 41,315		41,315
Other payables	223		223		223
Customer deposits	5,600		5,600		5,600
Unearned revenue	3,395		3,395		3,395
Due to developer				12,596,969	12,596,969
Total Liabilities	<u>50,533</u>		<u>50,533</u>	<u>12,596,969</u>	<u>12,647,502</u>
Deferred Inflows of Resources					
Deferred property taxes	<u>268</u>		<u>268</u>	<u>(268)</u>	
Fund Balances/Net Position					
Fund Balances					
Nonspendable	11,364		11,364	(11,364)	
Restricted		2,141	2,141	(2,141)	
Unassigned	<u>17,457</u>		<u>17,457</u>	<u>(17,457)</u>	
Total Fund Balances	<u>28,821</u>	<u>2,141</u>	<u>30,962</u>	<u>(30,962)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 79,622</u>	<u>\$ 2,141</u>	<u>\$ 81,763</u>		
Net Position					
Net investment in capital assets				(238,531)	(238,531)
Restricted for debt service				2,141	2,141
Unrestricted				(4,635,835)	(4,635,835)
Total Net Position				<u>\$ (4,872,225)</u>	<u>\$ (4,872,225)</u>

See notes to basic financial statements.

Sienna Municipal Utility District No. 7**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2025**

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Water service	\$ 13,719	\$ -	\$ 13,719	\$ -	\$ 13,719
Sewer service	15,188		15,188		15,188
Fire service	8,288		8,288		8,288
Property taxes	209,971	102,062	312,033	210	312,243
Penalties and interest	877	511	1,388		1,388
Surface water fees	15,647		15,647		15,647
Tap connection and inspection	87,871		87,871		87,871
Miscellaneous	8,091	67	8,158		8,158
Investment earnings	754	587	1,341		1,341
Total Revenues	360,406	103,227	463,633	210	463,843
Expenditures/Expenses					
Current service operations					
Professional fees	128,944		128,944		128,944
Contracted services	83,519	11,317	94,836		94,836
Repairs and maintenance	47,873		47,873		47,873
Surface water	15,273		15,273		15,273
Administrative	26,711	1,642	28,353		28,353
Other	8,060	534	8,594		8,594
Intergovernmental					
Master District connection charges	9,706		9,706		9,706
Facilities renewal and replacement	984		984		984
Fire protection services	8,010		8,010		8,010
Contractual obligations		99,391	99,391		99,391
Depreciation				170,502	170,502
Total Expenditures/Expenses	329,080	112,884	441,964	170,502	612,466
Revenues Over (Under) Expenditures/Expenses	31,326	(9,657)	21,669	(170,292)	(148,623)
Other Financing Sources (Uses)					
Internal transfers	(11,798)	11,798			
Other Item					
Transfers to other governments				(2,605,656)	(2,605,656)
Net Change in Fund Balances	19,528	2,141	21,669	(21,669)	
Change in Net Position				(2,754,279)	(2,754,279)
Fund Balance/Net Position					
Beginning of the year	9,293		9,293	(2,127,239)	(2,117,946)
End of the year	\$ 28,821	\$ 2,141	\$ 30,962	\$ (4,903,187)	\$ (4,872,225)

See notes to basic financial statements.

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Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Sienna Municipal Utility District No. 7 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created, and established as Sienna Plantation Municipal Utility District No. 1 pursuant to an order of the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality dated October 17, 1979, under the terms and conditions of Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on October 18, 1979. Road powers were added to the District by Special Legislation codified as Chapter 3823, Texas Special Local Laws Code. On June 29, 2021, the District obtained approval from the TCEQ to change the name of the District to Sienna Municipal Utility District No. 7.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

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 two governmental funds, which are both considered major funds.

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

- The General Fund is used to account for the operations of the District’s water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water, sewer, and tap connection fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the District’s contractual obligations for its share of debt service payments on the Master District’s bonds and Sienna RM’s contract revenue bonds (See Notes 10 and 11). The primary source of revenue for contractual obligations is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.

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

Measurement Focus and Basis of Accounting

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

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

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.

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At July 31, 2025, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated using the straight-line method over an estimated useful life of 45 years.

Deferred Inflows and Outflows of Financial Resources

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

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balance consists of property taxes levied for the District’s contractual obligations for its share of debt service requirements on Master District bonds and Sienna RM’s contract revenue bonds in the Debt Service Fund.

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

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

Unassigned - all other spendable amounts in the General Fund.

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

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

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds	\$ 30,962
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 7,932,045	
Less accumulated depreciation	<u>(238,531)</u>	
		7,693,514

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 the amount due to developer.	(12,596,969)
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Deferred inflows in the fund statements consist of property taxes receivable and related penalties and interest that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.	268
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Total net position - governmental activities	<u><u>\$ (4,872,225)</u></u>
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Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

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	\$ 21,669
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Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes.	210
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Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Transfers to other governments	\$ (2,605,656)	
Depreciation expense	(170,502)	
	<u>(2,776,158)</u>	

Change in net position of governmental activities	<u><u>\$ (2,754,279)</u></u>
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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.

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)

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

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

As of July 31, 2025, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
Texas CLASS	General	\$ 428	AAAm	34 days
	Debt Service	2,141		
		<u>\$ 2,569</u>		

Texas CLASS

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

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

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at July 31, 2025, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 8,068	Maintenance tax collections not remitted as of year end

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

During the current fiscal year, the District recognized an internal transfer in the amount of \$11,798 from the General Fund to the Debt Service Fund for the portion of maintenance and operation tax collections used to finance costs associated with the assessment and collection of property taxes.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended July 31, 2025, is as follows:

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Ending Balances</u>
Capital assets not being depreciated			
Land and improvements	\$ 259,440	\$ -	\$ 259,440
Capital assets being depreciated			
Infrastructure	3,061,255	4,611,350	7,672,605
Less accumulated depreciation	(68,029)	(170,502)	(238,531)
Subtotal depreciable capital assets, net	<u>2,993,226</u>	<u>4,440,848</u>	<u>7,434,074</u>
Capital assets, net	<u>\$ 3,252,666</u>	<u>\$ 4,440,848</u>	<u>\$ 7,693,514</u>

Depreciation expense for the current fiscal year was \$170,502.

Note 6 – Due to Developer

The District has entered into a financing agreement with its developer for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreement, the developer will construct facilities on behalf of the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

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

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

Due to developer, beginning of year	\$ 5,379,963
Developer funded construction and adjustments	<u>7,217,006</u>
Due to developer, end of year	<u><u>\$ 12,596,969</u></u>

In addition, the District will owe the developer approximately \$27,500,000, which is included in the schedule of contractual commitments below. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount*
Sienna Section 51A - utilities	\$ 1,520,000
Sienna Section 51B - utilities	580,000
Sienna Section 75 - utilities	2,010,000
Sienna Section 76 - utilities	2,560,000
Sienna Section 76 - paving	1,800,000
Sienna Section 81 - utilities	1,600,000
Sienna Section 81 - paving	890,000
Sienna Section 83 - utilities	2,020,000
Sienna Section 83 - paving	1,220,000
Sienna Lakes Drive, Phase 1 - paving	2,940,000
Sienna Lakes Drive, Phase 2 - utilities	3,260,000
Sienna Lakes Drive, Phase 2 - paving	1,140,000
Sienna Lakes Drive, Phase 3 - utilities	1,620,000
Owen Bend Drive, Phase 1 - utilities	430,000
Owen Bend Drive, Phase 1 - paving	510,000
Park Crossing Drive - utilities	1,240,000
Park Crossing Drive - paving	560,000
Regency Lake Drive - utilities	<u>1,600,000</u>
	<u><u>\$ 27,500,000</u></u>

* Rounded to the nearest \$10,000.

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

Note 7 – Long-Term Debt

At July 31, 2025, the District had \$271,300,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; \$68,500,000 for parks and recreational facilities and the refunding of such bonds; and \$156,900,000 for road improvements and the refunding of such bonds.

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 and a road maintenance tax limited to \$0.25 per \$100 of assessed value.

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$1.05 per \$100 of assessed value, of which \$0.71 was allocated to maintenance and operations and \$0.34 was allocated to contract tax debt service. The resulting tax levy was \$315,190 on the adjusted taxable value of \$30,018,128.

Note 9 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits after a one-year maintenance period. Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended July 31, 2025, the District recorded transfers to other governments in the amount of \$2,605,656 for road facilities constructed by a developer within the District.

Note 10 – Contracts with Sienna Regional Municipal Utility District

Sienna Municipal Utility District No. 5 ("the Master District"), as a participant, and other participants, including the District, entered into a contract for financing, operation and maintenance of regional water, sanitary sewer and storm sewer facilities with Sienna Regional Municipal Utility District ("Sienna RM") in 2006 (the "Sienna RM Regional Contract"). The Sienna RM Regional Contract includes other participating districts that are not part of the Master District service area. Pursuant to this contract, Sienna RM has the authority to construct and acquire regional water, wastewater and park facilities. The participants in the Sienna RM Regional Contract pay a connection charge to Sienna RM based on its pro-rata share of the regional facilities in order to obtain water and wastewater service. The participants in the Sienna RM Regional Contract also pay monthly operation charges to Sienna

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

RM for their pro-rata share of operation and maintenance expenses. Sienna RM has limited authority to issue contract revenue bonds: Sienna RM may only issue contract revenue bonds for acquisition, construction or improvement of (1) surface water facilities; (2) a regional facility to comply with any regulatory requirement; (3) payment of extraordinary expenses of repairing or maintaining the regional facilities; or (4) a permanent wastewater treatment plant.

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

The Master District currently has purchased capacity in water and wastewater plants owned by Sienna RM and receives surface water from the City of Missouri City (“the City”).

Sienna RM Debt

Sienna RM is authorized to issue bonds for the limited purpose of acquiring and constructing certain facilities needed to provide services to Sienna. The Master District shall be obligated to contribute to the payment of Sienna RM’s debt service requirements based on its allocated share of the debt until such time as the bonds have been repaid. The Master District shall charge each participating district its pro-rata share based on assessed values in each district.

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

As of July 31, 2025, Sienna RM has \$22,395,000 in contract revenue bonds outstanding and the Master District’s share of said bonds is \$11,905,000. Sienna RM bills the Master District in January of each year for Sienna RM’s debt service payments due in May and November of that same year. During the current fiscal year, the Master District paid \$681,295 to Sienna RM for Sienna RM’s 2025 debt service requirements.

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

The Master District's future annual obligation to Sienna RM for Sienna RM's debt service requirements (principal and interest) for each of the next five years and in five-year increments thereafter is as follows:

Year	Principal	Interest	Total
2026	\$ 405,000	\$ 274,415	\$ 679,415
2027	410,000	267,085	677,085
2028	420,000	259,418	679,418
2029	430,000	251,270	681,270
2030	435,000	242,627	677,627
2031 - 2035	2,325,000	1,069,137	3,394,137
2036 - 2040	2,605,000	788,791	3,393,791
2041 - 2045	2,935,000	459,343	3,394,343
2046 - 2048	1,940,000	97,230	2,037,230
	<u>\$ 11,905,000</u>	<u>\$ 3,709,316</u>	<u>\$ 15,614,316</u>

Joint Construction Agreement for Fire Facilities

Sienna RM and the City entered into a fire protection agreement which establishes the terms and conditions for the construction of fire facilities to serve Sienna. The cost of the facilities was paid by the internal Sienna Districts served by the fire station on a pro-rata basis. Sienna RM and Sienna Municipal Utility District Nos. 2 and 3 contributed their pro-rata shares of the costs to Sienna RM. The District and Sienna Municipal Utility District Nos. 4, 5 and 6 ("Sienna South Districts") received a loan from Sienna Municipal Utility District No. 3 ("MUD 3") to fund their pro-rata share. MUD 3 advanced \$2,076,000 to Sienna RM for the construction of the fire facilities.

During the current fiscal year, the Master District issued its \$2,475,000 Series 2024 Contract Revenue Fire Bonds to repay \$2,076,000 plus interest to pay the loan to MUD 3 in full.

Fire Protection Services

On June 25, 2015, Sienna RM entered into the Operations Agreement for Fire Protection Services for Sienna (the "Operations Agreement") with the City. The Operations Agreement established the terms and conditions under which the City will provide fire protection services to Sienna and will be reimbursed for the cost of providing those services. Pursuant to the Operations Agreement, Sienna RM pays the City each month for one-twelfth the annual operating and capital costs of providing fire protection services. The City recalculates the cost every year in June. The District executed a Joinder and Third-Party Beneficiary to the Operations Agreement, whereby the District agreed to be bound by the terms and conditions of the Operations Agreement and to pay Sienna RM for its pro-rata share of operating costs and capital costs. As of July 31, 2025, the monthly charge is \$28.50 per connection.

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

On May 13, 2013, the District, along with Sienna Municipal Utility District No. 4, Sienna Municipal Utility District No. 6, and Sienna Municipal Utility District No. 5, (as a participant) entered into a contract (the "Contract") with the Master District whereby the Master District agrees to provide or

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

cause to be provided regional water, wastewater, drainage, roads, firefighting and park facilities to land within the participants' boundaries (or Service Area). Pursuant to the Utility Contract with Sienna RM, the water, wastewater and drainage facilities will be conveyed to Sienna RM for Sienna RM to own, operate and maintain such facilities to serve the Service Area. The Master District agrees to provide or cause to be provided road facilities to be conveyed to Fort Bend County to own, operate and maintain such roads.

Master District Debt

The Master District is authorized to issue contract revenue bonds for the purpose of acquiring and constructing regional facilities needed to provide services to all Participants. The District shall contribute to the regional payment of debt service requirements based on its pro-rata share of the total certified assessed valuation of all Participants. During the current fiscal year, the Master District issued \$11,850,000 in Contract Revenue Bonds. As of July 31, 2025, the Master District has \$86,310,000 in contract revenue bonds outstanding.

The Master District also has the option to finance the road and park facilities through connection charges which will be determined based on the number of estimated total connections to be constructed within the Service Area. As of July 31, 2025, the District has not paid any such connection charges.

Monthly Connection Charges for Operating Expenses

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

Operating and Maintenance Reserve

The Master District Contract authorizes the establishment of an operating and maintenance reserve by the Master District equivalent to three months' operating and maintenance expenses, as set forth in the Master District's annual budget. The Master District shall adjust the reserve as needed, not less than annually. As of July 31, 2025, the District has paid \$8,295 to the Master District for its share of the operating and maintenance reserve.

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

Summary of Charges

For the fiscal year ended July 31, 2025, the District incurred the following costs pursuant to contracts with the Master District and Sienna RM:

- Monthly connection fees in the amount of \$9,706;
- Monthly charges in the amount of \$984 for Sienna RM's renewal and replacement fund, which was established by Sienna RM to provide funding to repair and replace aging Sienna RM facilities;
- Monthly charges for fire protection services in the amount of \$8,010; and
- Contractual obligations for debt service requirements in the amount of \$99,391, which consists of \$10,547 for Master District bonds and \$88,844 for the Master District's share of Sienna RM's contract revenue bonds.

Note 12 – Agreements with the City of Missouri City

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

The District has also entered into an amended and restated Strategic Partnership Agreement with the City dated July 15, 2013, which stipulates the City's regulatory authority over the District; stipulates a formula for determining the time of annexation of land within the District by the City and identifies and establishes a master plan for the development of the District. On October 5, 2020, the agreement was amended to authorize the annexation of the District for the sole, and limited purpose of providing fire protection services and to establish the City as the sole provider of such services to the District.

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

Under existing Texas law, since the Master District and each of the Participants lie wholly within the extraterritorial jurisdiction of the City of Missouri City, each Participant must conform to a City of Missouri City consent ordinance. The Participants and the City have entered into Strategic Partnership Agreements that govern the terms of annexation. The Master District may not be annexed until all Participants are annexed. In addition, without an agreement in place, no Participant may be annexed by the City of Missouri City without consent; however, under Texas Law, the City of Missouri City

Sienna Municipal Utility District No. 7
Note to Financial Statements
July 31, 2025

cannot annex territory within a district unless it annexes the entire district. If a Participant is annexed, the City of Missouri City will assume the Participant's assets and obligations (including the Participant's obligation under the Master District Contract) and dissolve the Participant within ninety (90) days.

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

Note 13 – Risk Management

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

Note 14 – Economic Dependency

The developer continues to own a substantial portion of the taxable property within the District. The developer's willingness to pay property taxes will directly affect the District's ability to meet its future obligations.

Note 15 – Subsequent Events

On October 22, 2025, the District issued its \$1,950,000 Series 2025 Unlimited Tax Bonds at a net effective rate of 4.939831%. Proceeds from the bonds were used to reimburse the District's developer for infrastructure improvements in the District and to pay capitalized interest into the District's Debt Service Fund.

Additionally, on October 22, 2025, the District issued its \$2,000,000 Series 2025 Unlimited Tax Road Bonds at a net effective rate of 4.944298%. Proceeds from the bonds were used to reimburse the District's developer for road improvements in the District and to pay capitalized interest into the District's Debt Service Fund.

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Required Supplementary Information

Sienna Municipal Utility District No. 7**Required Supplementary Information - Budgetary Comparison Schedule - General Fund****For the Year Ended July 31, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	\$ 3,100	\$ 13,719	\$ 10,619
Sewer service	1,700	15,188	13,488
Fire service	2,365	8,288	5,923
Property taxes	493,920	209,971	(283,949)
Penalties and interest	100	877	777
Surface water fees	21,000	15,647	(5,353)
Tap connection and inspection	53,550	87,871	34,321
Miscellaneous		8,091	8,091
Investment earnings		754	754
Total Revenues	575,735	360,406	(215,329)
Expenditures			
Current service operations			
Professional fees	103,500	128,944	(25,444)
Contracted services	69,625	83,519	(13,894)
Repairs and maintenance	39,000	47,873	(8,873)
Surface water	2,965	15,273	(12,308)
Administrative	28,510	26,711	1,799
Other	6,300	8,060	(1,760)
Intergovernmental			
Master District connection charges	168	9,706	(9,538)
Facilities renewal and replacement	2,365	984	1,381
Fire protection services	34,900	8,010	26,890
Contractual obligations	47,000		47,000
Total Expenditures	334,333	329,080	5,253
Revenues Over Expenditures	241,402	31,326	(210,076)
Other Financing Uses			
Internal transfers		(11,798)	(11,798)
Net Change in Fund Balance	241,402	19,528	(221,874)
Fund Balance			
Beginning of the year	9,293	9,293	
End of the year	\$ 250,695	\$ 28,821	\$ (221,874)

Sienna Municipal Utility District No. 7
Notes to Required Supplementary Information
July 31, 2025

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 fiscal year.

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Texas Supplementary Information

Sienna Municipal Utility District No. 7

TSI-1. Services and Rates

July 31, 2025

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

- ☒ Retail Water ☐ Wholesale Water ☒ Solid Waste / Garbage ☒ Drainage
☒ Retail Wastewater ☐ Wholesale Wastewater ☐ Flood Control ☐ Irrigation
☐ Parks / Recreation ☒ Fire Protection ☒ Roads ☐ Security
☒ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
☐ Other (Specify): _____

2. Retail Service Providers

a. Retail Rates for a 1" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels	
Water:	\$ 24.60	10,000	N	\$ 2.25	10,001	to 20,000
				\$ 2.75	20,001	to no limit
Wastewater:	\$ 45.94	- 0 -	Y			to
Surface water:	\$ 3.20	1,000	N	\$ 3.20	0	to no limit

District employs winter averaging for wastewater usage? ☐ Yes ☒ No

Total charges per 10,000 gallons usage: Water \$ 56.60 Wastewater \$ 45.94

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	19	19	x 1.0	19
1"	30	30	x 2.5	75
1.5"			x 5.0	
2"	9	9	x 8.0	72
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	58	58		166
Total Wastewater	49	49	x 1.0	49

See accompanying auditor's report.

Sienna Municipal Utility District No. 7
TSI-1. Services and Rates
July 31, 2025

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

Gallons purchased from Sienna Regional MUD:	<u>6,208,000</u>	Water Accountability Ratio: (Gallons billed / Gallons purchased)
Gallons billed to customers:	<u>6,208,000</u>	<u>100.00%</u>

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

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

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

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

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

Entirely ☒ Partly ☐ Not at all ☐

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

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

If Yes, by whom? _____

See accompanying auditor's report.

Sienna Municipal Utility District No. 7
TSI-2. General Fund Expenditures
For the Year Ended July 31, 2025

Professional fees	
Legal	\$ 94,456
Audit	12,000
Engineering	22,488
	<u>128,944</u>
Contracted services	
Bookkeeping	33,331
Operator	39,162
Garbage collection	1,112
Inspection	5,102
Tax collection fees	4,812
	<u>83,519</u>
Repairs and maintenance	<u>47,873</u>
Surface water	<u>15,273</u>
Administrative	
Directors fees	11,713
Printing and office supplies	1,270
Insurance	3,069
Other	10,659
	<u>26,711</u>
Other	<u>8,060</u>
Intergovernmental	
Master District connection charges	9,706
Facilities renewal and replacement	984
Fire protection services	8,010
	<u>18,700</u>
Total expenditures	<u><u>\$ 329,080</u></u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 7
TSI-3. Investments
July 31, 2025

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
Texas CLASS	Variable	N/A	\$ 428
Debt Service			
Texas CLASS	Variable	N/A	<u>2,141</u>
Total - All Funds			<u><u>\$ 2,569</u></u>

See accompanying auditor's report.

Sienna Municipal Utility District No. 7
TSI-4. Taxes Levied and Receivable
July 31, 2025

	Maintenance Taxes	Contract Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 58	\$ -	\$ 58
Adjustments to Prior Year Tax Levy	(2,947)		(2,947)
Adjusted Receivable	(2,889)		(2,889)
2024 Original Tax Levy	205,780	98,543	304,323
Adjustments	7,348	3,519	10,867
Adjusted Tax Levy	213,128	102,062	315,190
Total to be accounted for	210,239	102,062	312,301
Tax collections:			
Current year	213,128	102,062	315,190
Prior years	(3,157)		(3,157)
Total Collections	209,971	102,062	312,033
Taxes Receivable, End of Year	\$ 268	\$ -	\$ 268
Taxes Receivable, By Years			
2024	\$ -	\$ -	\$ -
2023	268		268
Taxes Receivable, End of Year	\$ 268	\$ -	\$ 268
		2024	2023
Property Valuations:			
Land		\$ 35,880,821	\$ 14,978,290
Improvements		1,188,886	
Personal Property		73,785	180,186
Exemptions		(7,125,364)	(453,698)
Total Property Valuations		\$ 30,018,128	\$ 14,704,778
Tax Rates per \$100 Valuation:			
Maintenance tax rates		\$ 0.71	\$ 1.05
Contract tax rates		0.34	
Total Tax Rates per \$100 Valuation		\$ 1.05	\$ 1.05
Adjusted Tax Levy:		\$ 315,190	\$ 154,400
Percentage of Taxes Collected to Taxes Levied **		100.00%	99.83%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 3, 2009

* Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on November 3, 2009

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

See accompanying auditor's report.

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

	Amounts				
	2025	2024	2023**	2022**	2021**
Revenues					
Water service	\$ 13,719	\$ 2,933	\$ -	\$ -	\$ -
Sewer service	15,188	1,219			
Fire service	8,288				
Property taxes	209,971	157,235			
Penalties and interest	877	180			
Surface water fees	15,647	2,546			
Tap connection and inspection	87,871	16,525			
Miscellaneous	8,091				
Investment earnings	754		461		18
Total Revenues	360,406	180,638	461		18
Expenditures					
Current service operations					
Professional fees	128,944	68,044	36,342	23,709	29,106
Contracted services	83,519	47,766	18,581	9,646	9,125
Repairs and maintenance	47,873	17,757			
Surface water	15,273	1,955			
Administrative	26,711	28,820	14,408	7,177	6,496
Other	8,060	30	5,976	2,357	3,488
Intergovernmental					
Master District connection charges	9,706	6,000			
Facilities renewal and replacement	984	171			
Fire protection services	8,010	427			
Contractual obligations		49,530	45,786	62,962	48,041
Total Expenditures	329,080	220,500	121,093	105,851	96,256
Revenues Over (Under) Expenditures	\$ 31,326	\$ (39,862)	\$ (120,632)	\$ (105,851)	\$ (96,238)
Total Active Retail Water Connections	58	11	N/A	N/A	N/A
Total Active Retail Wastewater Connections	49	10	N/A	N/A	N/A

*Percentage is negligible

**Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023**	2022**	2021**
4%	2%	-%	-%	-%
4%	1%	-	-	-
2%		-	-	-
59%	87%	-	-	-
*	*	-	-	-
4%	1%	-	-	-
25%	9%	-	-	-
2%		-	-	-
*		-	-	-
100%	100%	-	-	-
36%	38%	-	-	-
23%	26%	-	-	-
13%	10%	-	-	-
4%	1%	-	-	-
7%	16%	-	-	-
2%	*	-	-	-
3%	3%	-	-	-
*	*	-	-	-
2%	*	-	-	-
	27%	-	-	-
90%	121%	-	-	-
10%	(21%)	-%	-%	-%

Sienna Municipal Utility District No. 7

*TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Current Fiscal Year*

	Amounts	Percent of Fund Total Revenues
	2025	2025
Revenues		
Property taxes	\$ 102,062	99%
Penalties and interest	511	*
Miscellaneous	67	*
Investment earnings	587	1%
Total Revenues	103,227	100%
Expenditures		
Tax collection services	12,959	13%
Other	534	1%
Intergovernmental		
Contractual obligations	99,391	96%
Total Expenditures	112,884	110%
Revenues Under Expenditures	\$ (9,657)	(10%)

*Percentage is negligible

See accompanying auditor's report.

Sienna Municipal Utility District No. 7
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 2025

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District Business Telephone Number: (713) 800-8069
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): May 21, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Robert Wempe	06/22 - 05/26	\$ 2,431	\$ -	President
Michael Winkler	05/22 - 05/26	2,652		Vice President
Carlotta Baird	05/24 - 05/28	2,431	211	Secretary
Matthew Brollier	05/24 - 05/28	2,210		Assistant Vice President
Nikki-Jean Owen	05/22 - 05/26	1,989		Assistant Secretary
Consultants				
Allen Boone Humphries Robinson LLP	2004	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 99,074		
Si Environmental, LLC	2012	97,779		Operator
Municipal Accounts & Consulting L.P.	2018	34,227		Bookkeeper
Tax Tech, Inc.	2018	13,100		Tax Collector
Fort Bend Central Appraisal District	Legislation	4,161		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2023			Delinquent Tax Attorney
LJA Engineering, Inc.	2000	22,608		Engineer
McGrath & Co., PLLC	2024	12,000		Auditor
Robert W. Baird & Co. Incorporated	2015			Financial Advisor

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

See accompanying auditor's report.

APPENDIX C
MASTER DISTRICT CONTRACT

CONTRACT FOR CONSTRUCTION,
FINANCING, OPERATION, AND MAINTENANCE OF SIENNA SOUTH
REGIONAL FACILITIES

CONTRACT FOR CONSTRUCTION,
FINANCING, OPERATION, AND MAINTENANCE OF SIENNA SOUTH
REGIONAL FACILITIES

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EXHIBITS:

A - Service Area

CONTRACT FOR CONSTRUCTION,
FINANCING, OPERATION, AND MAINTENANCE OF SIENNA SOUTH REGIONAL
FACILITIES

THE STATE OF TEXAS §
 §
COUNTY OF FORT BEND §

This Contract (hereinafter called "this Contract") made and entered into as of the 13th day of May, 2013, by and between:

(1) SIENNA PLANTATION MUNICIPAL UTILITY DISTRICT NO. 5 (hereinafter called the "Master District"), a conservation and reclamation district, a body politic and corporate and a governmental agency of the State of Texas, organized as a municipal utility district by Order of the Texas Commission on Environmental Quality and Article XVI, Section 59, and Article III, Section 52, Texas Constitution, and operating under the provisions of Chapters 49 and 54, Texas Water Code, as amended; and

(2) SIENNA PLANTATION MUNICIPAL UTILITY DISTRICT NO. 5 (hereinafter called the "District"), a conservation and reclamation district, a body politic and corporate and a governmental agency of the State of Texas, organized as a municipal utility district by Order of the Texas Commission on Environmental Quality and Article XVI, Section 59, and Article III, Section 52, Texas Constitution, and operating under the provisions of Chapters 49 and 54, Texas Water Code, as amended.

WITNESSETH:

RECITALS

The Master District is one of several conservation and reclamation districts that have been or will hereafter be created and organized in the Brazos River Basin in the extraterritorial jurisdiction of Missouri City, Texas (the "City"), Texas to provide water, sewage, drainage, park, road, and other facilities and services. The Master District, as set forth herein, has assumed the responsibility of becoming the coordinating district to provide the water supply and distribution, sewage collection and treatment services, road utility services park services, fire protection services and other services and facilities permitted by law for the area, as described by metes and bounds on **Exhibit "A"** (the "Service Area"), in order to encourage regionalization and to avoid duplication of lines and facilities in the Service Area.

The Master District and the District have agreed to contract in such a manner that the Master District will be able to provide, as herein described, to all districts

within the Service Area the Master District Facilities, as defined herein, and service through such facilities, and other facilities and services as permitted by law. The Master District intends to serve the entire Service Area, and provide such services in such a manner as to promote the orderly development of the Service Area. The Master District intends to enter into contracts substantially identical to this Contract with all municipal utility districts located within the Service Area, and shall undertake to perform its obligations and exercise its rights under all such contracts in a manner which does not unfairly discriminate against the District.

The Board of Directors of the District has determined to contract with the Master District to provide, receive, and transport its water supply through the Master District's Water Supply System and Water Delivery System and to transport, treat or cause to be treated, and dispose of or cause to be disposed of all waste collected by the District's Sanitary Sewage Collection System. The Master District and the District are authorized to enter into this contract pursuant to Texas Water Code, as now or hereafter amended. The Master District and District are authorized to enter into this contract pursuant to Texas Water Code, Chapters 30, 49, and 54, as now or hereafter amended.

The Master District has completed or will complete all of the necessary preliminary engineering studies to determine the location of water plants and sewage treatment plants, and the location and size of trunk lines and mains to provide for the delivery of water, the transportation of wastes, and the collection of water, and has completed preliminary layouts for the Water Supply System, the Master District's Water Delivery System, the Master District's Sanitary Sewage Collection System, the Waste Disposal System, the Master District's Park Facilities, and the Master District's Road Facilities. These plans are available in the office of the Master District's engineer and constitute the Master District Facilities plans until such time as these plans are amended by the Master District. The Master District intends to enter into a Utility Services Agreement with Sienna Plantation Municipal Utility District No. 1 ("MUD No. 1) whereby MUD No. 1 will assume ownership and operation of the Master District Water Supply System, Water Delivery System, the Master District Sanitary Sewage Collection System, and the Master District Permanent Waste Disposal System. The Master District will also enter into a Maintenance Agreement with Sienna Plantation Levee Improvement District (the "LID") whereby the LID will own and maintain any regional stormwater facilities constructed by the Master District. The Master District will be a member of the City's Groundwater Reduction Program.

The Master District will own and operate the Interim Waste Disposal System. In addition, the parties intend for the Master District's Road Facilities to be conveyed to Fort Bend County for ownership and operation until such time as the Districts are annexed by the City.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations and benefits in this Contract, the Master District and the District contract and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1: Definitions. Unless the context requires otherwise, and in addition to the terms defined above, the following terms and phrases used in this Contract shall have the meanings set out below:

(A) The term "Authorized Investments" shall mean all investments which the District is authorized to make by the laws of the State of Texas currently existing and as may exist during the term of this Contract.

(B) The term "Capital Costs" shall include, with respect to any of the Master District Facilities, all costs attributable to acquisition or construction; the cost of constructing, acquiring, leasing, equipping, modernizing, improving, and upgrading; the cost of the acquisition of interests in real property and easements and permits; the cost of preparing plans, specifications, and inspecting construction; the cost of acquiring necessary permits; the fiscal, legal, advertising, engineering, and material testing costs; interest on sums advanced to or on behalf of the Master District by developers, Participants, or other persons to finance the foregoing; and all other costs and expenses relating to the foregoing.

(C) The term "Certified Appraised Value" means the appraised value subject to taxation as certified by the Fort Bend Central Appraisal District (or any successor as provided by law which provides such services) each year during the term of this Contract, plus an amount equal to the total values exempted from current year taxation by a Participant (1) by virtue of any optional exemption or special appraisal or valuation granted or adopted by a Participant, and (2) by virtue of a landowner claiming any optional exemption or special appraisal or valuation due to the use of the land for agricultural, open-space, timberland, or other similar uses, as such values are shown on the records of the Fort Bend Central Appraisal District, whether such optional exemption or special appraisal or valuation is provided by law now or in the future.

(D) The term "Commercial Connection" means any connection other than a Residential Connection.

(E) The term "Commercial Waste" means the liquid and water-carried waste discharged from commercial processes or any other non-domestic

processes (as distinct from domestic sewage from commercial establishments) and from industries identified in the Standard Industrial Classification Manual, Office of Management and Budget, 1987, as now and hereafter amended or supplemented, under any category other than "Division D -- Manufacturing," and such other waste as the Master District deems appropriate (other than domestic sewage).

(F) The term "Commission" means the Texas Commission on Environmental Quality, or any successor or successors exercising any of its duties and functions.

(G) The term "Connection" means a structure, unit, or tap which has water and/or sanitary sewer facilities connected to the District's Water System and/or the District's Sanitary Sewage System. One Connection is deemed to be the equivalent of a Single Family Residential Connection and uses 455 gallons per day of Potable Water and discharges 320 gallons per day of Sewage or as required by the TCEQ; or an Irrigation Connection as defined herein.

(H) The term "Debt Service Fund" means the fund so designated which the Master District is required to create pursuant to Sections 6.1 and 6.4 of this Contract.

(I) The term "Debt Service Requirements" means (a) the principal, interest, and redemption requirements (whether optional or mandatory) of the Master District Bonds issued in accordance with the provisions of Article III; (b) charges and expenses of paying agents, registrars, and trustees utilized in connection with such bonds; and (c) all amounts required to establish and maintain funds established under the resolution(s) or indenture(s) of trust authorizing the issuance of Master District Bonds.

(J) The term "District" is defined on page 1 hereof and shall include any other municipal corporation, public body or other public agency at any time succeeding to the property and principal rights, powers, and obligations of the District and, where appropriate, means the Board of Directors or governing body of the District or any successor municipal corporation, public body, or public agency.

(K) The term "District's Pro Rata Share" means the percentage determined by the following formula:

$$\frac{\text{District's Certified Appraised Value}}{\text{Cumulative total of the Certified Appraised Value of all Participants (including the District and Master District)}} = \text{District's Pro Rata Share}$$

(L) The term "District's Sanitary Sewage Collection System" means the sanitary sewage collection system constructed or acquired or to be constructed or acquired by or on behalf of the District, including the sanitary sewers (but excluding storm sewers), manholes, intercepting sewers, lift stations, pumping works, and all other plants, works and equipment within and without the District for the collection and transportation of Waste to the Master District's Sanitary Sewage Collection System, together with all extensions thereof and additions thereto.

(M) The term "District's Storm Sewer System" means all or any part of the drainage facilities comprising the storm sewer system constructed or acquired or to be constructed or acquired by or on behalf of the District, including all facilities within and without the District for the collection, detention, storage, and transportation of storm waters to the Master District's Storm Sewer System, together with all extensions thereof and additions thereto.

(N) The term "District's Park System" means the park and recreational facilities now owned or to be constructed or acquired by the District, including all equipment and related facilities inside and outside the District.

(O) The term "District's Water Delivery System" means all or any part of the equipment constructed or acquired or to be constructed or acquired by or on behalf of the District to receive water from the Master District's Water Delivery System, including water mains, trunks, pumping works, realty, and permit rights for the delivery of Potable Water to each Single Family Residential Connection or Commercial Connection. If, pursuant to Section 8.6, the Master District authorizes the District to construct Reuse Water Facilities, then the term also includes Reuse Water Facilities internal to the District that serve only development within the District.

(P) The term "General Fund" shall mean the fund so designated which the Master District is required to create pursuant to the provisions of Sections 6.1 and 6.3 of this Contract.

(Q) The term "Industrial Waste" means the liquid and water-carried waste from industries identified in the Standard Industrial Classification Manual, Office of Management and Budget, 1987, as now or hereafter amended or supplemented, under the category "Division D -- Manufacturing," and such other similar waste which may be harmful to the Waste Disposal System or cause excessive treatment costs or be deemed industrial waste by any Regulatory Requirements.

(R) The term "Infiltration Water" means water which leaks into a public sanitary sewer system.

(S) The term "Interim Waste Disposal Facilities" means the .6 mgd interim package plant(s) (or expanded if approved by the City) leased or purchased by the Master District located in the Service Area to serve the Districts.

(T) The term "Irrigation Connection" means a connection serving an assembly of component parts that is permanently installed for the controlled distribution and conservation of water to irrigate any type of landscape vegetation in any location, and/or to reduce dust or control erosion. This term does not include a system that is used on or by an agricultural operation as defined by Texas Agricultural Code section 251.002.

(U) The term "MUD No. 1 Facilities" means the Master District's Sanitary Sewage Collection System, Master District's Storm Sewer System, Master District's Water Delivery System, Water Supply System and Permanent Waste Disposal System hereafter conveyed by the Master District to MUD No. 1 pursuant to the Master District Utility Agreement. The term does not include (i) the Master District Interim Waste Disposal Facilities; or (ii) Reuse Water Facilities.

(V) The term "Maintenance Agreement" means the Maintenance Agreement between the Master District and the LID that provides for the ownership and operation by the LID of the Master District Storm Sewer System and any other facilities for stormwater detention.

(W) The term "Master District Bonds" means, collectively, the Master District Water, Sewer, and Drainage Bonds, the Master District Park Bonds, the Master District Fire Bonds and the Master District Road Bonds.

(X) The term "Master District Facilities" means the Master District's Sanitary Sewage Collection System, the Master District's Storm Sewer System, the Master District's Water Delivery System, the Water Supply System, the Waste Disposal System; the Master District's Park Facilities, the Master District's Road

Facilities, the Master District Fire Facilities, and such other facilities the Master District is permitted by law to provide, the plans for all of which may be amended from time to time by the Master District.

(Y) The term "Master District Fire Bonds" means bonds or other evidences of indebtedness authorized under the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI, Constitution of Texas, issued by or on behalf of the Master District which, together with the interest thereon, are to be paid from payments to be made pursuant to this Contract and other similar contracts and which have been issued to acquire funds to design, acquire, construct, lease, equip, modernize, repair, improve or complete the Master District Fire Facilities or any enlargements, expansions, repairs or upgrades thereof or modifications thereto which are necessary to meet any future Regulatory Requirements of any agency having jurisdiction thereof; and bonds issued to refund or refinance any such bonds or other evidences of indebtedness issued by or on behalf of the Master District.

(Z) The term "Master District Fire Facilities" means the fire department substation facility and equipment to be constructed pursuant to the Development Agreement to serve the Sienna Central and Sienna South Service Areas and Chapter 49 the Water Code.

(AA) The term "Master District Park Bonds" means bonds or other evidences of indebtedness authorized under the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI, Constitution of Texas, issued by or on behalf of the Master District which, together with the interest thereon, are to be paid from payments to be made pursuant to this Contract and other similar contracts and which have been issued to acquire funds to design, acquire, construct, lease, equip, modernize, repair, improve or complete the Master District's Park Facilities or any enlargements, expansions, repairs or upgrades thereof or modifications thereto which are necessary to meet any future Regulatory Requirements of any agency having jurisdiction thereof; and bonds issued to refund or refinance any such bonds or other evidences of indebtedness issued by or on behalf of the Master District.

(BB) The term "Master District's Park Facilities" means the park and recreational facilities constructed or acquired or to be constructed or acquired by or on behalf of the Master District (including, without limitation, parks, greenbelts, recreational equipment, benches, landscaping, amenity portions of detention ponds, amenity lakes, amenity ditches or creeks, fountains, ball fields, irrigation, fencing, groundwater wells used for lake filling purposes, trails, and related appurtenances and facilities, save and except internal facilities which serve only development within the Master District).

(CC) The term "Master District Road Bonds" means bonds or other evidences of indebtedness authorized under the Constitution and laws of the State of Texas, particularly Section 52 of Article III, Constitution of Texas, issued by or on behalf of the Master District which, together with the interest thereon, are to be paid from payments to be made pursuant to this Contract and other similar contracts and which have been issued to acquire funds to design, acquire, construct, lease, equip, modernize, repair, improve or complete the Master District's Road Facilities or any enlargements, expansions, repairs or upgrades thereof or modifications thereto which are necessary to meet any future Regulatory Requirements of any agency having jurisdiction thereof; and bonds issued to refund or refinance any such bonds or other evidences of indebtedness issued by or on behalf of the Master District.

(DD) The term "Master District's Road Facilities" means the macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads, as permitted by Art. III, Section 52, Texas Constitution, that serve the Service Area constructed or acquired or to be constructed or acquired by or on behalf of the Master District.

(EE) The term "Master District's Sanitary Sewage Collection System" means the sanitary sewage collection system constructed or acquired or to be constructed or acquired by or on behalf of the Master District including the trunk or main sanitary sewers (but excluding storm sewers), manholes, intercepting sewers, lift stations, pumping works and all other plants, works, and equipment within and without the Master District for the collection and transportation of Waste of the Participants to the Waste Disposal System, together with all extensions, enlargements, and modifications thereof and additions thereto, save and except internal facilities which serve only development within the Master District. The Master District's Sanitary Sewage Collection System includes any appurtenances or facilities used in connection therewith, such as laboratories, water quality monitoring stations, and similar equipment and facilities.

(FF) The term "Master District's Storm Sewer System" means all or any part of the drainage facilities for the collection and conveyance of storm waters from the Participants under this Contract or similar contracts, constructed or acquired or to be constructed or acquired by or on behalf of the Master District, within or without the Master District, together with extensions thereof and additions thereto, save and except internal facilities which serve only development within the Master District.

(GG) The term "Master District's Water Delivery System" means all or any part of the equipment for the delivery of Potable Water to Participants under this Contract or similar contracts, constructed or acquired or to be constructed or acquired by or on behalf of the Master District, including water mains and

trunks, pumping works and storage facilities, together with extensions thereof and additions thereto, save and except internal facilities which serve only development within the Master District. The term also includes Reuse Water Facilities.

(HH) The term "Master District Water, Sewer, and Drainage Bonds" means bonds or other evidences of indebtedness authorized under the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI, Constitution of Texas, issued by or on behalf of the Master District which, together with the interest thereon, are to be paid from payments to be made pursuant to this Contract and other similar contracts and which have been issued to acquire funds to design, acquire, construct, lease, equip, modernize, repair, improve or complete the Master District's Water, Sewer, and Drainage Facilities or any enlargements, expansions, repairs or upgrades thereof or modifications thereto which are necessary to meet any future Regulatory Requirements of any agency having jurisdiction thereof; and bonds issued to refund or refinance any such bonds or other evidences of indebtedness issued by or on behalf of the Master District.

(II) The term "Master District's Water, Sewer, and Drainage Facilities" means, collectively, the Master District's Sanitary Sewage Collection System, the Master District's Storm Sewer System, the Master District's Water Delivery System, the Water Supply System, and the Waste Disposal System.

(JJ) The term "Monthly Charges" means the rates, fees, charges, surcharges, tariffs, and related terms and conditions established by the Master District from time to time for Services pursuant to Article V of this Contract.

(KK) The term "Operation and Maintenance Expenses" means all costs and expenses (excluding depreciation) incurred in or allocable to the operation and maintenance of the Master District Facilities, including, without limitation, wages and salaries, chemicals, the purchase and carrying of stores, materials, and supplies, measuring meters, power, supervision, expenses of directors' meetings attributable to performing the duties of the Master District under this Contract, engineering, testing, audits of all Master District funds, waste disposal charges or assessments, claims, insurance for property damage and tortious or contractual liability, contractual payments to persons for water (including surface water), water treatment, or sewage treatment services (including, without limitation, contractual payments for principal, interest, and redemption price on bonds issued by other persons for the purpose of acquiring facilities to provide water (including surface water), water treatment, or sewage treatment services to the Master District, which bonds may be issued at any rate or rates of interest authorized by the issuer of said bonds, provided that the net effective interest rate on any issue or series of said bonds shall not exceed the maximum legal limit

in effect at the time of issuance of each such issue or series); or for the operation and maintenance of the Master District Facilities, and all other items and expenses of a like or different nature reasonably required or desirable for the efficient maintenance and operation of the Master District Facilities in full compliance with all Regulatory Requirements and the performance of the provisions of this Contract; repairs and replacements of damaged, worn-out or obsolete parts; improvements and betterments to maintain or to cause to be maintained the Master District Facilities in proper operation to render adequate service and to comply fully with all Regulatory Requirements; the legal liability of the Master District to pay money arising from an arbitration award or court decision creating a judgment against the Master District related to the construction, acquisition, operation, maintenance, and financing of the Master District Facilities pursuant to this Contract; and the general and administrative expenses of the Master District allocable to the Master District Facilities.

(LL) The term "Park Construction Charge" means the payment made by each Participant, including the District and the Master District, of its pro rata share of the Master District's then estimated Capital Costs of the Master District's Park Facilities. Calculation of the Park Connection Charge is provided for in Section 2A.3 of this Contract.

(MM) The term "Park Construction Fund" means the fund so designated which the Master District is required to create pursuant to the provisions of Sections 6.1 and 6.7 of this Contract.

(NN) The term "Participant" means any district which is included in the Service Area, including the District and the Master District itself, which is served by the Master District Facilities.

(OO) The term "Person" means any individual, public or private corporation, district, authority, political subdivision or other agency or entity of the State of Texas or the United States of America; the State of Texas; the United States of America; any incorporated MUD No. 1, town or village, whether operating under general law or under its home-rule charter; and any co-partnership, association, firm, trust, estate or any other entity whatsoever.

(PP) The term "Potable Water" shall mean water that meets federal and state standards for consumption by humans.

(QQ) The term "Projected Total Connections" means the total number of Commercial Connections and Residential Connections expected to be connected to the District's Water Supply System once all construction and development in the District is complete.

(RR) The term "Regulatory Requirements" means the requirements and provisions of any state or federal law, and any permits, rules, orders, or regulations issued or adopted from time to time by any state, federal, or other regulatory authority having jurisdiction concerning drinking water standards, water quality standards, Sewage, or the collection, treatment, and discharge of Waste, wastewater or effluent, or otherwise having jurisdiction over the Master District Facilities, including without limitation, jurisdiction obtained by virtue of the acceptance of grants by the Master District or others to finance Capital Costs of the Master District Facilities.

(SS) The term "Reserve" means an operation and maintenance reserve in the General Fund equivalent to three (3) months of Operation and Maintenance Expenses, which the Master District is required to establish and maintain pursuant to Section 5.1.

(TT) The term "Residential Connection" means a structure designed for single family residential use which has sanitary conveniences and which is connected to the District's Water Supply System and/or Sanitary Sewage Collection System.

(UU) The term "Reuse Water" means Waste that has been treated to a quality suitable for a beneficial use (for example, without limitation, for irrigation or filling of lakes).

(VV) The term "Reuse Water Facilities" means lines and facilities (including, without limitation, storage tanks, pumps, wetwells, and pressurization tanks) to store, pressurize, convey, and/or deliver Reuse Water. The term also includes any facilities (including, without limitation, filtration devices or equipment) used to treat any Reuse Water after the Reuse Water: (i) is removed from the Master District's Sanitary Sewer System, and/or (ii) leaves any waste disposal system.

(WW) The term "Road Construction Charge" means the payment made by each Participant, including the District and the Master District, of its Pro Rata Share of the Master District's then estimated Capital Costs of the Master District's Road Facilities. Calculation of the Road Construction Charge is provided for in Section 2A.3 of this Contract.

(XX) The term "Road Construction Fund" means the fund so designated which the Master District is required to create pursuant to the provisions of Sections 6.1 and 6.6 of this Contract.

(YY) The term "Service Area" means that territory or area depicted and outlined on **Exhibit "A"** hereto, unless modified pursuant to Section 11.17 hereof.

(ZZ) The term "Services" means any or all of the water supply and delivery, sanitary sewage collection and disposal, storm water drainage and detention services, road services, and park services furnished or made available by the Master District Facilities including supply, treatment, and transportation of Potable Water and Reuse Water, collection, transportation, treatment, and disposal of Waste, the collection, detention, transportation, and drainage of storm waters, the provision of park services, road services, and any other services permitted by law.

(AAA)The term "Sewage" means the liquid and water-carried waste discharged from sanitary conveniences of dwellings and buildings connected to a public sanitary sewer system.

(BBB) The term "Single Family Residential Connection" means a structure designed for residential use by a single family unit and which has sanitary facilities which are or will be connected to the District's Water Supply System and/or Sanitary Sewage Collection system.

(CCC) The term "Utility Agreement" means that certain contract between the Master District and MUD No. 1 that provides for the financing, construction and operation of the water and wastewater facilities, to serve the Participants.

(DDD) The term "Waste" means Sewage, Commercial Waste, and Industrial Waste collected by a public sanitary sewer system, together with such Infiltration Water as may be present.

(EEE) The term "Permanent Waste Disposal System" means all or any part of disposal system(s) or disposal facilities whether or not physically interconnected, now owned or to be constructed or acquired or provided by the Master District or MUD No. 1 for treating and disposing of Waste collected by the Sanitary Sewage Collection System(s) of the Master District, the District and/or any other Person, a diversion line or lines constructed to transport Waste, or facilities and any interest in real estate, and any permit rights acquired in connection with such disposal systems or facilities; together with such extensions, enlargements and modifications as may be required in the future or as may be necessary to comply with any present or future Regulatory Requirements; all or any part of any disposal system or systems (whether or not on such site or physically interconnected) from which Services are or will be furnished or made available to or by the Master District and/or to the District (or to the District and/or other customers), including any appurtenances or facilities

used in connection therewith, such as laboratories, water quality monitoring stations, and similar equipment and facilities; and further includes all or any part of any contract rights of the Master District under contracts between the Master District and other Persons for Services.

(FFF) The term "Waste Disposal System" means the Interim Waste Disposal Facilities and the Permanent Waste Disposal System.

(GGG) The term "Water, Sewer, and Drainage Construction Fund" means the fund so designated which the Master District is required to create pursuant to Sections 6.1 and 6.5 of the Contract.

(HHH) The term "Water Supply System" means all or any part of the water wells and equipment and surface water conveyance and treatment facilities for producing Potable Water which are constructed or acquired or are to be constructed or acquired by or on behalf of the Master District to provide Potable Water to the Participants, and further includes any appurtenances or facilities used in connection therewith, including reservoirs, water treatment facilities, contract rights, water rights, permit rights, interests in realty, and all storage facilities, including elevated storage tanks.

Section 1.2: Table of Contents, etc. The table of contents, titles and headings of the articles and sections of this Contract have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Contract or any provision hereof or in ascertaining intent, if any question of intent should arise. Unless the context otherwise requires, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

Section 1.3: Interpretations. This Contract and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Contract. The parties agree that this Contract shall not be construed in favor of or against either party on the basis that the party did or did not author the Contract. Nothing in this Contract shall be construed to violate any state or federal statutory provision or any provision of the state or federal Constitutions and all acts done pursuant to this Contract shall be performed in such manner as to conform thereto whether expressly provided or not.

ARTICLE II

MASTER DISTRICT FACILITIES TO SERVE DISTRICT

Section 2.1: General Statement. Subject to the provisions hereof, the Master District plans to acquire, construct, and extend the Master District's Facilities in stages to meet the needs of a continually expanding population within the District and other areas within the Service Area. The Master District plans to cause the Master District's Water, Sewer, and Drainage Facilities (except the Interim Waste Disposal Facilities) and the Master District's Park Facilities to be conveyed to MUD No. 1 for MUD No. 1 to own, operate and maintain such facilities to serve the Service Area. The Master District plans to cause the Master District's Road Facilities to be conveyed to Fort Bend County to own, operate and maintain such roads. The Master District intends to own and maintain the Master District Park Facilities until such time as the Districts are annexed by the City. Notwithstanding any provisions of this Agreement to the contrary, the Master District, in its sole discretion, may determine whether or when to design, construct, or acquire any of the Master District's Park Facilities or the Master District's Road Facilities and the method of financing therefor.

The Master District intends to finance the Capital Costs of the Master District Water, Sewer and Drainage Facilities, the Master District Fire Facilities, the Master District Park Facilities and Master District Road Facilities. The Master District also intends to pay the Capital Costs of the Master District's Park Facilities from Park Construction Charges financed by each Participant to the Master District.

Section 2.2: Utility Agreements. The Master District has or will enter into a Utility Agreement with MUD No. 1 whereby MUD No. 1 will own and operate the water and permanent wastewater facilities in the Service Area and provide water supply and permanent wastewater treatment to land in the Service Area. MUD No. 1 is not expected to own or operate the Master District's Park Facilities, the Master District's Road Facilities, the Interim Waste Disposal Facilities, or the Reuse Water Facilities. The provisions of this Contract that relate to the operation and maintenance of MUD No. 1 Facilities shall only be effective: (i) upon a default by MUD No. 1 of its obligation to operate the MUD No. 1 Facilities and the Master District's assumption of that obligation; (ii) if MUD No. 1 has not accepted for ownership, or otherwise does not own, any portion of the MUD No. 1 Facilities; and/or (iii) if the Utility Agreement is amended to provide that the MUD No. 1 Facilities will not be conveyed to MUD No. 1.

Section 2.3: Initiating Construction of Master District Facilities. The Master District shall initiate the construction of Master District Facilities to meet anticipated needs of the Participants. Whenever the District desires, from time to time to construct, extend, or expand the District's Sanitary Sewage Collection System, the District's Storm Sewer System, or the District's Water Delivery System in such a manner as will require the Master District to construct, extend, or expand the Master District Facilities, or when

proposed development within the District requires the construction, extension, or expansion of Master District Facilities, the District shall so inform the Master District in writing. Extension of Master District Road Facilities shall be in conformance with the City's Traffic Impact Analyses. Upon receipt of such request and subject to the availability of funds to provide sufficient capacity in the Master District Facilities, the Master District is obligated to construct, or cause to be constructed, the Master District Facilities necessary to meet the District's request within a reasonable period of time considering the type of Master District Facilities required. In any such instance when the Master District is unable to provide the requested facilities at the time needed by the District, the Master District shall make arrangements for interim facilities, provided funds are available. The District will provide the Master District with such information as may be reasonably required by the Master District to determine the facilities or services that are needed to meet the District's requests. Without limiting the generality of such information as the Master District may require, the District agrees to supply the Master District with information concerning:

(A) The existing number and types of connections to the District's Water Delivery System, the District's Storm Sewer System, and the District's Sanitary Sewage Collection System;

(B) The number, type, and location of connections expected to be added to the District's Water Delivery System and the District's Sanitary Sewage Collection System;

(C) The nature of land use in the area to be served by the District's Water Delivery System, the District's Storm Sewer System, and the District's Sanitary Sewage Collection System;

(D) The capacity in the Waste Disposal System which the District estimates will be necessary to meet the District's requirements, expressed in average daily flow in gallons per minute, peak daily flow in gallons per minute, and peak hourly flow of Waste in gallons per minute which the District will discharge into the Waste Disposal System;

(E) The quantity of water needed from the Water Supply System, expressed in average daily flow in gallons per minute and peak hourly flow in gallons per minute;

(F) Specific information regarding any commercial or industrial uses of water or discharges which the District anticipates;

(G) Copies of all recorded and preliminary subdivision plats not already furnished;

(H) The District's projection as to the rate and type of development within the District as a whole and in any areas outside the District to be served by the District; and

(I) Such other information as the Master District may reasonably request.

Section 2.4: Determination of Master District Facilities. After receiving the information provided in Section 2.3, above, and consulting with the District, the Master District shall promptly determine and advise the District as to what Master District Facilities will be required to meet the Master District's obligation to satisfy the requests of the District and the estimated costs of said Master District Facilities. With the prior written approval of the Master District, the District may undertake to design and construct certain Master District Facilities that shall be conveyed to the Master District, as set out in Section 2.12.

The District recognizes that the Master District Facilities are designed to serve all Participants within the Service Area. It is specifically understood and agreed that the Master District's determination of what Master District Facilities are required and the Master District's determination of the cost of construction of Master District Facilities will be based on sound engineering and economic practices with particular emphasis on the obligation of the Master District to proceed on a timely basis with the construction of Master District Facilities necessary to meet the needs of all Participants and to avoid duplication of facilities. The information required in Section 2.3, above, shall be submitted by the District to the Master District far enough in advance of the District's bond application and engineering reports to the Commission so that the Master District's determinations with regard to required Master District Facilities can be utilized in said bond application and engineering reports. The District shall notify the Master District in writing each time the District intends to submit a bond application and engineering report to the Commission or any other agency having jurisdiction. Upon request, the District will provide a copy of such application to the Master District. The Master District will bear all costs of making such copy.

Section 2.5: Preparation of Plans. If the Master District determines that it must incur Capital Costs to satisfy the request of the District, the Master District shall determine what Master District Facilities are required and shall promptly direct its engineers to prepare plans and specifications. However if the Permanent Waste Disposal System is required, the Master District shall proceed in accordance with Section 2.7 below.

Section 2.6: Construction of Master District Facilities. For all Master District Facilities other than the Permanent Waste Disposal System, if the Master District will be constructing Master District Facilities to meet the requests of Participants, the Master District shall, subject to the availability of sufficient funds to pay the estimated Capital

Costs of the Master District Facilities, follow all procedures with regard to contract advertisement, bidding, and award as the Master District is required by law to follow. If after receiving bids or proposals, the Master District is satisfied with the bids or proposals received, the Master District shall award a contract for the construction of the Master District Facilities and shall then proceed to construct such Master District Facilities promptly following the receipt of sufficient funds to pay the estimated Capital Costs of the Master District Facilities. If the Master District is not satisfied with the bids or proposals received, it shall promptly take other bids or proposals.

Section 2.7: Construction of Permanent Waste Disposal System. To achieve certain benefits and economies of regionalization, the parties agree that MUD No. 1 will design, construct, own, and operate the Permanent Waste Disposal System. The Master District will make the determination as to what facilities are necessary to satisfy its obligation to the District and for development within the Service Area in accordance with Sec. 2.4 above. Once the Master District makes such a determination, it will notify the MUD No. 1 engineer to begin design of the Permanent Waste Disposal System in accordance with the Utility Agreement. If MUD No. 1 cannot fulfill its obligation to construct the Permanent Waste Disposal System as part of the Utility Agreement, the Master District has the right to design, acquire, construct or expand the Permanent Waste Disposal System as needed to satisfy the Master District's obligations to the District as stated in this Agreement.

Section 2.8: Conveyance of MUD No. 1 Facilities. Upon transfer of the MUD No. 1 Facilities to MUD No. 1, MUD No. 1 shall be the owner of the MUD No. 1 Facilities, including all related appurtenances, sites, rights-of-way, easements, and all enlargements, extensions, or improvements thereto; and MUD No. 1 (and not the Master District) shall be responsible for operation and maintenance of same (unless MUD No. 1 defaults in its obligation to operate same and the Master District assumes such obligation).

Section 2.9: Access. The Master District shall allow the District's representatives to have access at all times to construction in progress of Master District Facilities to serve the District and to make such inspections thereof as may be deemed necessary or desirable. The District shall also have full access to all of the Master District's contracts, books and records relating to the construction of such Master District Facilities.

Section 2.10: Conditions to Construction of Master District Facilities. It is expressly agreed and understood that any obligation on the part of the Master District to purchase, construct, improve, or enlarge Master District Facilities for the District or to cause Master District Facilities to be acquired, constructed, improved, or enlarged for the District shall, in addition to any conditions specified elsewhere in this Contract, be subject to (a) the Master District's ability to obtain or cause to be obtained all permits and licenses required to construct and operate the Master District Facilities; (b) the availability of sufficient funds to advertise, bid, award, and contract as the Master

District is required by law to follow; and (c) a determination by the Master District that the facilities at issue are regional in nature and are accordingly properly considered Master District Facilities.

Section 2.11: Regulatory Permits. If any Master District Facilities constructed under Article II require the acquisition of, or an amendment to, any permit or order issued by any regulatory agency, the Master District shall (subject to any necessary approvals or consents from the MUD No. 1) immediately make and pursue, or cause to be made and pursued, such applications and take such lawful actions as may be necessary to obtain such amendments or new permits. The District agrees to cooperate with the Master District in any way reasonably necessary in applying for, pursuing, and obtaining such amendments or new permits.

Section 2.12: Ownership of Master District Facilities Constructed. As between the parties, it is expressly agreed that the Master District shall be the owner of the Master District Facilities constructed or acquired by or on behalf of the Master District under this Article (except the Permanent Waste Disposal System), including all related appurtenances, sites, rights-of-way, easements, and all enlargements, extensions, or improvements thereto. Upon transfer of any of the Master District Facilities to MUD No. 1, MUD No. 1 shall be the owner of the transferred Master District Facilities, including all related appurtenances, sites, rights-of-way, easements, and all enlargements, extensions, or improvements thereto.

Notwithstanding any other provision of this Contract, no connection shall be made or authorized to be made by the District or its operator to any Master District Facilities, regardless of whether or not such Master District Facilities have been conveyed to the MUD No. 1, without the prior written approval of: (i) the Master District's engineer, and (ii) the Master District's operator, if the Master District is then operating the Master District's Water Delivery System, [the Master District's Storm Sewer System], and the Master District's Sanitary Sewage Collection System.

Section 2.13: Right of District to Construct Master District's Water, Sewer, and Drainage Facilities and Road Facilities. Pursuant to and subject to the terms of this Contract, the Master District is under an obligation to acquire, construct, or expand the Master District's Water, Sewer, and Drainage Facilities and Master District's Road Facilities necessary to provide Services to the District. Failure on the part of the Master District to respond in a timely manner could result in considerable damages to the District. In the event the Master District fails to meet its obligations to provide the Master District's Water, Sewer, and Drainage Facilities or Master District's Road Facilities, as required by this Contract, the District shall have the right to design, acquire, construct, or expand the Master District's Water, Sewer, and Drainage Facilities or Master District's Road Facilities needed to provide service to it and convey the Master District's Water, Sewer, and Drainage Facilities and Road Facilities to the Master District in consideration of payment for the actual reasonable and necessary Capital

Costs by the Master District. The Master District shall be under an obligation to pay for and accept the conveyance of the Master District's Water, Sewer, and Drainage Facilities and Road Facilities only if:

(A) The Master District's Water, Sewer, and Drainage Facilities and Road Facilities are approved, designed, and constructed in accordance with applicable Regulatory Requirements;

(B) The plans and specifications for the Master District's Water, Sewer, and Drainage Facilities and Road Facilities are reviewed and approved by the Master District prior to the construction of the Master District's Water, Sewer, and Drainage Facilities and Road Facilities. The Master District must approve or disapprove the plans within 45 days after such plans and specifications are submitted to the Master District, and the Master District's approval may not thereafter be withdrawn. The Master District further agrees not to unreasonably withhold its approval. The Master District may delegate responsibility for such review and approval to its engineer or other agent or employee.

(C) Concerning the Master District's Water, Sewer, and Drainage Facilities, adequate capacity is available in the Waste Disposal System and the Water Supply System;

(D) As-built drawings of the Master District's Water, Sewer, and Drainage Facilities and Road Facilities conveyed are delivered to the Master District;

(E) The engineers for the District certify to the Master District that the Master District's Water, Sewer, and Drainage Facilities and Road Facilities to be conveyed have been completed in accordance with the plans and specifications and were constructed under full-time inspection;

(F) The District agrees to assign to the Master District, on or before the first anniversary of the completion and acceptance of the Master District's Water, Sewer, and Drainage Facilities by the District, all manufacturers' and contractors' warranties on the Master District's Water, Sewer, and Drainage Facilities;

(G) The Master District's Water, Sewer, and Drainage Facilities are conveyed to the Master District or Fort Bend County, as applicable, free and clear of all liens and encumbrances;

(H) The Master District's Water, Sewer, and Drainage Facilities are conveyed to the Master District or Fort Bend County, as applicable, by instruments of transfer and conveyance with the approval of the attorneys for the Master District, which approval shall not be unreasonably withheld; and

(I) The District agrees by appropriate instrument to be responsible for any extraordinary maintenance or repairs to the Master District's Water, Sewer, and Drainage Facilities for a period of one (1) year after the Master District's Water, Sewer, and Drainage Facilities are completed and accepted by the District from the contractor.

The Master District shall value the Master District's Water, Sewer, and Drainage Facilities constructed by the District and shall pay to the District an amount equal to the Capital Costs expended or incurred for the acquisition and construction of the Master District's Water, Sewer, and Drainage Facilities. The Master District reserves the right to require a construction audit to ascertain the actual Capital Costs of the Master District's Water, Sewer, and Drainage Facilities proposed to be conveyed to the Master District. Notwithstanding the foregoing, the District reserves the right to pursue legal remedies against any other Participant, or any contractor or subcontractor who engages in an artifice or manipulation to artificially establish the prices for the construction of any of the Master District's Water, Sewer, and Drainage Facilities. Upon failure of the District to pursue such remedies, the Master District shall have the right to pursue such remedies.

Section 2.14: Reservation of Capacity. The Master District has adopted or shall adopt, and may from time to time amend, written policies to reserve and allocate capacity in some or all Master District Water, Sewer, and Drainage Facilities on a fair and equitable basis between the District and other Participants. After adoption of such policies, the District shall be provided a copy. The District agrees that it will not take any action to obtain or use, or attempt to obtain or use, capacity in the Master District Water, Sewer, and Drainage Facilities in excess of what has been reserved to the District pursuant such Master District policies, regardless of whether or not the applicable Master District Water, Sewer, and Drainage Facilities have been conveyed to MUD No. 1.

Section 2.15: Fire Department and Fire-Fighting Activities. The Master District and the District have developed and adopted a fire plan as approved by the TCEQ. MUD No. 1 has entered into an agreement with the City whereby the City will design and construct Fire Station No. 5, and MUD No. 1 will advance funds necessary to pay for such fire station and acquisition of such equipment. The Master District on behalf of the District has contributed each District's pro rata share of the Master District Fire Facilities.

ARTICLE IIA

FINANCING OF MASTER DISTRICT FACILITIES

Section 2A.1: Master District's Water, Sewer, and Drainage Facilities. The Master District intends to finance the Capital Costs of the Master District's Water, Sewer

and Drainage Facilities through the issuance of its Master District Water, Sewer, and Drainage Bonds pursuant to this Contract.

Section 2A.2: Master District's Road Facilities and Master District's Park Facilities. The Master District, in its sole discretion, may determine to finance the Capital Costs of the Master District's Road Facilities or the Master District's Park Facilities either through: (i) the issuance of its Master District Road Bonds or Master District Park Bonds, respectively, or (ii) the charge and collection of Road Construction Charges or Park Construction Charges, respectively, financed and paid by each Participant. The Master District shall inform each Participant of its determinations made pursuant to the sentence above.

Section 2A.3: Method of Calculating the Road Construction Charge and the Park Construction Charge. If the Master District determines to finance the Capital Costs of the Master District's Road Facilities or the Master District's Park Facilities through the charge and collection of Road Construction Charges or Park Construction Charges, respectively, then the Road Construction Charge and the Park Construction Charge is to be computed from time to time on the basis of the then estimated total Capital Costs of providing the Master District's Road Facilities or the Master District's Park Facilities, respectively, for the Service Area minus the payments which have been previously received from the Participants as Road Construction Charges and Park Construction Charges, respectively, and dividing the result by the number of estimated total Connections to be constructed within the Service Area minus the number of Connections that have previously paid Road Construction Charges and Park Construction Charges, respectively, to the Master District. The Master District shall compute the Road Construction Charge and the Park Construction Charge and disclose all figures used in its computations to the District. All such figures shall be prepared from the best evidence available to the Master District. The Master District reserves the right to provide, from time to time, for an automatic escalator (which may be, without limitation, the Engineering News Record Construction Cost Index) to be applied to a base Road Construction Charge or Park Construction Charge established as of any particular date, which escalator may remain in effect until the next computation. The Master District may periodically recompute the Road Construction Charge or the Park Construction Charge based on changes in Capital Costs, land plans, or any other relevant factors. In no event, however, shall the District be required to issue bonds to pay Road Construction Charges or Park Construction Charges paid by the District under this Contract in excess of any applicable legal limit. Any Road Construction Charges or Park Construction Charges not able to be paid from bond proceeds shall be paid from other legally available funds of the District.

Section 2A.4: Payment of Road Construction Charges and Park Construction Charges to the Master District. If the Master District determines to finance the Capital Costs of the Master District's Road Facilities or the Master District's Park Facilities through the charge and collection of Road Construction Charges or Park Construction

Charges, respectively, then the District shall satisfy the Road Construction Charges and the Park Construction Charges either by payment of money at the rate in effect on the date of such payment or by the transfer to the Master District of portions of the Master District's Road Facilities or the Master District's Park Facilities, respectively, equal in value to the Road Construction Charge or the Park Construction Charge, respectively, then in effect on the date such transfer is accepted by the Master District multiplied by the number of Connections being acquired by the District. Any money paid to the Master District by the District of Road Construction Charges shall be deposited in the Road Construction Fund. Any money paid to the Master District by the District of Park Construction Charges shall be deposited in the Park Construction Fund. Any Road Construction Charges and Park Construction Charges calculated according to Section 2A.3 shall be paid by the District to the Master District at the time reservations of capacity in the Master District Facilities are requested by the District for a specific number of Connections. The Road Construction Charges and Park Construction Charges must be paid by the District to the Master District before any new Connection within the District to be served by the Master District Facilities will be authorized. The Master District may allow the District to delay its payment of Road Construction Charges and Park Construction Charges to the Master District until after the District has sufficient District bond funds available for such purposes.

Section 2A.5: Master District Road Construction Charges and Park Construction Charges. The Master District in its capacity as a Participant shall have the same rights and obligations as other Participants and shall be obligated to pay the Road Construction Charges and the Park Construction Charges on the same basis as any other Participant.

Section 2A.6: Master District's Fire Facilities. The Master District intends to finance the Capital Costs of the Master District's Fire Facilities through the issuance of its Master District Fire Bonds pursuant to this Contract.

Section 2A.7: Financing Alternative. By amendment to this Contract duly approved by the Master District and the District, the District may be authorized to finance any of the Master District Facilities. The Master District and the District agree that in the event of such an amendment, no election shall be required to approve the amendment and the Contract, as amended shall remain in full force and effect.

ARTICLE III

ISSUANCE OF BONDS BY THE MASTER DISTRICT

Section 3.1: General. To the fullest extent currently or hereafter allowed by law, the Master District is authorized to issue contract revenue bonds sufficient, as determined solely by the Master District, to complete acquisition and construction of the Master District Facilities as needed to serve all districts in the Service Area;

provided, however that: (i) the aggregate amount of Master District Water, Sewer, and Drainage Bonds shall not exceed \$441,800,000; (ii) the aggregate amount of Master District Road Bonds shall not exceed \$249,500,000; (iii) the aggregate amount of Master District Park Bonds shall not exceed \$218,300,000; and (iv) the aggregate amount of Master District Fire Bonds shall not exceed \$32,800,000. Any increase in the amount of bonds authorized to be issued by the Master District pursuant to "(i)," "(ii)," "(iii)" or "(iv)" of the previous sentence shall require the written approval of all Participants and the approval of an amendment to this Contract by the voters at an election held by each Participant.

Section 3.2: Authority to Issue Bonds. Subject to Section 3.1 above, the Master District shall have the power, without any approval by or consent of the District or any other Participant, to issue from time to time (subject to obtaining the opinion of the Attorney General approving such bonds and obtaining any necessary approvals of the Commission for the sale of such bonds) its Master District Water, Sewer, and Drainage Bonds, its Master District Road Bonds, its Master District Fire Bonds and its Master District Park Bonds, all as the Board of Directors of the Master District shall determine to be necessary or desirable to obtain funds:

- (A) To pay all Capital Costs to acquire, construct, improve, enlarge, extend, or repair the Master District Facilities, in order to serve the District and other Participants;
- (B) To pay Operation and Maintenance Expenses during construction and the initial operating period;
- (C) To capitalize interest on the bonds;
- (D) To provide such reserve or contingency funds as the Board of Directors of the Master District in its judgment deems necessary;
- (E) To pay all costs incurred in the issuance of the bonds; and
- (F) To refund or refinance any bonds theretofore issued in any manner provided by law.

Section 3.3: Notice of Intent to Issue Bonds. Prior to issuing bonds as provided in this Article, the Master District shall notify the District of its intention to issue such bonds within ten (10) days after filing of a bond application with the Commission or other agency having jurisdiction. Notwithstanding any provision hereof, failure of the Master District to provide such notice shall in no way limit or impede the Master District's ability and power to issue bonds. Upon written request of the District, the Master District will provide a copy of such application to the District. The District will bear all costs of making such copy.

Within thirty (30) days after issuance of each series of Master District Bonds, the Master District shall provide the District with a copy of the bond resolution and the Master District's estimate of the amounts required to: (i) pay or provide for the payment of (a) all the interest and the principal on all bonds issued pursuant to this Article III when and as same shall become due and payable, and (b) all sinking fund and/or all reserve fund payments to be made in respect of any bonds issued pursuant to this Article III when and as the same shall become due and payable; and (ii) fulfill the terms of any agreements or covenants made with the holders of any bonds issued pursuant to this Article III and/or with any person on their behalf.

Section 3.4: Failure to Institute Arbitration. Should the District, within sixty (60) days after receiving notice of the Master District's intention to issue bonds as provided in Section 3.3 above, fail to institute arbitration pursuant to Section 11.16 hereof to settle any claim, objection, or controversy which the District might raise concerning such issuance of bonds, any such claim, objection, or controversy shall be considered as waived and abated.

Section 3.5: Terms of the Bonds. The Master District Bonds, as authorized in this Article, may either be sold at such price or prices as the Board of Directors of the Master District shall determine, and the Master District Bonds, as authorized in this Article, may be issued at any rate or rates of interest as the Board of Directors of the Master District may determine, provided that the net effective interest rate on any issue or series of such Master District Bonds shall not exceed the maximum legal limit in effect at the time of issuance of each such issue or series. All Master District Bonds shall be authorized by resolution or resolutions of the Board of Directors of the Master District approved by at least a majority of the members thereof, and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, payable annually or semiannually or at maturity, be in such denominations, and in such form, carry such registration privileges as to principal only or as to both principal and interest, and as to exchange of bonds of one denomination for bonds of other denominations, be executed in such manner and be payable at such place or places within or without the State of Texas, as such resolution or resolutions may provide. Any resolution or resolutions authorizing any bonds may contain such provisions as the Board of Directors of the Master District deems appropriate, which shall be a part of the contract between the Master District and the holders thereof from time to time, including without limitation of the generality thereof, provisions:

(A) Providing for disposition and use of bond proceeds;

(B) Reserving the right or requiring the Master District to redeem the bonds at such time or times, in such amounts and at such prices, plus accrued interest, as may be provided;

(C) Providing for the setting aside of sinking funds and reserve funds and the regulation and disposition thereof;

(D) Pledging to secure the payment of the principal of and interest on the bonds and of the sinking fund payments agreed to be made in respect of such bonds from all or any part of the gross or net revenues thereafter received by the Master District in respect of the property, real, personal, or mixed, to be acquired and/or constructed with such bonds or the proceeds thereof, or all or any part of the gross or net revenues thereafter received by the Master District from whatever source derived, including payments received from the Participants pursuant to Article IV hereof.

(E) Prescribing the purposes to which such bonds or any bonds thereafter to be issued, or the proceeds thereof, may be applied;

(F) Agreeing to fix and collect rates and charges sufficient to produce revenues adequate to operate and maintain some or all of the Master District Facilities, and prescribing the use and disposition of all revenues;

(G) Providing for investment of funds;

(H) Prescribing limitations upon the issuance of additional bonds and upon the agreements which may be made with the purchasers and successive holders thereof;

(I) Providing for constructing, extending, improving, reconstructing, operating, maintaining, or repairing of some or all of Master District Facilities, and carrying of insurance upon all or any part of properties covering loss or damage or loss of use and occupancy resulting from specified risks;

(J) Fixing the procedure, if any, by which, if the Master District shall so desire, the terms of any contract with the holders of such bonds may be amended or abrogated, and prescribing the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(K) Providing for the execution and delivery by the Master District to a bank or trust company authorized by law to accept trusts, or to the United States of America or any officer or agency thereof, of indentures and agreements for the benefit of the holders of such bonds setting forth any or all of the agreements herein authorized to be made with or for the benefit of the holders of such bonds and such other provisions as may be customary in such indentures or agreements;

(L) Providing that such bonds are additionally secured by a mortgage or deed of trust lien on all or any part of the Master District Facilities, other than Master District Park Facilities, purchased or constructed with the proceeds of the bonds, such mortgage or lien to be subject to the obligations of the Master District to the District hereunder; and/or

(M) Relating to events of default under any resolution, indenture, or agreement entered into with the bondholders and any remedies provided to such bondholders which the Master District may deem advisable, including but not limited to mandamus, suits at law or equity, appointment of a receiver, or any other remedies that are not inconsistent with the provisions of this Article as the Board of Directors of the Master District may approve.

Section 3.6: Sale of Bonds to Texas Water Development Board. In the event that the Master District sells Master District Water, Sewer, and Drainage Bonds to the Texas Water Development Board or similar body, the District agrees to fully cooperate with the Master District in adopting water conservation and drought contingency plans that comply with the City's Groundwater Reduction Program and in meeting other requirements imposed as a condition of purchase of the bonds by the Texas Water Development Board.

Section 3.7: Alternative Funds. If, for any reason, the Master District is unable to issue and sell its bonds to provide funds for the purposes set out in this Contract, the District recognizes its ultimate obligation to provide its proportionate share of required funds to the Master District from any lawful source available to or which can be made available to the District (including, without limitation, District bond proceeds).

Section 3.8: Master District Notes. The Master District shall have the power, without any approval by or consent of the District or any other Participant, to issue notes (including, without limitation, bond anticipation notes) to the fullest extent currently or hereafter allowed by law.

ARTICLE IV

ELECTION, TAXES, AND PAYMENTS

Section 4.1: District Election. As provided in this Section 4.1, the District has or will call an election, or elections, in accordance with the provisions of any law authorizing such an election, for the approval of this Contract and the authorization to levy, assess, and collect ad valorem taxes on all taxable property within the boundaries of the District, without limit as to rate or amount, sufficient to make timely payment of all charges under this Contract to the Master District. The District has or will submit to the voters in such election four propositions regarding approval of the Contract as follows: (i) a proposition that approves the provisions of the Contract and specifically approves the District's obligation to levy an annual ad valorem tax to make payments for the Debt Service Requirements of the Master District Water, Sewer, and Drainage Bonds and for Monthly Charges associated with the Services from the Master District's Water, Sewer, and Drainage Facilities; (ii) a proposition that approves the provisions of the Contract and specifically approves the District's obligation to levy an annual ad valorem tax to make payments for the Debt Service Requirements of the Master District

Road Bonds and for Monthly Charges associated with the Services from the Master District's Road Facilities; (iii) a proposition that approves the provisions of the Contract and specifically approves the District's obligation to levy an annual ad valorem tax to make payments for the Debt Service Requirements of the Master District Park Bonds and for Monthly Charges associated with the Services from the Master District's Park Facilities; and (iv) a proposition that approves the provisions of this Contract and specifically approves the fire plan and contract to provide fire-fighting services for the District. If proposition "i," above, is approved at said election, regardless of whether or not propositions "ii" and "iii," above, are approved, then the District's obligation to levy an annual ad valorem tax to make payments for Debt Service Requirements for Master District Water, Sewer, and Drainage Bonds and for Monthly Charges associated with the Services from the Master District's Water, Sewer, and Drainage Facilities shall be authorized. If proposition "ii," above, is approved at said election, regardless of whether or not propositions "i" and "iii," above, are approved, then the District's obligation to levy an annual ad valorem tax to make payments for Debt Service Requirements for Master District Road Bonds and for Monthly Charges associated with the Services from the Master District's Road Facilities shall be authorized. If proposition "iii," above, is approved at said election, regardless of whether or not propositions "i" and "ii," above, are approved, then the District's obligation to levy an annual ad valorem tax to make payments for Debt Service Requirements for Master District Park Bonds and for Monthly Charges associated with the Services from the Master District's Park Facilities shall be authorized. If proposition "iv," above, is approved at said election, regardless of whether or not propositions "i" "ii" and "iii," above, are approved, then the District's obligation to levy an annual ad valorem tax to make payments for Debt Service Requirements for Master District Fire shall be authorized. Notwithstanding any provision of this Contract to the contrary, if such election does not pass, the Master District shall not be obligated to provide any service to the District under this Contract. Upon request by the Master District, the District shall provide certified copies of all proceedings pertaining to the creation and confirmation of the District and authorization and execution of this Contract.

Section 4.2: Duty to Levy Tax. Subject to the passage of the election required in Section 4.1, the District agrees to levy and hereby levies and shall annually assess and collect a continuing, direct ad valorem tax on all taxable property within the boundaries of the District to make timely payments of all charges required under this Contract to the Master District, without limitation as to rate or amount, sufficient to pay the District's Pro Rata Share of the funds needed by the Master District to pay Debt Service Requirements on the Master District Bonds issued pursuant to this Contract and the District's share of amounts necessary to pay the Monthly Charges, except to the extent the District has available funds which may be lawfully used for such purposes.

In addition, the District agrees to levy and hereby levies and shall annually assess and collect a continuing, direct ad valorem tax on all taxable property within the

boundaries of the District to make timely payments of all charges required under this Contract to the Master District, without limitation as to rate or amount, sufficient to pay the District's share of amounts necessary to pay the Monthly Charges (other than Monthly Charge for maintenance of Master District Road Facilities or any other road facility for which the Master District derives its authority from Article III, Section 52, Texas Constitution), except to the extent the District has available funds which may be lawfully used for such purpose.

Section 4.3: Calculation and Payment of Debt Service. The Master District shall prepare an annual debt service budget which contains the following items and shall be subdivided into separate budgets for each of the Master District Water, Sewer, and Drainage Bonds, the Master District Road Bonds, the Master District Fire Bonds and the Master District Park Bonds, to the extent necessary or convenient:

(A) the total Debt Service Requirements on the Master District Bonds for the next calendar year, including paying agent and registrar fees;

(B) the total revenues required to pay such Debt Service Requirements and related expenses after allowance for fund balances resulting from capitalized interest, interest earnings, and other revenues;

(C) the cumulative total of the Certified Appraised Value of all Participants and the calculation of the District's Pro Rata Share of Debt Service Requirements and each Participant's Pro-Rata Share of Debt Service Requirements; and

(D) amounts due from the District and each Participant and the dates on which such amounts are due and payable.

In preparing the debt service budget, the Master District shall adjust the District's Pro Rata Share and the other Participant's pro rata share of the Debt Service Requirements to reflect any changes in the Certified Appraised Value that occurred subsequent to the date the debt service budget for the previous year was submitted to the District and other Participants.

Such budget shall be prepared and sent to the District and each Participant by September 1 or as soon as practicable after all Participants have received their respective Certified Appraised Values for the year.

The District agrees to pay the District's Pro Rata Share of Debt Service Requirements to the Master District from the proceeds of ad valorem taxes authorized, assessed, and levied for such purposes, revenues, if any, derived from the operation of the District's facilities or from any other legally available services on or before the date specified by the Master District.

If the District fails to pay any amounts due to the Master District on the date(s) specified, such unpaid amount shall accrue interest at the rate of fifteen percent (15%) per annum. If the Master District institutes suit to collect any unpaid amounts, the Master District shall be entitled to recover reasonable attorneys' fees.

Section 4.4: Unconditional Obligation to Pay. All charges imposed by the Master District to pay debt service on Master District Bonds, to make payments to other persons constructing or financing Master District Facilities, and to pay Operation and Maintenance Expenses shall be made by the District without set-off, counterclaim, abatement, suspension, or diminution, and this Contract shall not terminate, nor shall the District have any right to terminate this Contract nor be entitled to the abatement of any such payment or any reduction thereof nor shall the obligations of the District under this Article IV be otherwise affected for any reason, including without limitation acts or conditions of the Master District that might be considered failure of consideration, eviction or constructive eviction, destruction or damage to the Master District Facilities, failure of the Master District to perform and observe any agreement, whether expressed or implied, or any duty, liability, or obligation arising out of or connected with the Contract, it being the intention of the parties that all sums required to be paid by the District to the Master District for such purposes shall continue to be payable in all events and the obligations of the District hereunder shall continue unaffected, unless the requirement to pay the same shall be reduced or terminated pursuant to an express provision of this Contract.

If the District disputes the amount to be paid to the Master District, the District shall nonetheless promptly make payments as billed by the Master District, and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, the Master District will then make proper adjustments to all Participants so that the District will receive credit for its overpayments. Nothing contained in this Section shall be construed to release the Master District from performance of any of the agreements on its part in this Contract and in the event the Master District shall fail to perform any such agreement, the District may seek such relief against the Master District pursuant to Section 11.7 of this Contract as the District deems necessary so long as same does not abrogate the District's obligation to make the payments set out in this Section.

Section 4.5: Master District Payment of Debt Service Requirements/Monthly Charges and Master District Election Required. It is understood and agreed that the Master District will pay its share of Debt Service Requirements and Monthly Charges in the same manner and calculated as if it were a Participant only and not the Master District. The Master District has or will submit to its voters propositions approving the provisions of this Contract and authorizing the Master District to levy a tax in payment of its obligations hereunder so that the Master District is authorized to levy and collect ad valorem taxes on all taxable property within the Master District's boundaries to pay its contractual obligations hereunder on the same terms and conditions as the District.

ARTICLE V

MONTHLY CHARGES FOR SERVICES PROVIDED

Section 5.1: General Statement. The parties recognize that, because the expenses of the Master District will vary from time to time, it is neither practicable nor possible to fix a schedule of specific Monthly Charges in this Contract which will control the Monthly Charges to be paid by the Participants to the Master District for Services rendered throughout the term of this Contract. The parties further recognize, however, that the Master District is not organized for profit and that its Monthly Charges should be at all times the lowest rates which are consistent with its obligations under this Contract. The Master District further recognizes its obligation as a public utility to establish Monthly Charges which are just and reasonable and to serve the District and others of the same class without discrimination as to either Monthly Charges or types of service.

The Master District covenants and agrees that the Monthly Charges will be reasonable and nondiscriminatory and will be reviewed at least annually. The Master District further covenants and agrees that the Monthly Charges will be revised or reduced from time to time so that the monies received by the Master District from the District will be used only for the purposes set out herein.

It is understood and agreed that the Master District will also pay Monthly Charges as set forth in this Article V, calculated as if it were a Participant only and not the Master District. The Master District will bill itself and pay delinquent charges in the same manner as other Participants. The District and the Master District recognize the duty of the Master District to fix and revise its Monthly Charges for Services to be furnished and made available to all Participants, including the Master District, so that the gross operating revenues received by the Master District from the Master District Facilities will at all times be not less than an amount sufficient to:

(A) pay or provide for the payment of all Operation and Maintenance Expenses; and

(B) provide for an operation and maintenance reserve in the General Fund (the "Reserve") equivalent to three (3) months of Operation and Maintenance Expenses.

The District recognizes that the Master District must fix and, from time to time, alter and revise its Monthly Charges so that the revenues actually received by the Master District, including payments made by the Master District, will be sufficient as aforesaid on the basis of actual cash and Reserve requirements, with full allowance being made for delinquencies and costs of collection.

Section 5.2: Payments by the District. The District agrees to pay the Master District at the time and in the manner herein set forth, so long as this Contract is in force and effect, the Monthly Charges established as set forth in this Contract.

Section 5.3: Budgets.

(A) On the basis of estimates from its consultants, past operating experience, and related data, the Master District shall establish, prior to the commencement of Services to the District, a budget, for the operation of all the Master District Facilities that will be operated by the Master District for the remainder of that fiscal year. Thereafter, budgets shall be prepared annually. Such budget shall include all Operation and Maintenance Expenses, Reserve requirements, if any, and expenses reasonably expected to be incurred for the period of time covered by the budget. Such budget may include Capital Costs reasonably expected to be incurred to meet Regulatory Requirements and may include other Capital Costs upon consent of all Participants.

(B) Regardless of whether MUD No. 1 Facilities have been conveyed to MUD No. 1, prior to commencement of Services to the District, and annually thereafter not later than ninety (90) days prior to the beginning of each budget period, the District will furnish to the Master District the District's best estimate of (1) the total quantity of Waste which the District expects to discharge into the Waste Disposal System during each month of the period covered by such budget; (2) the total quantity of water which the District expects to use during each month of the period covered by such budget; (3) a monthly estimate of Residential Connections and Commercial Connections to be located within the District during the period covered by such budget; and (4) the total number of Connections reserved in the Master District Facilities to serve the District.

(C) On the basis of such information and not later than forty-five (45) days prior to the beginning of each budget period, the Master District shall prepare a budget which shows the following:

- (1) the total Operation and Maintenance Expenses;
- (2) the total Reserve requirement;
- (3) the total revenues required to pay Operation and Maintenance Expenses and to establish the Reserve requirement; and
- (4) the projected unit cost of Operation and Maintenance Expenses and the Reserve requirement expressed in terms of cost per Connection.

(D) The budget shall be submitted by the Master District to the District. The budget shall be deemed approved unless disapproved in writing by a two thirds (2/3) majority of the Participants within forty-five (45) days after receipt by the Participants. If the budget is so disapproved, and the parties cannot agree on a modified budget, any Participant may submit the budget to arbitration as provided in Section 11.16. Until a final decision is made in arbitration, the budget proposed by the Master District shall be implemented and the District is obligated to pay all amounts due thereunder.

(E) If the District pays more than its respective share of Operation and Maintenance Expenses and Reserve requirements because of a mistake in billing by the Master District, the Master District shall refund the overpayment to the District at the end of the year, or credit the District for such amount in the next budget year.

(F) Notwithstanding anything in this Contract to the contrary, if the Participants agree or if Regulatory Requirements necessitate, the Master District shall have the right to establish a separate annual budget for all or any portion of the Operation and Maintenance Expenses attributable or related to the Waste Disposal System and to allocate said Operation and Maintenance Expenses attributable to or related to the Waste Disposal System (or said portion thereof) among the District and other Participants by Monthly Charges based on actual use of the Waste Disposal System (which may be based on the amount of water used by the District and other Participants and which may take into consideration the quality of Waste being discharged by the District and other Participants to the Waste Disposal System) rather than on a unit cost per connection. Without limiting the Master District's authority in the preceding sentence, the Master District may structure its Monthly Charges so as to comply with Regulatory Requirements.

(G) Any claim, dispute, or controversy arising out of the annual operating budget, the unit cost, the Monthly Charges, or any other matter or circumstance relating to the Operation and Maintenance Expenses or Reserve requirements shall be resolved by arbitration as provided in Section 11.16 of this Contract.

Section 5.4: Initial Funding of Operation and Maintenance Reserve. The Master District shall establish and thereafter maintain a Reserve in the General Fund, equivalent to three (3) months' Operation and Maintenance Expenses as set forth in the annual budget. The District shall make Reserve payments in the following manner:

(A) Prior to commencement of Services under this Contract, the Master District shall bill the District an amount calculated by multiplying the unit cost per Connection, as computed in Section 5.3(C)(4), by the number of Connections

reserved to the District for the period covered by the first budget and multiplying such product by three. The District may pay such amount prior to the commencement of Services or may request the Master District to bill the District at a rate equal to one hundred fifty percent (150%) of the budgeted Monthly Charge (including Monthly Charges based on actual use of the waste Disposal System) until such time as the full amount owed under this Section 5.4(A) has been paid.

(B) If the Master District expends more than two-thirds (2/3) of the Reserve in any one fiscal year, the Master District may increase the Monthly Charges to the Participants to replenish the Reserve over the balance of the fiscal year, or may include Reserve requirements for such replenishment in the next annual budget. The Master District shall immediately notify the District of such increase and shall provide a written explanation for the cause thereof.

The Master District may use monies from the Reserve for any Operation and Maintenance Expenses and extraordinary expenses and repairs, including costs required to comply with Regulatory Requirements.

Section 5.5: Billing. The Master District will promptly render monthly bills to the District in an amount determined by multiplying the number of Connections reserved to the District on the first day of the previous month by the unit cost per Connection shown in the budget. The Master District shall, until further notice, render such bills on or before the first day of each month and such bills shall be due and payable on or before the 1st day of the succeeding month or thirty-five (35) days after such bill is deposited in the United States mail, properly stamped and addressed to the District, whichever is later, and interest shall accrue thereon at the rate of fifteen percent (15%) per annum if not paid within thirty (30) days after such bill is due and payable until paid in full. The Master District may, however, from time to time, by forty-five (45) days' written notice and with the consent of the District, change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable thirty (30) days after such dates or thirty-five (35) days after deposit in the United States mail, properly stamped and addressed to the District, whichever is later. If the Master District establishes Monthly Charges for Maintenance and Operation Expenses of the Waste Disposal System based on actual use, it may establish a separate billing schedule for such charges.

Section 5.6: Delinquency in Payment. In the event the District fails to pay any bills when due and payable, the Master District shall give written notice of such delinquency to the District, and if all bills due and unpaid, including interest thereon, are not paid within forty-five (45) days after delivery of such notice, then the District agrees that the Master District shall be authorized, at its option, to institute arbitration or suit for collection thereof and to collect any amounts due and unpaid, together with interest thereon at the rate of fifteen percent (15%) per annum and reasonable attorneys'

fees. In addition to the other remedies provided herein for failure to make timely payment, the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in Master District Facilities.

Section 5.7: Covenant to Maintain Sufficient Income. The District recognizes its duty to, and covenants and agrees that at all times it will, establish and maintain and from time to time adjust the rates, fees, and charges for the services provided by the District, or the availability of such services, to the end that the gross revenues therefrom together with any taxes levied in support thereof and funds received from any other lawful source will be sufficient at all times to pay all operation and maintenance expenses of the District and all the District's obligations to the Master District under this Contract. Sums paid by the District to the Master District hereunder from the rates, fees, and charges for services provided by the District's Sanitary Sewer Collection System and the District's Water Delivery System, if the District is operating such systems, shall constitute operating expenses of the District's Sanitary Sewer Collection System and the District's Water Delivery System.

ARTICLE VI

FUNDS, RECORDS, AUDITS AND INSURANCE

Section 6.1: Creation of Funds. The Master District shall establish the General Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, the Park Construction Fund, and the Debt Service Fund. Such funds shall be kept separate and apart from all other funds of the Master District. The General Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, the Park Construction Fund, and the Debt Service Fund shall constitute trust funds which shall be held in trust for the benefit of the Participants as provided in this Contract. The Master District reserves the right to create additional funds, and accounts or sub-accounts within any funds established by the Master District, pursuant to the terms of the resolutions authorizing Master District Bonds.

Section 6.2: Security of Funds. Any cash balance in such funds shall be continuously secured in the manner required by the laws of the State of Texas applicable to the Master District as such laws now exist or may exist during the term of this Contract.

Section 6.3: General Fund. The Master District shall deposit, as collected, the Monthly Charges billed pursuant to Article V hereof into the General Fund. All monies deposited in the General Fund shall be used for the purpose of paying the Operation and Maintenance Expenses and funding the Reserve requirements.

Section 6.4: Debt Service Fund. The Master District shall deposit, as collected, the payments due pursuant to Section 4.3 hereof into the Debt Service Fund. All monies

deposited in the Debt Service Fund shall be used for the purpose of paying the Debt Service Requirements. The Master District may, in its sole discretion, establish separate debt service funds for Master District Park Bonds, Master District Road Bonds, Master District Water, Sewer, and Drainage Bonds and any series thereof.

Section 6.5: Water, Sewer, and Drainage Construction Fund. The Master District shall deposit into the Water, Sewer, and Drainage Construction Fund, proceeds, as received, from Master District Water, Sewer, and Drainage Bonds, that are to be used for Capital Costs of the Master District's Water, Sewer, and Drainage Facilities, reimbursement or payment to developers or other entities for Capital Costs of the Master District's Water, Sewer, and Drainage Facilities, payment for issuance costs (including, without limitation, legal and fiscal agent fees, printing costs, Commission fees) related to Master District Water, Sewer, and Drainage Bonds, and any other related purposes. All monies deposited into the Water, Sewer, and Drainage Construction Fund shall be used for the purposes described in the preceding sentence.

Section 6.6: Road Construction Fund. The Master District shall deposit into the Road Construction Fund proceeds, if any, as received, from Master District Road Bonds, that are to be used for Capital Costs of the Master District's Road Facilities, reimbursement or payment to developers or other entities for Capital Costs of the Master District's Road Facilities, payment for issuance costs (including, without limitation, legal and fiscal agent fees, printing costs) related to Master District Road Bonds, and any other related purposes. The Master District shall also deposit into the Road Construction Fund all Road Construction Charges, if any, as received, that are to be used for Capital Costs of the Master District's Road Facilities, or reimbursement or payment to developers or other entities for Capital Costs of the Master District's Road Facilities, and any other related purposes. All monies deposited into the Road Construction Fund shall be used for the purposes described in the preceding two sentences.

Section 6.7: Park Construction Fund. The Master District shall deposit into the Park Construction Fund proceeds, if any, as received, from Master District Park Bonds, that are to be used for Capital Costs of the Master District's Park Facilities, reimbursement or payment to developers or other entities for Capital Costs of the Master District's Park Facilities, payment for issuance costs (including, without limitation, legal and fiscal agent fees, printing costs, Commission fees) related to Master District Park Bonds, and any other related purposes. The Master District shall also deposit into the Park Construction Fund all Park Construction Charges, if any, as received, that are to be used for Capital Costs of the Master District's Park Facilities, or reimbursement or payment to developers or other entities for Capital Costs of the Master District's Park Facilities, and any other related purposes. All monies deposited into the Park Construction Fund shall be used for the purposes described in the preceding two sentences.

Section 6.8: Investments. Monies deposited into the General Fund, the Debt Service Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, and the Park Construction Fund may be invested or reinvested in Authorized Investments and all investments shall belong to such fund. If any monies are so invested, the Master District shall have the right to have sold, in the open market, a sufficient amount of such investments to meet its obligations in the event the General Fund, the Debt Service Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, or the Park Construction Fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such fund. The Master District shall not be responsible to any Participant for any loss arising out of the sale of any investment.

Section 6.9: Earnings from Investments. The interest accruing on, and any profits realized from, investing monies of the General Fund, the Debt Service Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, or the Park Construction Fund shall be credited to the fund from which such investment came; provided, however, that the Master District may determine that earnings and profits from investments of the General Fund should be deposited into the Debt Service Fund, in which case such earnings and profits shall be deposited into the Debt Service Fund for so long as the Master District directs.

Section 6.10: Accounts, Records and Accounting Records. The Master District covenants and agrees that it will maintain books of records and accounts in which full, true, and proper entries will be made of all dealings, transactions, business, and any other matters which in any way affect or pertain to Master District Facilities and the allocation and application of the Monthly Charges and earnings from investments. Such books and accounts will be available for inspection by the District at reasonable hours and under reasonable circumstances. The Master District will operate and budget on a fiscal year basis.

Section 6.11: Audit. After the end of each fiscal year (beginning with the fiscal year or fraction thereof after any part of the Master District Facilities are placed in operation), the Master District will have an audit by a certified public accountant, for the last fiscal year, which shall be submitted to the Master District and each Participant within one hundred and twenty (120) days after the end of the fiscal year.

Section 6.12: Insurance. The Master District covenants that it will, at all times, keep insured such parts of the Master District Facilities (other than MUD No. 1 Facilities) as are usually insured by municipal utility districts operating like properties in similar locations under the same circumstances, with a responsible insurance company or companies, against risk, accidents, or casualties against which and to the extent insurance is usually carried by such corporations; provided, however, that at any time while any contractor engaged in construction work shall be fully responsible therefor, the Master District shall not be required to carry such insurance. All such

policies shall be open to inspection of the District and its representatives at all reasonable times.

Section 6.13: Insurance Proceeds. In the event of any loss or damage to the Master District Facilities (other than MUD No. 1 Facilities), the Master District covenants that it will reconstruct or repair the destroyed or damaged portion of such Master District Facilities and will apply the proceeds of the insurance policies covering such loss or damage solely for that purpose. The Master District covenants that it will begin such work or reconstruction or repair promptly after such loss or damage shall occur and will continue and properly complete the same as expeditiously as possible and will pay, or cause to be paid, all costs and expenses in connection therewith out of the insurance proceeds to the extent insurance proceeds are available.

Section 6.14: Excess Insurance Proceeds. Any insurance proceeds remaining after the completion of, and payment for, any such reconstruction or repairs shall be deposited to the credit of the applicable Construction Fund.

ARTICLE VII

QUANTITY, MEASUREMENT, POINT OF ENTRY AND TITLE

Section 7.1: Quantity of Waste Discharged. While this Contract is in force and effect, the District shall be entitled to discharge and the District agrees to discharge at the points of entry as designated pursuant to Section 7.4, and the Master District has an obligation to receive, at said points of entry, all Waste meeting the requirements of Article VIII which is collected by the District's Sanitary Sewage Collection System; provided, however, that such Waste shall not be discharged at any rate or rates of flow in excess of that portion of the actual hydraulic capacity of the Waste Disposal System which is reserved for the District's connections or in excess of that portion of the capacity of the Waste Disposal System which is reserved for the District's connections to adequately treat and dispose of such Waste in full compliance with all Regulatory Requirements. If the Master District refuses to accept Waste under this Section 7.1, the Master District has the obligation to proceed to acquire such capacity as provided herein. If the District delivers Waste through the point of entry in rates of flow that exceed the capacity of the Waste Disposal System which is reserved for the District's connections or which is in violation of the provisions of this Contract, and the delivery of such Waste causes damage to the Waste Disposal System, the District shall pay one hundred percent (100%) of all costs and expenses incurred by the Master District to repair such damage and any extraordinary cost and expense associated with the treatment and disposal of such Waste.

Section 7.2: Quantity of Water and Pressure. The District shall be entitled to, and the Master District agrees to provide, Potable Water for the residents and business establishments located within the District. The Master District shall design its Water

Distribution System so as to permit the delivery of water to the District, and the Master District shall use its best efforts to deliver water to the District at a pressure of not less than thirty-five (35) pounds per square inch on an average daily flow basis and shall use diligence in the operation of said facilities to maintain such pressure.

Section 7.3: Quantity of Storm Water Discharged. The District shall be entitled to discharge at the points of entry as designated pursuant to Section 7.4, and the Master District has an obligation to receive at said points of entry, all storm water collected by the District's Storm Sewer System; provided, however, that the District will use its best efforts to see that such storm water is not discharged at any rate or rates of flow in excess of the drainage capacity of the Master District Storm Sewer System which is reserved for the District's connections. If the Master District refuses to accept storm water under this Section 7.3, the Master District has the obligation to acquire such capacity as provided herein.

Section 7.4: Point of Entry and Title. The initial points of delivery of water from the Master District to the District and points of entry of Waste and storm water to be discharged by the District into the Waste Disposal System and the Master District Storm Sewer System, respectively, shall be as established by mutual agreement of the District and the Master District. The District and the Master District may designate or substitute additional points of entry at any time by similar mutual agreement.

Title to all Potable Water deliverable hereunder to the District shall remain in the Master District to the points of entry and upon passing through the points of entry, title thereto shall pass to the District. As between the parties hereto, the Master District shall be in exclusive control and possession of, and solely responsible for, all water until the same shall pass through such points of entry, and thereafter the District shall be in exclusive control and possession thereof and solely responsible therefor.

Title to all Waste deliverable hereunder to the Master District shall remain in the District to the points of entry and upon passing through the points of entry, title thereto and to all effluent therefrom shall pass to the Master District. As between the parties hereto, the District shall be in exclusive control and possession of, and solely responsible for, all Waste until the same shall pass through such points of entry, and thereafter the Master District shall be in exclusive control and possession thereof and solely responsible therefor.

Section 7.5: Subject to Section 2.2. The provisions of this Article VII are subject to Section 2.2.

ARTICLE VIII

REGULATION OF QUALITY OF WATER DELIVERED AND WASTES RECEIVED

Section 8.1: Quality of Water Delivered. Any water to be delivered hereunder by the Master District shall be Potable Water; provided, however, Reuse Water may be delivered by the Master District for non potable purposes.

Section 8.2: Regulation of Quality of Waste. In order to permit the Master District to properly treat and dispose of Waste collected by the District's Sanitary Sewage Collection System in compliance with all Regulatory Requirements including those of the City, and to protect the public health and to permit cooperation with other entities for the protection of the physical, chemical, and bacteriological quality of public water and watercourses, and to protect the properties of the Waste Disposal System, the District and the Master District agree that the quality and strength of all Waste collected by the District's Sanitary Sewage Collection System and discharged into the Master District's Sanitary Sewage Collection System must be regulated. The District agrees to regulate the quality and strength of the Waste to be discharged into the Master District's Sanitary Sewage Collection System as hereinafter provided in this Article. The parties further agree that the obligation of the Master District to receive Waste into the Master District's Sanitary Sewage Collection System from the District's Sanitary Sewage Collection System shall depend upon compliance by the District with the provisions of this Article.

Section 8.3: Admissible Waste. Waste discharged into the Waste Disposal System shall consist only of Waste which is amenable to biological treatment.

Section 8.4: Industrial and Commercial Wastes. The effect of Industrial and Commercial Wastes upon sanitary sewers and upon the Waste Disposal System and waste treatment processes is such that careful and special consideration must be made of each connection discharging Commercial or Industrial Waste. This is a matter of importance both to the Master District and to the District.

The District agrees that it will authorize discharge of Industrial and/or Commercial Wastes into the District's Sanitary Sewage Collection System subject to approval by the Master District and upon the terms and conditions as the Master District may prescribe from time to time, after the filing by the applicant industry or commercial enterprise of a statement, a copy of which shall be forwarded to the Master District, containing the following information:

- (A) Name and address of applicant;
- (B) Type of industry, business activity, or other waste-creative process;

- (C) Quantity of Waste to be discharged;
- (D) Typical analysis of the Waste;
- (E) Type of pretreatment proposed; and
- (F) Such other information as the Master District may from time to time request by written notice.

The Master District shall act on such request within sixty (60) days after receipt of all information required by this Contract.

Section 8.5: Testing of Waste. The Master District shall be entitled to collect samples of Waste at or near the point(s) of discharge into the Master District's Sanitary Sewage Collection System or the District's Sanitary Sewage Collection System and cause the same to be analyzed by American Public Health Association standard methods or other appropriate methods to determine if such waste is within the qualities specified and approved by the District. If analysis discloses that the Waste does not comply with the qualities specified, it will be the obligation of the District to require the offending originator to cease discharging such Waste into the District's Sanitary Sewage Collection System or to pretreat such Waste.

Section 8.6: Use of Reuse Water. If Reuse Water is acquired from the City or its Groundwater Reduction Program, as between the parties hereto, the Master District shall own and have the right to utilize, dispose of and/or sell all Reuse Water. The Master District may require that: (i) some or all Reuse Water Facilities be designed, constructed, owned and operated by the Master District; and (ii) the Reuse Water Facilities to be conveyed to MUD No. 1 for ownership and operation by MUD No. 1 (and in such event, the provisions of this Contract to the contrary shall be reformed and construed to recognize that the MUD No. 1 owns such facilities and is responsible for maintenance and operation of same). The District shall not construct any Reuse Water Facilities without the written approval of the Master District. The Master District may include in Operation and Maintenance Expenses the cost of operating, maintaining and repairing Reuse Water Facilities. Funds, if any, received by the Master District for Reuse Water shall be deposited into the General Fund and applied against Operation and Maintenance Expenses. If determined appropriate by the Master District, in light of the benefit to the Service Area, the Master District may provide Reuse Water to a user without charging the user for same. The provisions of this Section 8.6 shall control over any inconsistent provision of this Contract.

Section 8.7: Subject to Section 2.2. The provisions of this Article VIII are subject to Section 2.2.

ARTICLE IX

OPERATION OF MASTER DISTRICT FACILITIES

Section 9.1: Standard of Operation. The Master District shall operate the Master District Facilities that have not been conveyed to MUD No. 1, or cause same to be operated, in accordance with accepted good practices, and may establish reasonable rules and regulations relating to the manner of providing Services to the District. The Master District agrees to use reasonable diligence and care to continually hold itself ready, willing, and able to render Services to the District as provided in this Contract.

Section 9.2: Independent Contractor. The Master District will be an independent contractor in fulfilling all of the obligations under this Contract, and more specifically in performing its obligations under Section 9.1.

Section 9.3: Regulatory Action. The parties recognize that the obligations of the Master District to render Services to the District as provided in this Contract are subject to all present and future Regulatory Requirements, and the parties agree to cooperate to make such applications and to take such action as may be desirable to obtain compliance therewith.

Section 9.4: Maintenance of Master District Facilities. The Master District covenants that it will at all times maintain the Master District Facilities that have not been conveyed to MUD No. 1 or cause the same to be maintained, in good condition and working order and will operate the same, or cause the same to be operated, in an efficient and economical manner, at reasonable cost, and in accordance with sound business principles. In operating and maintaining such Master District Facilities, the Master District will comply with all contractual provisions and agreements entered into by it and with all valid Regulatory Requirements.

Section 9.5: Subject to Section 2.2. The provisions of this Article IX are subject to Section 2.2.

ARTICLE X

DISTRICT'S SANITARY SEWAGE COLLECTION SYSTEM AND WATER DELIVERY SYSTEM

Section 10.1: Construction and Maintenance of District's Sanitary Sewage Collection System, District's Water Delivery System, and District's Storm Sewer System. All plans and specifications for the District's Sanitary Sewage Collection System, the District's Water Delivery System, and the District's Storm Sewer System shall be submitted to the Master District's engineer for a determination of general conformance with the Master District's master plan of the Master District Facilities and the City. The Master District shall either approve or disapprove such plans and specifications within sixty (60) days after receipt. Upon approval by the Master District of the plans and specifications prepared by the District's engineers, the District will, at its sole cost and

expense, acquire, construct, maintain and operate the District's Sanitary Sewage Collection system appropriate for collecting Waste, the District's Water Delivery System appropriate for the delivery of Potable Water (and Reuse Water for non-potable purposes, if approved by the Master District), and the District's Storm Sewer System appropriate for the collection of storm waters. The District's Sanitary Sewage Collection System shall include necessary manholes, cleanouts, lift stations, and other pertinent facilities adequate to take and gather Waste within the boundaries of the District and deliver the same to the designated point of entry into the Master District's Sanitary Sewage Collection System. The District's Water Delivery System shall include necessary and pertinent facilities adequate to take water from the Master District's Water Delivery System at the point of entry and deliver the water to each Residential Connection or Commercial Connection. The District's Storm Sewer System shall include necessary and pertinent facilities to drain storm waters from within the boundaries of the District and deliver the same to the designated points of entry into the Master District's Storm Sewer System. The District's Sanitary Sewage Collection System, the District's Water Delivery System, and the District's Storm Sewer System shall be designed and constructed by the District in accordance with sound engineering principles and in compliance with all applicable requirements of any regulatory authority, including the requirements of Texas law and regulations of the Commission, the City, and the Texas Department of Health as to the design, plans, and specifications. The District will not extend, or permit the extension of any of, the District's Sanitary Sewage Collection System, the District's Storm Sewer Collection System, or the District's Water Delivery System to serve any land or premises beyond its boundaries without the written permission of the Master District. The District shall further operate and maintain the District's Sanitary Sewage Collection System, the District's Storm Sewer System, and the District's Water Delivery System, to the extent (if at all) the District is operating such systems, in good condition and shall promptly repair any leaks or breaks therein and shall undertake such action as may be required to control unreasonable infiltration. If a break or leak occurs which allows abnormal roughage or infiltration or discharge of solid matter or water into the District's Sanitary Sewage Collection System or the District's Water Delivery System and such break or leak is not repaired within ten (10) days after notice by the Master District, then the Master District may, at its option, repair the same and charge the District the actual cost of repairing the same. The District shall require that all connections to the District's Water Delivery System, if the District is operating such system, be metered.

Section 10.2: Plumbing Code. The District and the Master District agree that the establishment of a plumbing code may be a vital part of the proper operation of the Master District's and the District's Sanitary Sewage Collection System, the Waste Disposal System, the Master District's and the District's Water Delivery System, and the Water Supply System. Consequently, the District agrees to adopt a plumbing code at least as equally restrictive to the plumbing code, if any, adopted by the Master District and the City. The District shall require all parties connected to the District's Sanitary

Sewage Collection System and the District's Water Delivery System after the effective date of this Contract to conform fully to the District's plumbing code. The District agrees to serve only those parties which comply with the District's plumbing code, including permit and inspection provisions, and the District agrees to enforce the provisions of this Section by appropriate action.

Section 10.3: Operator. The District and Mater District will each employ an independent contractor to operate and maintain any facilities that they own (that have not been conveyed to MUD No. 1). The District and the Master District recognize that utilizing the same operator for such purpose shall result in a more economical operation and avoid potential conflicts of responsibility. Accordingly, the Master District and the District shall counsel with each other and the other Participants in the selection of operators.

Section 10.4: Subject to Section 2.2. The provisions of this Article X are subject to Section 2.2.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.1: Term. Unless terminated by mutual agreement of the parties hereto, this Contract shall continue in force and effect for a period of forty (40) years from its date.

Section 11.2: Renewal of Contract. Upon expiration of this Contract, the Master District agrees to contract with the District to continue to provide Services (to the extent then permitted by law) to the District upon the mutual written agreement of the parties.

Section 11.3: Contracts by Master District With Other Participants. The Master District shall have the right to contract with other Participants to render Services and shall have the further right to enlarge the size and the capacity of the Master District Facilities for the use and benefit of any other Participants. Such contracts with other Participants and such enlargements in size and capacity shall be subject to and shall not impair the right of the District to receive Services from the Master District, which are established under this Contract for the number of connections reserved to the District, except with the consent of the District. The Master District agrees that it will contract with all other Participants on substantially the same terms and conditions as are set out in this Contract; provided, however, that the Master District shall not enter into any such contract with a Participant without the consent of all Participants unless such Participant is authorized, by the requisite majority of the voters voting in an election held by such Participant, to levy and collect ad valorem taxes to pay charges due under such contract. Sienna Plantation Municipal Utility District No. 5, in its capacity as Master District, has or will execute a contract with Sienna Plantation Municipal Utility

District No. 5, in its capacity as a Participant, with terms and conditions substantially similar to those set forth in this Contract.

Section 11.4: Approvals by District or Master District. Whenever this Contract requires or permits approvals or consents to be hereafter given by the District or by the Master District, the parties agree that such approval or consent shall not be unreasonably withheld. Such approval or consent may be evidenced by an order or resolution adopted by the governing body or by an appropriate certificate executed by a person, firm or entity authorized to determine and give approval or consent on behalf of the District or the Master District pursuant to an order or resolution adopted by the governing body. Such approval or consent shall be effective without regard to whether given before or after the time required herein and no such approval or consent of the District shall be required as a condition to any action by the Master District except as expressly required in this Contract.

Section 11.5: District's Consent to Sewer and Water Lines. If any sewer or water mains or lines or appurtenances of the Master District should be located on any land now or hereafter owned by the District or in any present or future rights-of-way of the District, the District hereby consents thereto and hereby grants or will grant to the Master District the right, privilege, easement, and right-of-way to use such lands, rights-of-way, or public places for the purpose of maintaining, operating, laying, repairing, and removing such sewer and water mains or lines or appurtenances until termination of this Contract in order for the Master District to comply with the provisions of this Contract, so long as such activities by the Master District do not unduly interfere with the District's own activities.

Section 11.6: Force Majeure. In the event either party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Contract, except the obligation to pay funds required hereunder, then the obligations of such party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the party whose contractual obligations are affected thereby shall give notice and full particulars of such force majeure to the other party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure," as used herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the State of Texas or any civil or military authority other than a party to this Contract, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, and any other incapacities of either party, similar to those enumerated, which are not within the control of the party claiming such inability and which such party could not have

avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to the party having the difficulty in the judgment of such party.

Section 11.7: Remedies upon Default. It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all remedies, other than termination, existing at law or in equity, including specific performance and mandamus, may be availed of by either party and shall be cumulative; provided, however, that except as otherwise provided in this Contract the manner of proceeding to settle any controversy, claim or dispute arising out of or relating to this Contract, or any breach thereof, shall be by arbitration as provided in Section 11.16 of this Contract.

Section 11.8: No Additional Waiver Implied. No waiver or waivers of any breach or default (or any breaches or defaults) by either party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.

Section 11.9: Addresses and Notice. Unless otherwise provided in this Contract, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "notice") herein provided or permitted to be given, made, or accepted by either party to the other must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram, when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated in this Contract, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as shown on the signature page of this Contract. The parties shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other party.

Section 11.10: Modification. This Contract shall be subject to change or modification only with the mutual written consent of the governing bodies of each of the parties hereto; provided, however, except as provided in Section 11.17, no major substantive change in terms and conditions shall be made without the approval of all

Participants. Any modification or amendment of this Contract in accordance with this Section 11.10, except as provided in Section 3.1, may be made without voter approval.

Section 11.11: Assignability. This Contract shall not be assignable by the Master District without the prior written consent of the Board of Directors of the District except: (i) the same may be assigned to a Trustee for the Master District's Bonds, and (ii) as the Master District may pledge the payments to be received from the District hereunder to pay debt service on the Master District's Bonds.

Section 11.12: Parties in Interest. This Contract shall be for the sole and exclusive benefit of the Master District, the District, the Participants, and the owners or holders of the Master District's Bonds issued hereunder from time to time and shall not be construed to confer any benefit or right upon any other persons or entities, or residents or customers of any of the Participants.

Section 11.13: Severability. The provisions of this Contract are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Contract or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Contract and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Contract to other persons or circumstances shall not be affected thereby.

Section 11.14: Master District as Participant. In addition to its rights and obligations as Master District under this Contract, the Master District shall also have all of the rights and obligations of a Participant. Accordingly, the Master District will construct and/or acquire water delivery, waste collection, and storm water collection facilities to serve connections within the Master District from its own funds and such facilities shall not be Master District Facilities. After such construction and/or acquisition, the Master District will discharge Waste into and receive Potable Water (and potentially Reuse Water for non-potable purposes) from the Master District Facilities on the same basis as other Participants, including the District. The Master District covenants and agrees that it will operate and maintain its facilities (if such facilities are not conveyed to MUD No. 1) and otherwise conduct itself with regard to the Master District Facilities as if it were a regular Participant.

Section 11.15: Sale or Encumbrance of Master District Facilities. The Master District will not sell, dispose of, or encumber any of the Master District Facilities except: (i) for conveyances of the MUD No. 1 Facilities to MUD No. 1, and (ii) as permitted in Article III or in resolutions authorizing the issuance of its bonds to finance the Master District Facilities; provided, however, that this provision shall not prevent the Master District from disposing of any portion of the Master District Facilities which has been declared surplus or is no longer needed or useful for the proper operation of the Master District Facilities. Any monies received from the sale of surplus properties may be used

for the replacement of the properties sold. Unless it is so used, it shall be deposited in the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, or the Park Construction Fund, as appropriate. Issuance of bonds, or contracts payable from the General Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, or the Park Construction Fund, or an agreement wherein the Master District employs any person to operate the Master District Facilities, shall not be considered an encumbrance of the Master District Facilities.

Section 11.16: Arbitration. Except as otherwise provided in this Contract, any controversy, dispute, or claim arising out of or relating to this Contract, or any breach thereof, shall be settled by arbitration in accordance with the Commercial Rules of Arbitration of the American Arbitration Association; provided, however, that the arbitrator to whom any controversy, which is subject to arbitration under the terms of this Contract, shall be submitted in accordance with the provisions hereof, shall have jurisdiction and authority to interpret and apply the applicable provisions of this Contract in accordance with the laws of the State of Texas. Such application or interpretation of the provisions of this Contract must be in accordance with the spirit and letter of this Contract. No arbitrator shall have the jurisdiction or authority to add to, take from, nullify, or modify any of the terms of this Contract directly or indirectly, under the guise of interpretation. The arbitrator shall be bound by the facts and evidence submitted to him in the hearing and may not go beyond the terms of this Contract in rendering his award. It is further understood and agreed that the power of the arbitrator shall be strictly limited to determining the meaning and interpretation of the explicit terms of this Contract as herein expressly set forth and that no arbitrator shall have the power to base any award on any alleged practices or oral understandings not incorporated herein. Any award rendered in arbitration proceedings under this Contract shall be subject to judicial review at the insistence of either party for the purpose of determining whether the arbitrator exceeded his power as herein limited, and neither party shall be deemed to have waived its right to such review by proceeding to arbitration. Within his power as herein limited, the arbitrator may enter an award based upon any remedy available to the parties as provided in Section 11.7 of this Contract. Judgment upon the award may be entered in any court having jurisdiction thereof. Any such arbitration proceeding shall be held at the principal offices of the Master District, or such other place in Fort Bend County or Harris County as is designated by the Master District, and any expenses incurred by the Master District in connection with any such arbitration proceeding shall constitute an Operation and Maintenance Expense. The provisions of this section are subject to and shall not be considered as attempting to exclude the jurisdiction of the Commission or any other governmental regulatory authority to arbitrate or settle disputes, hold hearings or enter orders relating to the subject matter of this Contract.

Section 11.17: Modification to Service Area. The Service Area may not be modified to decrease in size unless approved by the District and all Participants and the

City and, if the Master District has issued bonds, the approval of the bondholders if required pursuant to the terms of the Master District Bonds. The Service Area may be enlarged upon the approval of all Participants and the City.

Section 11.18: Merger. This Contract, together with the exhibits attached hereto and made a part hereof for all purposes, constitutes the entire agreement by and between the parties relative to the subject matter hereof and there are no prior effective agreements, whether written or oral.

[EXECUTION PAGE FOLLOWS]

EXECUTED and EFFECTIVE this 13th day of May, 2013.

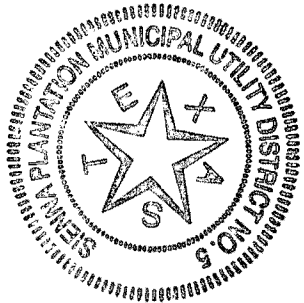
SIENNA PLANTATION MUNICIPAL
UTILITY DISTRICT NO. 5

By: [Signature]
President, Board of Directors

ATTEST:

By: [Signature]
Secretary, Board of Directors

(SEAL)



Address:

c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

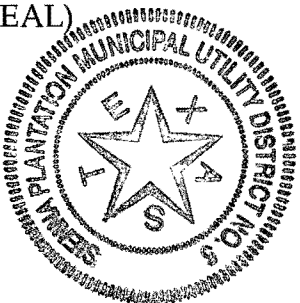
SIENNA PLANTATION MUNICIPAL
UTILITY DISTRICT NO. 5

By: [Signature]
President, Board of Directors

ATTEST:

By: [Signature]
Secretary, Board of Directors

(SEAL)



Address:

c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

