

**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 20, 2016**

*In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except for certain alternative minimum tax consequences for corporations. See "Tax Matters" for a discussion of the opinion of Bond Counsel.*

*The Bonds will NOT be designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."*

**NEW ISSUE – Book Entry Only**

**Moody's Investors Service (unenhanced).... "Aa3"**

**\$10,775,000\***

**SIENNA PLANTATION LEVEE IMPROVEMENT DISTRICT OF FORT BEND COUNTY, TEXAS**

(A Political Subdivision of the State of Texas, located within Fort Bend County)

**UNLIMITED TAX REFUNDING BONDS, SERIES 2016**

**Dated: March 1, 2016**

**Due: September 1, as shown below**

The \$10,775,000\* Sienna Plantation Levee Improvement District of Fort Bend County, Texas Unlimited Tax Refunding Bonds, Series 2016 (the "Bonds") are obligations of Sienna Plantation Levee Improvement District of Fort Bend County, Texas (the "District") and are not obligations of the State of Texas; the City of Missouri City, Texas; City of Alvin, Texas; Fort Bend County, Texas; or any political subdivision or entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; the City of Missouri City, Texas; the City of Alvin, Texas; Fort Bend County, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent, initially, Regions Bank, Houston, Texas an Alabama banking corporation (the "Paying Agent" or "Registrar"). Interest accrues from March 1, 2016, and is payable September 1, 2016, and each March 1 and September 1 (each an "Interest Payment Date") thereafter until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the Registrar to registered owners ("Registered Owners") as shown on the records of the Registrar at the close of business on the 15th calendar day of the month next preceding each interest payment date (the "Record Date"). The Bonds are issued as fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

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

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

Maturity (September 1)	Principal Amount*	Interest Rate	Initial Reoffering Yield (a)	Maturity (September 1)	Principal Amount*	Interest Rate	Initial Reoffering Yield (a)
2016	\$15,000	___%	___%	2024	\$975,000	___%	___%
2017	65,000	___%	___%	2025(b)	1,005,000	___%	___%
2018	65,000	___%	___%	2026(b)	1,060,000	___%	___%
2019	65,000	___%	___%	2027(b)	1,120,000	___%	___%
2020	70,000	___%	___%	2028(b)	560,000	___%	___%
2021	1,260,000	___%	___%	2029(b)	590,000	___%	___%
2022	1,295,000	___%	___%	2030(b)	625,000	___%	___%
2023	1,345,000	___%	___%	2031(b)	660,000	___%	___%

- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriters (herein defined). 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) Bonds maturing on September 1, 2025, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2024, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. In addition, the Underwriters may designate one or more maturities as Term Bonds.

The Bonds constitute the sixth series of refunding bonds issued by the District from the \$44,000,000 of unlimited tax refunding bonds approved by District voters. Voters in the District have also authorized a total of \$110,000,000 principal amount of bonds for the purposes of providing flood plain reclamation, flood protection and outfall drainage necessary for development within the District (the "Levee and Drainage Facilities"), and \$49,000,000 for the purpose of constructing and maintaining park and recreational facilities within the District (the "Park Facilities"). Following the issuance of the Bonds, \$39,847,818\* principal amount of unlimited tax levee improvement refunding bonds, \$16,005,000 principal amount of unlimited tax levee improvement bonds for Levee and Drainage Facilities, and \$26,060,000 principal amount of unlimited tax bonds for Park Facilities will remain authorized and unissued. See "THE BONDS - Authority for Issuance, and - Issuance of Additional Debt."

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS" herein.

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the underwriters listed below (the "Underwriters"), subject to the approval of the Attorney General of Texas and of The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Underwriters' Counsel. Delivery of the Bonds is expected on or about March 9, 2015.

**SAMCO Capital Markets, Inc.**

**Hutchinson, Shockey, Erley & Co.**

\*Preliminary, subject to change.

## USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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## **INTRODUCTION**

This Official Statement provides certain information in connection with the issuance by Sienna Plantation Levee Improvement District of Fort Bend County, Texas (the "District") of its Unlimited Tax Refunding Bonds, Series 2016 (the "Bonds").

The Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District on January 20, 2016, and a pricing certificate to be executed by an authorized officer of the District on the date of the sale of the Bonds (collectively, the "Bond Resolution"); Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 57 of the Texas Water Code, as amended; Chapter 1201 et. seq. of the Texas Government Code; and an election held on November 4, 1997.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

## **SALE AND DISTRIBUTION OF THE BONDS**

### **Underwriting**

SAMCO Capital Markets, Inc. and Hutchinson, Shockey, Erley & Co. (referred to herein as the "Underwriters") have agreed to purchase the Bonds from the District for \$\_\_\_\_\_ (being the par amount of the Bonds, less an original issue discount on the Bonds of \$\_\_\_\_\_, and less an underwriter's discount of \$\_\_\_\_\_), plus accrued interest on the Bonds to the date of delivery. The Underwriter's obligation is to purchase all of the Bonds, if any Bonds are purchased.

### **Prices and Marketability**

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

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriters 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 bondhouse, broker, dealer or similar person or organization acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriters 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 UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

## **Securities Laws**

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

## **Delivery of Official Statements**

The District shall furnish to the Underwriters (and to each participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Underwriters), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Underwriters. The District also shall furnish to the Underwriters a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Underwriters may reasonably request prior to the 90<sup>th</sup> day after the end of the underwriting period described in SEC Rule 15c2-12(e)(2). The District shall pay the expense of preparing the number of copies of the Official Statement agreed upon between the District and the Underwriters and an equal number of any supplements or amendments issued on or before the delivery date, but the Underwriters shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

## **MUNICIPAL BOND INSURANCE**

The District has made an application to Build America Mutual Assurance Company ("BAM") and Assured Guaranty Municipal Corp. ("AGM") for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, will be at the expense of the District.

## **BOND RATINGS**

Moody's Investors Service ("Moody's") has assigned an underlying credit rating of "Aa3" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such 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 District will pay the rating fees charged by Moody's.

## **FINANCIAL ADVISOR**

Robert W. Baird & Co. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the 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 in this Official Statement.

## 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 in this Official Statement. The summary should not be detached and should be used in conjunction with the more complete information contained herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein.

### THE BONDS

The Issuer .....	Sienna Plantation Levee Improvement District of Fort Bend County, Texas (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."
The Issue.....	\$10,775,000* Sienna Plantation Levee Improvement District of Fort Bend County, Texas Unlimited Tax Refunding Bonds, Series 2016 (the "Bonds"), are dated March 1, 2016. Interest accrues from March 1, 2016, at the rates set forth on the cover page hereof, and is payable September 1, 2016, and each March 1 and September 1 thereafter until the earlier of stated maturity or redemption. The Bonds mature serially on September 1, in each year 2016 through 2031, both inclusive, in the principal amounts set forth on the cover page. Bonds maturing on or after September 1, 2025, are subject to redemption, in whole or from time to time in part, on September 1, 2024, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS."
Source of Payment.....	The Bonds are payable from a continuing, direct, annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Missouri City, Texas; the City of Alvin, Texas; Fort Bend County, Texas; the State of Texas; or any entity other than the District. See "THE BONDS - Source of Payment."
Authority for Issuance .....	The Bonds constitute the sixth series of refunding bonds issued by the District from the \$44,000,000 of unlimited tax refunding bonds approved by District voters. Voters in the District have also authorized a total of \$110,000,000 principal amount of bonds for the purposes of providing flood plain reclamation, flood protection and outfall drainage necessary for development within the District (the "Levee and Drainage Facilities") and \$49,000,000 for the purpose of constructing and maintaining park and recreational facilities ("Park Facilities") within the District. Following the issuance of the Bonds, \$39,847,818* principal amount of unlimited tax levee improvement refunding bonds, \$16,005,000 principal amount of unlimited tax levee improvement bonds for Levee and Drainage Facilities, and \$26,060,000 principal amount of unlimited tax bonds for Park Facilities remain authorized and unissued. See "THE BONDS - Authority for Issuance"
Use of Proceeds .....	A portion of the proceeds of the Bonds will be applied to advance refund \$5,885,000* in principal amount (the "Series 2009 Refunded Bonds") of the District's \$9,025,000 Unlimited Tax Levee Improvement Bonds, Series 2009 (the "Series 2009 Bonds"); to advance refund \$4,665,000* in principal amount (the "Series 2010 Refunded Bonds") of the District's \$13,180,000 Unlimited Tax Levee

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\* Preliminary, subject to change

Improvement Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"); and to pay administrative and issuance costs related to the issuance of the Bonds. The Series 2009 Refunded Bonds and the Series 2010 Refunded Bonds are collectively referred to herein as the "Refunded Bonds." See "PLAN OF FINANCING."

Remaining Outstanding Bonds..... In addition to the Series 2009 Bonds and the Series 2010 Refunding Bonds, the District has issued \$7,680,000 Unlimited Tax Levee Improvement Bonds, Series 1999 (the "Series 1999 Bonds"); \$8,350,000 Unlimited Tax Levee Improvement Bonds, Series 2000 (the "Series 2000 Bonds"); \$5,700,000 Unlimited Tax Levee Improvement Bonds, Series 2001 (the "Series 2001 Bonds"); \$7,500,000 Unlimited Tax Levee Improvement Bonds, Series 2002 (the "Series 2002 Bonds"); \$7,500,000 Unlimited Tax Levee Improvement Bonds, Series 2003 (the "Series 2003 Bonds"); \$7,900,000 Unlimited Tax Levee Improvement Bonds, Series 2004 (the "Series 2004 Bonds"); \$12,220,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2005 (the "Series 2005 Refunding Bonds"); \$10,500,000 Unlimited Tax Levee Improvement Bonds, Series 2005A (the "Series 2005A Bonds"); \$3,300,000 Unlimited Tax Levee Improvement Bonds, Series 2006 (the "Series 2006 Bonds"); \$8,930,000 Unlimited Tax Levee Improvement Bonds, Series 2007 (the "Series 2007 Bonds"); \$9,210,000 Unlimited Tax Levee Improvement Bonds, Series 2008 (the "Series 2008 Bonds"); \$15,855,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2010A (the "Series 2010A Refunding Bonds"); \$1,850,000 Unlimited Tax Park Bonds, Series 2012 (the "Series 2012 Park Bonds"); \$5,120,000 Unlimited Tax Levee Improvement Bonds, Series 2012 (the "Series 2012 Bonds"); \$20,855,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds"); and \$3,930,000 Unlimited Tax Park Bonds, Series 2015 (the "Series 2015 Park Bonds"); \$14,015,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"); \$17,160,000 Unlimited Tax Park Bonds, Series 2015A (the "Series 2015A Park Bonds"); and \$3,280,000 Unlimited Tax Levee Improvement Bonds, Series 2015 (the "Series 2015 Bonds"). The Bonds are the sixth issue of a total authorization of \$44,000,000 of bonds authorized by District voters for unlimited tax levee improvement refunding bonds, of which \$39,847,818\* will remain authorized and unissued after the delivery of the Bonds. Excluding the Bonds and the Refunded Bonds, \$85,265,000 principal amount of bonds originally issued shall remain outstanding (the "Remaining Outstanding Bonds"). See "THE BONDS – Remaining Outstanding Bonds, and - Authority for Issuance."

Municipal Bond Ratings and Insurance..... An application has been made for a commitment for municipal bond guaranty insurance on the Bonds. See "BOND RATINGS."

Not Qualified Tax-Exempt Obligations..... The District will NOT designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations".

Legal Opinion..... The Muller Law Group, PLLC, Sugar Land, Texas. See "LEGAL MATTERS."

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\* Preliminary, subject to change

Underwriter's Counsel.....	Orrick, Herrington & Sutcliffe LLP, Houston, Texas
Financial Advisor .....	Robert W. Baird & Co. Incorporated, Houston, Texas
Verification Agent .....	Grant Thornton LLP, Certified Public Accountants. See "THE DISTRICT – Special Consultants Related to Issuance of the Bonds." And "VERIFICATION OF MATHEMATICAL CALCULATIONS."

## **THE DISTRICT**

Description .....	<p>The District was created by order of Commissioners Court of Fort Bend County, Texas, adopted April 13, 1978, under authority of Article XVI, Section 59, Texas Constitution and Chapter 57, Texas Water Code. The District encompasses approximately 10,063 acres, approximately 9,786 acres of which are in the Sienna Plantation Development ("Sienna Plantation"). The remaining portion of the District encompasses approximately 277 acres, which are not included as part of the Sienna Plantation development but are being developed for residential housing. The District is located entirely within Fort Bend County, Texas, approximately 22 miles southwest of the central business district of the City of Houston, Texas; approximately 1 mile west of the intersection of Texas State Highway 6 and the Fort Bend Parkway Toll Road. The District is located entirely within the boundaries of the Fort Bend Independent School District. Approximately 8,787 acres of the District are located within the extraterritorial jurisdiction of the City of Missouri City, Texas (the "City"); approximately 722 acres are located within the City's corporate limits; and approximately 277 acres are located in the extraterritorial jurisdiction of the City of Alvin, Texas. See "THE DISTRICT."</p>
Sienna Plantation .....	<p>The District is part of a 10,230-acre community known as "Sienna Plantation." This 10,230-acre community consists of four distinct developments.</p> <p>Since 1997, Sienna/Johnson and Related Entities (hereinafter defined) acquired approximately 5,220 acres in Sienna Plantation and to date have developed approximately 5,072 acres. As of January 1, 2016 Sienna/Johnson and Related Entities own approximately 79 undeveloped but developable acres.</p> <p>In 2013, Toll-GTIS Property Owner, LLC ("Toll Brothers") purchased approximately 3,800 acres within Sienna Plantation. Four municipal utility districts have been created to serve Toll Brothers' property and development is currently under way. An affiliate of SJD (hereinafter defined) has been hired as fee developer for Toll Brothers.</p> <p>The remaining 176 acres are located within the Sienna Plantation Management District and Sienna Plantation Municipal Utility District No. 12, currently owned by Taylor Morrison of Texas, Inc., and are currently being developed as single family residential homes and commercial. An affiliate of SJD has been hired as fee developer for Taylor Morrison.</p> <p>Sienna Point is a 1,035 acre 272 lot rural estate development which began development in 1996 and as of January 12, 2016 consisted of 172 completed homes and 3 homes under construction.</p>



Development Agreement..... The development of Sienna Plantation is governed by the Sienna Plantation Joint Development Agreement, dated February 19, 1996, as amended by nine amendments (collectively, the "Development Agreement") pursuant to which the City, developers, and major landowners stipulated to the City's regulatory authority over the development of Sienna Plantation, established certain restrictions and commitments related to the development of Sienna Plantation, set forth a formula for determining the timing of annexation of land within Sienna Plantation by the City, and identified and established a master plan for the development of Sienna Plantation. The development of all land within Sienna Plantation is governed by the provisions of the Development Agreement. Approximately 277 acres within the District are located in Fort Bend County Municipal Utility District No. 131 ("FBCMUD 131"), outside the Sienna Plantation development, and are not subject to the Development Agreement. See "DEVELOPMENT WITHIN THE DISTRICT - Development Agreement."

Missouri City Tax Increment Reinvestment

Zone No. 3 ..... In April, 2008, the City approved the creation of the City of Missouri City Tax Increment Reinvestment Zone No. 3 (the "TIRZ") encompassing approximately 582 acres. The TIRZ is located in the southern portion of the City along State Highway 6. A portion of the District lies within the boundaries of the TIRZ. The purpose of the TIRZ is to fund certain infrastructure costs for new commercial, retail, office, multi-family and town center facilities located within its boundaries. The TIRZ will collect ad valorem tax revenue from the City, Fort Bend County, Fort Bend County Drainage District, Houston Community College and the District on the incremental increase in assessed value within the TIRZ from January 1, 2007 to January 1, 2037.

The District has agreed to contribute 100% of its tax increment on its area that lies within the TIRZ to the City for the life of the TIRZ or thirty years, whichever is less. The District's participation in the TIRZ has the effect of reducing the tax revenues that are available to the District to finance District facilities during the life of the TIRZ. For the tax year 2015, the District's tax increment equaled \$77,118,382 and will generate \$344,334 in revenues at the District's current 2015 tax rate of \$0.47 per \$100 of assessed valuation, which revenues will be contributed to the TIRZ. After the TIRZ is dissolved or after 30 years, the District will collect and retain the tax revenue on all of the land within the District previously located in the TIRZ. See "TAX DATA - Missouri City Tax Increment Reinvestment Zone No. 3" and "INVESTMENT CONSIDERATIONS – Missouri City Tax Increment Reinvestment Zone No. 3."

Development within the District..... As of January 12, 2016, development within the District is comprised of 7,509 completed homes; 177 homes under construction; 292 lots under development; 557 lots under design, and 455 vacant and developed lots. Sienna Plantation currently consists of 8 residential villages and a rural estate community. The residential villages are Sienna Steep Bank Village, Sienna Village of Waters Lake, Sienna Village of Shipman's Landing, Sienna Village of Anderson Springs, Village of Bees Creek, Pecan Estates, Avalon at Sienna Plantation and Sawmill Lake. The rural estate lot subdivision is The Woods at

Sienna. Homes within Sienna Plantation range in price from \$290,000 to \$1,750,000. Approximately 455 homes were sold in 2002, approximately 501 homes were sold in 2003, approximately 620 homes were sold in 2004; approximately 657 homes were sold in 2005; approximately 765 homes were sold in 2006; approximately 577 homes were sold in 2007; approximately 355 homes were sold in 2008; approximately 256 homes were sold in 2009; approximately 285 homes were constructed in 2010; approximately 223 homes were sold in 2011; approximately 310 homes were sold in 2012; approximately 380 homes were sold in 2013; approximately 410 homes were sold in 2014; approximately 357 homes were sold in 2015 and construction has begun on approximately 16 homes in 2016.

In The Woods at Sienna, 104 estate lots have been developed all of which have been completed. In Sienna Point, Sections 1-3, 272 rural estate lots were developed, of which 173 homes have been completed, approximately 2 homes are under construction and 97 vacant lots are remaining. In Southern Colony, 271 lots have been developed of which 264 homes have been completed.

The remaining land within the District is comprised of approximately 2,337 undeveloped but developable acres and approximately 1,065 acres that are undevelopable.

As of January 1, 2016, commercial and multi-family development consists of a 272-unit apartment complex, a 190-unit apartment complex, a 312-unit apartment complex, a 125,541 square foot ("sf") HEB Plus grocery store, a 15,000 sf office building, approximately five retail centers aggregating approximately 100,000 sf of retail space, a CVS Pharmacy, a Shipley Donuts, an Aldi Food Market, 3 emergency clinics, 2 daycare centers, a Sonic, a Whataburger, an iShine Car Wash, and a Wells Fargo Bank. Educational facilities within the District include three elementary schools, two middle schools, a high school and a 49-acre Houston Community College campus. Recreational facilities located within the District include an 18-hole golf course with a golf clubhouse and pro shop; a 7,500 sf recreational facility; three water parks, eight tennis courts, an amphitheater, an Olympic sized pool and pavilion; and Camp Sienna, a 160-acre sports park along the Brazos River Corridor that includes baseball fields, soccer fields, volleyball and basketball courts, a concession area, a scenic overlook of the Brazos River, 3.6 miles of walking trails, a picnic pavilion and a playground.

Developers and Principal Landowners..... The current principal developers of the land within the District include the following:

Sienna/Johnson Development, L.P. ("SJD") a Texas limited partnership, whose general partner is Sienna/Johnson Development GP, L.L.C. ("General Partner"). Approximately 148 acres in the District are owned by limited partnerships whose general partners are controlled directly or indirectly by Mr. Larry Johnson and Mr. Lawrence Wong, including: Brushy Lake, L.P., Sienna/Johnson North L.P. ("SJ North"); Sienna/Johnson Cathay, L.P.; and Zeringue Tract Joint Venture. Collectively, SJD and these entities are referred to as "SJD and the Related Entities."

In December, 2011, SJ North sold approximately 57.46 acres to Meritage Homes of Texas, LLC, an Arizona limited liability company ("Meritage"). Meritage is currently developing the land into a single-family residential development.

Toll Brothers purchased approximately 3,800 acres within Sienna Plantation in 2013. Toll Brothers has engaged an affiliate of Sienna Johnson Development ("SJD"), to act as fee developer for such property. The first phase ("Phase 1A") of development has been delivered and contains 499 lots. In addition another 495 lots ("Phase 1B") are currently under design with approximately 292 of the 495 currently under construction.

Taylor Morrison of Texas, Inc. ("Taylor Morrison") has purchased approximately 187 acres and has developed the first phase (126 lots) of the single-family subdivision known as Avalon at Sienna Plantation. In addition, another 95 lots are currently under design. An affiliate of SJD has been hired as fee developer for Taylor Morrison.

There have been 271 lots developed as the subdivision Southern Colony, which is located in FBCMUD 131. Elan Development L.P. ("Elan") owns all of the vacant lots and most of the vacant land. This land is located within the District but outside Sienna Plantation. FBCMUD 131 development comprises 271 lots, of which 264 homes have been completed and 4 homes are under construction.

SJD and Related Entities, Toll Brothers, Meritage and Elan are collectively referred to herein as the "Developers." See "THE DISTRICT," "DEVELOPERS AND PRINCIPAL LANDOWNERS."

Homebuilders Within the District..... Homebuilders active within the District include Darling Home of Texas, Highland Homes-Houston, J. Patrick Homes, Shea Homes, Toll Brothers, Weekley Homes, Perry Homes, Westport Homes, Partners in Building, Newmark Homes, M/I Homes (Triumph Homes), DR Horton Homes, Meritage Homes, Monterey Homes, CalAtlantic Homes, Stephen K. Hann Custom Homes, Taylor Morrison, Fairmont Homes, Trendmaker Homes, Avanti Custom Homes, Regan Custom Homes, Peterson Homebuilders, Royal Palm, Brickhouse Construction, Gracepoint Homes, and Chris Sims Custom Homes. Prices of new homes being constructed within the District range from \$290,000 to more than \$1.75 million. Homes range in square footage from 1,500 to more than 6,000 square feet. Approximately 541 homes were constructed in 2007; approximately 355 homes were constructed in 2008; approximately 256 homes were constructed in 2009; approximately 285 homes were constructed in 2010; approximately 223 homes were constructed in 2011; approximately 310 homes were constructed in 2012; approximately 380 homes were constructed in 2013; approximately 410 homes were constructed in 2014; approximately 285 homes were constructed in 2015, and construction has begun on approximately 16 homes year-to-date in 2016. See "HOMEBUILDERS ACTIVE WITHIN THE DISTRICT."

Master District and  
Municipal Utility Districts..... The District does not provide water supply and distribution or wastewater treatment and collection facilities or services. Sienna Plantation Municipal Utility District No. 1 (the "Master District") is the municipal utility district providing the water supply and wastewater treatment facilities, as well as the regional water distribution, regional

wastewater treatment plant, regional wastewater collection trunk lines, and regional stormwater collection trunk lines necessary to serve the municipal utility districts that have entered into agreement with the Master District. See "THE SYSTEM," "DEVELOPMENT WITHIN THE DISTRICT," and "INVESTMENT CONSIDERATIONS - District Tax Levy and Overlapping District Taxes and Functions."

#### District Tax Levy and Underlying

District Taxes and Functions ..... The District will finance the construction or acquisition of flood protection, reclamation, detention and outfall drainage facilities (the "System") to serve the land located within its boundaries. The principal and interest on the District's bonds are payable from the proceeds of a continuing, direct, annual ad valorem tax, without legal limit as to rate or amount, levied against all taxable property located within the District. The District levied a 2015 debt service tax of \$0.30 per \$100 of assessed valuation, plus a maintenance tax of \$0.17 per \$100 of assessed valuation, for a total 2015 tax rate of \$0.47 per \$100 of assessed valuation. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Of the approximately 9,786 acres in the District, approximately 8,243 acres are located within municipal utility districts associated with the development of Sienna Plantation (the "Sienna Plantation Districts"). Approximately 277 acres are located in FBCMUD 131, outside Sienna Plantation. Approximately 214 acres are in The Woods at Sienna and approximately 1,035 acres in Sienna Point are not within a municipal utility district. As development within the Sienna Plantation Districts and FBCMUD 131 proceeds, additional municipal utility district unlimited tax bonds are expected to be sold by each district to finance future development. Each Sienna Plantation District and FBCMUD 131 levies or will levy a separate tax on the land located within its boundaries to pay debt service on the unlimited tax bonds which it issues. Such tax is in addition to the tax levied by the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments, and - District Tax Levy and Overlapping Taxes and Functions," "TAX DATA – Estimated Overlapping Taxes," "DEVELOPMENT WITHIN THE DISTRICT," and "THE SYSTEM."

### INVESTMENT CONSIDERATIONS

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

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

**SELECTED FINANCIAL INFORMATION**  
**(UNAUDITED)**

2015 Assessed Valuation.....	\$2,721,767,097 (a)
(100% of market value as of January 1, 2015)	
See "TAX DATA" and "TAXING PROCEDURES."	
2015 Estimated Taxable Valuation as of August 1, 2015 .....	\$2,816,584,920 (b)
(100% of estimated market value as of August 1, 2015)	
See "TAX DATA" and "TAXING PROCEDURES."	
Direct Debt:	
Remaining Outstanding Bonds.....	\$ 85,265,000(c)*
The Bonds .....	<u>10,775,000*</u>
Total .....	\$ 96,040,000*
Estimated Overlapping Debt .....	\$ 323,990,643 (d)
Total Direct and Estimated Overlapping Debt .....	<u>\$ 420,030,643</u>
Direct Debt Ratios:	
As a percentage of 2015 Assessed Valuation.....	3.63 %
As a percentage of Estimated Valuation as of August 1, 2015 .....	3.51 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of 2015 Assessed Valuation.....	15.88 %
As a percentage of Estimated Valuation as of August 1, 2015 .....	15.33 %
Park Fund (as of January 6, 2016).....	\$ 548,187
Debt Service Fund (as of January 6, 2016) .....	\$ 4,643,454
Capital Projects Fund (as of January 6, 2016).....	\$ 12,302,945
General Fund (as of January 6, 2016) .....	\$ 3,018,955
Special Projects Fund (as of January 6, 2016).....	\$ 5,058,763
2015 Tax Rate per \$100 of Assessed Valuation	
Debt Service .....	\$0.30 (e)
Maintenance .....	<u>0.17</u>
Total .....	\$0.47 (f)
Estimated Average Annual Debt Service Requirements	
on the Remaining Outstanding Bonds and the Bonds (2016-2039) .....	\$ 5,348,024*
Estimated Maximum Annual Debt Service Requirement	
on the Remaining Outstanding Bonds and the Bonds (2024) .....	\$ 8,446,786*
2015 Total Tax Increment to be Transferred to the City of Missouri City	
Tax Increment Reinvestment Zone No. 3 (the "TIRZ").....	\$ 344,334 (f)
Tax Increment Value .....	\$ 77,118,382 (f)
Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Average Annual	
Debt Service Requirements on the Remaining Outstanding Bonds and the Bonds	
(2016-2039) at 95% Tax Collections excluding the TIRZ incremental value	
Based Upon 2015 Assessed Valuation (\$2,644,648,715) .....	\$0.22
Based Upon the Estimated Valuation as of August 1, 2015 (\$2,739,466,538).....	\$0.21
Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Maximum Annual	
Debt Service Requirement on the Remaining Outstanding Bonds and the Bonds	
(2024) at 95% Tax Collections excluding the TIRZ incremental value	
Based Upon 2015 Assessed Valuation (\$2,644,648,715) .....	\$0.34
Based Upon the Estimated Valuation as of August 1, 2015 (\$2,739,466,538).....	\$0.33

\* Preliminary, subject to change

Number of Single-Family Homes (including 177 homes in various stages of construction) as of January 12, 2016.....	7,686
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- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District").
  - (b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of value of all taxable property located within the District as of August 1, 2015, and includes an estimate of value resulting from the construction of taxable improvements from January 1, 2015 through August 1, 2015. No taxes will be levied against this amount.
  - (c) Excludes the Refunded Bonds.
  - (d) See "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement."
  - (e) In addition to the District's tax rate, property owners in the District may be subject to additional property taxes of other overlapping jurisdictions, including, the City, Fort Bend County, the Sienna Plantation Districts, Fort Bend Independent School District, FBCMUD 131, and certain Fort Bend drainage districts. See "TAX DATA – Estimated Overlapping Taxes" and "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments, and – District Tax Levy and Overlapping District Taxes and Functions."
  - (f) The District has agreed to contribute 100% of its tax revenues on incremental value that lies within the TIRZ to the City for the life of the TIRZ or thirty years whichever is less.

*[Remainder of Page Intentionally Left Blank]*

**\$10,775,000\***  
**SIENNA PLANTATION LEVEE IMPROVEMENT DISTRICT**  
**OF FORT BEND COUNTY, TEXAS**  
**UNLIMITED TAX REFUNDING BONDS**  
**SERIES 2016**

This Official Statement of Sienna Plantation Levee Improvement District of Fort Bend County, Texas (the "District") is provided to furnish information with respect to the issuance by the District of its \$10,775,000\* Unlimited Tax Refunding Bonds, Series 2016 (the "Bonds") and the purchase of Bonds by the underwriters listed on the cover page hereof (the "Underwriters"). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 57 of the Texas Water Code, as amended; Chapter 1201 et. seq. of the Texas Government Code, as amended; an election held within the District in November, 1997; and a resolution, adopted on January 20, 2016, and a pricing certificate executed by an authorized officer of the District on the date of the sale of the Bonds (collectively the "Bond Resolution") adopted by the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds.

There follows in this Official Statement descriptions of the Bonds, the Developers (hereinafter defined), the Bond Resolution and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from The Muller Law Group, PLLC, 16555 Southwest Freeway, Suite 200, Sugar Land, Texas 77479, upon payment of the costs of duplication thereof. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

## **THE BONDS**

### **General**

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution authorizing the issuance of the Bonds. A copy of the Bond Resolution may be obtained from the District upon written request made to the District's Financial Advisor, Robert W. Baird & Co. 1331 Lamar St, Suite 1360, Houston, Texas 77010.

The \$10,775,000\* Sienna Plantation Levee Improvement District of Fort Bend County, Texas Unlimited Tax Refunding Bonds, Series 2016, are dated March 1, 2016, with interest payable September 1, 2016, and each March 1 and September 1 thereafter until the earlier of maturity or redemption ("Interest Payment Date"). The Bonds are fully-registered bonds maturing on September 1 of the years shown on the cover page of this Official Statement. Principal of the Bonds will be payable to the registered owners (the "Registered Owners") at maturity or redemption upon presentation at the principal payment office of the Paying Agent, initially Regions Bank, Houston, Texas, an Alabama banking corporation (the "Paying Agent" or "Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Registrar to Registered Owners as shown on the records of the Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date").

### **Paying Agent**

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

### **Book-Entry-Only System**

*This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York,*

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\* Preliminary, subject to change

*while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

*The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (2) DTC 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 Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("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 ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://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 ownership interest of each actual purchase of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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



Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 or 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 District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

#### **Use of Certain Terms in Other Sections of this Official Statement**

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

#### **Registration, Transfer and Exchange**

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Registrar upon surrender at the principal payment office of the Registrar in Houston, Texas. 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 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 Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder. The Bonds are exchangeable upon presentation at the designated office(s) of the 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 Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal amount as the Bond or Bonds surrendered

for exchange or transfer. Neither the Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

### **Replacement of Bonds**

In the event the Book-Entry-Only system is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Registrar of security or indemnity to hold them harmless. The District or the Registrar may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

### **Assignments, Transfers and Exchanges**

The Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. At any time after the date of delivery of the Bonds to the underwriters listed on the cover page hereof, any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. New Bonds registered and delivered in an exchange or transfer shall be in denomination of \$5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to 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 (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date.

### **Redemption of the Bonds**

Bonds maturing on September 1, 2025, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2024, 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 Registrar at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Registrar prior to the redemption date by such random method as the Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the 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.

### **Successor Paying Agent**

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

### **Authority for Issuance**

The Bonds constitute the sixth installment of \$44,000,000 principal amount of unlimited tax refunding bonds authorized at an election held within the District for refunding purposes held on November 4, 1997. Following the issuance of the Bonds, an aggregate of \$39,847,818\* principal amount of unlimited tax refunding bonds will remain authorized but unissued.

The Bonds are issued pursuant to the Bond Resolution; Chapters 49 and 57 of the Texas Water Code; as amended; Article XVI, Section 59 of the Texas Constitution; and an election held on November 4, 1997.

### **Source of Payment**

The Bonds are payable from the proceeds of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Registrar fees and fees of the Fort Bend Central Appraisal District (the "Appraisal District"). Tax proceeds, after deduction for collection costs, will be placed in the debt service fund and used solely to pay principal of and interest on the Bonds, and additional bonds payable from taxes which may be issued, and Registrar fees.

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

### **Issuance of Additional Debt**

The District may issue additional new money bonds with the approval of the Texas Commission on Environmental Quality ("TCEQ"), necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District may issue Refunding Bonds without TCEQ approval. The District's voters have authorized the issuance of \$44,000,000 unlimited tax levee improvement refunding bonds, \$49,000,000 unlimited tax bonds for park facilities, and \$110,000,000 unlimited tax bonds for levee and drainage facilities and could authorize additional amounts. The Bonds are the sixth series of unlimited tax bonds issued by the District for refunding purposes. Following the issuance of the Bonds, \$39,847,818\* unlimited tax levee improvement refunding bonds, \$26,060,000 unlimited tax bonds for park facilities, \$16,005,000 unlimited tax levee improvement bonds for levee and drainage facilities remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ). The District currently owes the Developers (hereinafter defined) approximately \$2,662,000 for District projects, the funds for which were advanced by the Developers.

Based on present engineering cost estimates and on development plans provided by the District's consulting engineer, LJA Engineering & Surveying Inc. (the "Engineer"), the aforementioned \$16,005,000 authorized but unissued bonds for levee and drainage facilities will not be sufficient to finance or reimburse the Developers for all of the remaining facilities necessary to serve all of the currently undeveloped portions of the District.

Because the remaining authorized bonds are not sufficient, the District and the Developers have agreed to an allocation of the remaining authorized but unissued bonds. However, it may be necessary for the District to call a bond election at some point in the future. No representation can be made that the District will call such an election or that such an election will result in the authorization of additional bonds. See "DEVELOPMENT WITHIN THE DISTRICT" and "THE SYSTEM."

### **No Arbitrage**

The District will certify, on the date of delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to

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\* Preliminary, subject to change

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

### **Annexation by the City of Missouri City and City of Alvin**

Chapter 42, Texas Local Government Code, provides that, within the limits described therein, the unincorporated area contiguous to the corporate limits of any city comprises that city's extraterritorial jurisdiction. The size of extraterritorial jurisdiction depends in part on the city's population. With certain exceptions, a city may annex territory only within the confines of its extraterritorial jurisdiction. When a city annexes additional territory, the city's extraterritorial jurisdiction expands in conformity with such annexation. Approximately 8,787 acres of the District are located within the extraterritorial jurisdiction of the City of Missouri City (the "City"); approximately 722 acres are located within the City's corporate limits; and approximately 277 acres are located in the extraterritorial jurisdiction of the City of Alvin. Such cities may annex the subject tracts pursuant to Chapter 42, Texas Local Government Code.

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

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

### **Defeasance**

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

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

right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

### **Legal Investment and Eligibility to Secure Public Funds in Texas**

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

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

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

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

### **Registered Owners' Remedies and Bankruptcy**

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

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

## PLAN OF FINANCING

### Use and Distribution of Bond Proceeds

A portion of the proceeds of the Bonds will be applied to advance refund \$5,885,000\* in principal amount (the "Series 2009 Refunded Bonds") of the District's \$9,025,000 Unlimited Tax Levee Improvement Bonds, Series 2009 (the "Series 2009 Bonds"); to advance refund \$4,665,000\* in principal amount (the "Series 2010 Refunded Bonds") of the District's \$13,180,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"); and to pay administrative and issuance costs related to the issuance of the Bonds. The Series 2009 Refunded Bonds and the Series 2010 Refunded Bonds are collectively referred to herein as the "Refunded Bonds."

The principal amounts and maturity dates of the Refunded Bonds are set forth as follows:

Series 2009 Refunded Bonds*		Series 2010 Refunded Bonds*	
Principal Amount	Maturity Date	Principal Amount	Maturity Date
\$395,000	09/01/2021	\$795,000	09/01/2021
415,000	09/01/2022	835,000	09/01/2022
440,000	09/01/2023	885,000	09/01/2023
470,000	09/01/2024	500,000	09/01/2024
495,000	09/01/2025	520,000	09/01/2025
525,000	09/01/2026	550,000	09/01/2026
560,000	09/01/2027	580,000	09/01/2027
590,000	09/01/2028		
625,000	09/01/2029		
665,000	09/01/2030		
705,000	09/01/2031		
<u>\$5,885,000</u>		<u>\$4,665,000</u>	

Redemption Date: 9/01/2017

Redemption Date: 9/01/2017

Aggregate Principal Amount of Bonds Being Refunded .....\$10,550,000\*

\* Preliminary, subject to change

*[Remainder of Page Intentionally Left Blank]*

## Remaining Outstanding Bonds

In addition to the Series 2009 Bonds and the Series 2010 Refunding Bonds, the District has issued \$7,680,000 Unlimited Tax Levee Improvement Bonds, Series 1999 (the "Series 1999 Bonds"); \$8,350,000 Unlimited Tax Levee Improvement Bonds, Series 2000 (the "Series 2000 Bonds"); \$5,700,000 Unlimited Tax Levee Improvement Bonds, Series 2001 (the "Series 2001 Bonds"); \$7,500,000 Unlimited Tax Levee Improvement Bonds, Series 2002 (the "Series 2002 Bonds"); \$7,500,000 Unlimited Tax Levee Improvement Bonds, Series 2003 (the "Series 2003 Bonds"); \$7,900,000 Unlimited Tax Levee Improvement Bonds, Series 2004 (the "Series 2004 Bonds"); \$12,220,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2005 (the "Series 2005 Refunding Bonds"); \$10,500,000 Unlimited Tax Levee Improvement Bonds, Series 2005A (the "Series 2005A Bonds"); \$3,300,000 Unlimited Tax Levee Improvement Bonds, Series 2006 (the "Series 2006 Bonds"); \$8,930,000 Unlimited Tax Levee Improvement Bonds, Series 2007 (the "Series 2007 Bonds"); \$9,210,000 Unlimited Tax Levee Improvement Bonds, Series 2008 (the "Series 2008 Bonds"); \$15,855,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2010A (the "Series 2010A Refunding Bonds"); \$1,850,000 Unlimited Tax Park Bonds, Series 2012 (the "Series 2012 Park Bonds"); \$5,120,000 Unlimited Tax Levee Improvement Bonds, Series 2012 (the "Series 2012 Bonds"); \$20,855,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds"); and \$3,930,000 Unlimited Tax Park Bonds, Series 2015 (the "Series 2015 Park Bonds"); \$14,015,000 Unlimited Tax Levee Improvement Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"); \$17,160,000 Unlimited Tax Park Bonds, Series 2015A (the "Series 2015A Park Bonds"); and \$3,280,000 Unlimited Tax Levee Improvement Bonds, Series 2015 (the "Series 2015 Bonds"). The Bonds are the sixth issue of a total authorization of \$44,000,000 of bonds authorized by District voters for unlimited tax levee improvement refunding bonds, of which \$39,847,818\* will remain authorized and unissued after the delivery of the Bonds. Excluding the Bonds and the Refunded Bonds, \$85,265,000 principal amount of bonds originally issued shall remain outstanding (the "Remaining Outstanding Bonds").

The Remaining Outstanding Bonds are listed below:

	Original Principal Amount	Principal Currently Outstanding	Less: Refunded Bonds*	Outstanding Bonds*
Series 2007 Bonds	8,930,000	\$300,000	-0-	\$300,000
Series 2008 Bonds	9,210,000	960,000	-0-	960,000
Series 2009 Bonds	9,025,000	7,540,000	\$5,885,000	1,655,000
Series 2010 Refunding Bonds	13,180,000	8,060,000	4,665,000	3,395,000
Series 2010A Refunding Bonds	15,855,000	13,635,000	-0-	13,635,000
Series 2012 Park Bonds	1,850,000	1,675,000	-0-	1,675,000
Series 2012 Bonds	5,120,000	4,740,000	-0-	4,740,000
Series 2014 Refunding Bonds	20,855,000	20,815,000	-0-	20,815,000
Series 2015 Park Bonds	3,930,000	3,805,000	-0-	3,805,000
Series 2015 Refunding Bonds	14,015,000	13,845,000	-0-	13,845,000
Series 2015A Park Bonds	17,160,000	17,160,000	-0-	17,160,000
Series 2015 Bonds	3,280,000	3,280,000	-0-	3,280,000
	<u>\$193,060,000</u>	<u>\$95,815,000</u>	<u>\$10,550,000</u>	<u>\$85,265,000</u>

\* Preliminary, subject to change

## Sources and Uses of Funds

The proceeds from the sale of the Bonds will be applied as follows:

### SOURCES OF FUNDS:

Principal Amount of Bonds.....	\$
Net Original Issue Premium.....	
Debt Service Fund Transfer .....	
Accrued Interest on Bonds .....	
Total Sources of Funds.....	<u>\$</u>

### USES OF FUNDS:

Deposit with Escrow Agent .....	\$
Deposit of Accrued Interest to Debt Service Fund.....	
Issuance Expenses and Underwriter's Discount.....	
Total Uses of Funds.....	<u>\$</u>

### Escrow Agreement

The District will enter into an escrow agreement (the "Escrow Agreement") with Wells Fargo Bank, N.A., Houston, Texas (the "Escrow Agent"), pursuant to which a portion of the proceeds of the Bonds will be deposited in cash or invested in certain securities of the United States of America (the "Escrowed Obligations") and held in an escrow fund (the "Escrow Fund") to provide for scheduled payments of principal of and interest on the Refunded Bonds until their maturity or redemption dates. At the time of delivery of the Bonds, Grant Thornton LLP, Certified Public Accountants, will verify to the District, the Escrow Agent, Bond Counsel and the Underwriters that the cash and Escrowed Obligations in the Escrow Fund are sufficient in principal amount and are scheduled to mature at such times and to yield interest in such amounts, together with uninvested funds, if any, in the Escrow Fund, to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

By the deposit of the Escrowed Obligations and cash with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of the resolution and/or order authorizing the issuance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such deposit, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds pursuant to the Escrow Agreement, and such Refunded Bonds will be deemed under Texas law to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefore in such Escrow Agreement.

## INVESTMENT CONSIDERATIONS

### General

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



economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

### **Factors Affecting Taxable Values and Tax Payments**

**Economic Factors:** The rate of development within the District is directly related to the vitality of the residential housing industry in the Houston metropolitan area. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. Although, as described in this Official Statement under the captions "DEVELOPMENT WITHIN THE DISTRICT" and "DEVELOPERS AND PRINCIPAL LANDOWNERS," a significant amount of development and home construction has been completed within the District with a significant amount of development activity and home construction on-going, the District cannot predict the pace or magnitude of any future development or construction in the District.

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

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

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

In addition to the risk of overtopping, a portion of the District would experience flooding if the levee failed (or breached) while the Brazos River (or its tributaries) were at a flood state of less than the 100-year event. In order to mitigate the risk, the District performs weekly inspections of the levee to observe any visible deterioration of the levee that is in need of repair. The District could experience flooding if a localized rainfall event in excess of the 100-year event were to happen within the District. The statistical chance of this happening is 1% in any given year.

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

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

**Maximum Impact on District Tax Rates:** Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2015 Assessed Valuation of property located within the District (see "TAX DATA") is \$2,721,767,097 and the 2015 Estimated Valuation as of August 1, 2015 is \$2,816,584,920. The 2015 incremental value for the City of Missouri City Tax Increment Reinvestment Zone No. 3 (the "TIRZ") is \$77,118,382. The District does not retain taxes levied on TIRZ incremental value. See "City of Missouri City Tax Investment Reinvestment Zone No. 3" below. After issuance of the Bonds, the estimated maximum annual debt service requirement on the remaining outstanding bonds of the District (the "Remaining Outstanding Bonds") and the Bonds will be \$8,446,786\* (2024) and the estimated average annual debt service requirements will be \$5,348,024\* (2016-2039), inclusive. Assuming no increase to nor decrease from the 2015 Assessed Valuation excluding the 2015 TIRZ incremental value, tax rates of \$0.34 and \$0.22 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no increase to nor decrease from the Estimated Valuation as of August 1, 2015 and excluding the 2015 TIRZ incremental value, tax rates of \$0.33 and \$0.21 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. The District levied a debt service tax rate of \$0.30 per \$100 of assessed valuation for 2015 plus a maintenance tax of \$0.17 per \$100 of assessed valuation, for a total tax rate of \$0.47 per \$100 of assessed valuation.

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

Unless offset by decreases in the tax rate levied by the overlapping municipal utility districts, increases in the District's tax rate to substantially higher levels than the total rate of \$0.47 per \$100 of assessed valuation which the District levied for 2015 may have an adverse impact upon future development of the District, the sale and construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a Registered Owner of the District's obligations to collect sufficient taxes may be a costly and lengthy process.

### **District Tax Levy and Overlapping District Taxes and Functions**

The District is financing a portion of the levee and drainage system to serve the land located within the District and will finance the acquisition and/or construction of additional flood protection and outfall drainage facilities with the proceeds of the sale of bonds to be issued by the District in the future, as described in this Official Statement under the caption "THE SYSTEM." The District levied a debt service tax rate for 2015 of \$0.30 per \$100 of assessed valuation and a \$0.17 tax rate for maintenance purposes.

The District includes approximately 9,786 of the approximately 10,230 acre development in Fort Bend County, Texas ("Sienna Plantation") contained within the Sienna Plantation. As illustrated in this Official Statement under the caption "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement," the district overlaps several municipal utility districts and a management district (the "Sienna Plantation Districts"). Some of the Sienna Plantation Districts have to date issued bonds to finance the acquisition or construction of water, sewer, and drainage facilities to serve development which has occurred within their boundaries. As development within the Sienna Plantation Districts proceeds, additional municipal utility district bonds are expected to be sold by such districts to finance future development. The active Sienna Plantation Districts levy separate taxes on the land located within their boundaries to pay debt service on the unlimited tax bonds which such district has issued. Such

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\* Preliminary, subject to change

tax is in addition to the tax levied by the District, and such municipal utility district tax varies in amount as a function of several variables, including the amount of indebtedness issued by such municipal utility district, the extent of development therein, the level of the assessed valuation of the property located within the boundaries of such underlying municipal utility district, and other factors.

The District and the Sienna Plantation Districts anticipate that the composite of the District's tax rate, when added to the tax rates of any of the Sienna Plantation Districts, will not exceed \$1.50 per \$100 of assessed valuation. However, the tax rate that may be required to service debt on any bonds issued by a municipal utility district, or the District, is subject to numerous uncertainties such as the growth of taxable values therein, the amount of the bonds issued, regulatory approvals, construction costs and market interest rates. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property covered by the Sienna Plantation Districts, including the District, will be competitive with the tax rates of competing projects.

The District overlaps several municipal utility districts, a management district and portions lie within the City of Missouri City. The District is located within other taxing entities including Fort Bend County, Fort Bend Independent School District and a portion of the Houston Community College System. The total tax rates for property owners within the municipal utility district's range from \$2.926000 to \$3.972622 per \$100 of assessed valuation. A portion of the higher total tax rates comprise the City of Missouri City tax rate of \$0.544680 per \$100 of assessed valuation and/or the Houston Community College System tax rate of \$0.101942 per \$100 of assessed valuation.

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

As described in this Official Statement under the caption "DEVELOPMENT WITHIN THE DISTRICT," the development and home construction activity completed within the District includes the development of approximately 8,141 single-family residential lots in Sienna Plantation, the development of 172 rural estate lots in Sienna Point, the development of 100 rural estate lots in The Woods at Sienna Plantation, and the construction of in excess of 7,686 homes of which 177 homes are under construction, plus certain amenities. Such development and home construction activity, together with development and homebuilding anticipated to occur within the District in the future, are expected to contribute to increases in the District's assessed valuation. The District cannot guarantee whether any of the land development projects which are planned for or are underway in the District will be successful or whether the assessed valuation of the land located within the District will increase sufficiently to justify continued payment of the District tax by property owners. Increases in the District's tax rate so that the combined tax rate between the District and an underlying municipal utility district rises above \$1.41 per \$100 valuation would have an adverse impact upon future development within the District, on home sales within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District.

### **City of Missouri City Tax Increment Reinvestment Zone No. 3**

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

In April, 2008, the City designated 582 acres as "Missouri City Tax Increment Reinvestment Zone No. 3", of which approximately 500 acres lie within the boundaries of the District. The District has agreed to contribute 100% of its TIRZ Revenues to the City for the life of the TIRZ or thirty years, whichever is less. The District's participation in the TIRZ has the effect of reducing the tax revenues that are available to the District to finance District facilities during the life of the TIRZ. For the tax year 2015, the District's tax increment equaled \$77,118,382 and will generate \$344,334 in revenues at the District current 2015 tax rate of \$0.47 per \$100 of assessed valuation which revenues will be contributed to the TIRZ. After the TIRZ is dissolved or after 30 years, the District will collect and retain the tax revenue on all of the land within the District previously located in the TIRZ.

### **Tax Collection Limitations**

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

### **Registered Owners' Remedies and Bankruptcy**

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

### **Future Debt**

The District has the right to issue the remaining \$39,847,818\* unlimited tax levee improvement refunding bonds, \$16,005,000 unlimited tax levee improvement bonds for levee and drainage facilities bonds, \$26,060,000 unlimited tax bonds for park facilities, (see "THE BONDS - Issuance of Additional Debt") and such additional bonds as may

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\* Preliminary, subject to change

hereafter be approved by both the Board and voters of the District. All of the remaining \$39,847,818\* unlimited tax levee improvement refunding bonds, \$16,005,000 unlimited tax levee improvement bonds for levee and drainage facilities, \$26,060,000 unlimited tax bonds for park facilities, may be issued by the District from time to time as needed. The issuance of such \$26,060,000 in unlimited tax bonds for park facilities and \$16,005,000 in unlimited tax levee improvement bonds for levee and drainage facilities require additional commission authorization. Under current State law, the District is prohibited from issuing of park bonds if the issuance of such bonds (including any outstanding park bonds) that would exceed 1% of the District's then current taxable assessed value.

The District's flood protection, reclamation, detention, and outfall drainage facilities (the "System") currently provides flood protection from overflows of the Brazos River to the majority of the land within the District. The System also provides detention and outfall drainage facilities to maintain internal water surface elevations in the developed areas below the 100-year flood plain. Based on present engineering cost estimates and on development plans, the District's Engineer, states the aforementioned \$16,005,000 authorized but unissued bonds for Levee and Drainage Facilities will not be sufficient to finance or reimburse the developers for all of the remaining major outfall drainage facilities necessary to serve the currently undeveloped portions of the District. Additional drainage facilities necessary for additional development will need to be constructed and financed by the developer or the Sienna Plantation Districts. If the Developers of the Sienna Plantation Districts cannot or do not construct these additional facilities the amount of future development within the District will be limited. The District will be required to issue additional debt to finance the internal drainage improvements within the District. See "DEVELOPMENT WITHIN THE DISTRICT" and "THE SYSTEM."

### **Competitive Nature of Houston Residential Housing Market**

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

### **Continuing Compliance with Certain Covenants**

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

### **Approval of the Bonds**

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

### **Bond Insurance Risk Factors**

*The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The District has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased, 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

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\* Preliminary, subject to change

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 District which is recovered by the District 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 provider of the Policy (the “Bond Insurer”) at such time and in such amounts as would have been due absence such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

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

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

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

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

Neither the District or the Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See “Bond Insurance” herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

## **Environmental Regulation**

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

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

Sanctions against a municipal utility district or other type of special purposed district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of

planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

***Air Quality Issues/Greenhouse Gas 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 Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston-Galveston area (“HGB area”) – Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties – was designated by the EPA in 2008 as a severe ozone nonattainment area. Such areas are required to demonstrate progress in reducing ozone concentrations each year until the EPA “8-hour” ozone standards are met. The EPA granted the governor’s request to voluntarily reclassify the HGB ozone nonattainment area from a moderate to a severe nonattainment area for the 1997 eight-hour ozone standard, effective October 31, 2008. The HGB area’s new attainment deadline for the 1997 eight-hour ozone standard must be attained as expeditiously as practicable, but no later than June 15, 2019. If the HGB area fails to demonstrate progress in reducing ozone concentrations or fails to meet EPA’s standards, EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, as well as severe emissions offset requirements on new major sources of air emissions for which construction has not already commenced.

On October 1, 2015, the EPA lowered the ozone standard from 75 parts per billion (“ppb”) to 70 ppb. This could make it more difficult for the HGB Area to demonstrate progress is reducing ozone concentration.

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

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

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and must establish the total maximum allowable daily load (“TMDL”) of certain pollutants into the water bodies. The TMDL’s that municipal utility districts may discharge may have an impact on the municipal utility district’s ability to obtain and maintain TPDES permits.

The TCEQ renewed the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on December 11, 2013. The permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems (“MS4s”). The renewed MS4 Permit impacts a much greater number of MS4s that were not previously subject to the MS4 Permit and contains more stringent requirements than the standards contained in the previous MS4 Permit. The District, along with all other Sienna Plantation districts, applied for authorization under the renewed MS4 Permit in accordance with the June 11, 2014 deadline, and the District’s Notice of Intent and draft plan is currently under review by the TCEQ. It is anticipated that the District could incur substantial costs to develop and implement the required plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the renewed MS4 Permit.

The TCEQ reissued the TPDES Construction General Permit (TXR150000) on February 19, 2013. The TPDES Construction General Permit became effective on March 5, 2013, and is a general permit authorizing the discharge of stormwater runoff associated within small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal.

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

On May 27, 2015, the EPA and the United States Army Corps of Engineers (“USACE”) jointly issued a final version of the Clean Water Rule (“CWR”), which expands the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The final rule became effective on August 28, 2015. On October 9, 2015, the Sixth Circuit Court of Appeals put the CWR on hold nationwide until the court decides whether it has jurisdiction to consider lawsuits against the CWR. If the CWR is implemented, operations of municipal utility district, including the District, are potentially subject to additional restrictions and requirements, including permitting requirements, if construction or maintenance activities require the dredging, filling or other physical alteration of jurisdictional waters of the United States or associated wetlands that are within the “waters of the United States.” The CWR expands the federal definition of what is a jurisdictional water, which could negatively impact development in the District.

### **Changes in Tax Legislation**

Certain tax legislation, whether currently 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.

## **THE DISTRICT**

### **Authority**

The District is a conservation and reclamation district created by Commissioners Court of Fort Bend County, on April 13, 1978. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to conservation and reclamation districts, including particularly Chapters 49 and 57, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ which has authority over the issuance of bonds by the District.

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

Pursuant to Acts 2003, 78<sup>th</sup> Regular Session, Chapter 98, General and Texas Loans of Texas, District also has the authority to finance and construct major thoroughfares that serve the District. The District would require voter authorization to finance such facilities. The District currently has no bonds authorized for major thoroughfares.

### **Description**

The District encompasses approximately 10,063 acres, approximately 9,786 of which are in the Sienna Plantation development. The remaining portion of the District encompasses approximately 277 acres, which are not included as part of the Sienna Plantation development but are being developed for residential housing. The District is located entirely within Fort Bend County, Texas, approximately 22 miles southwest of the central business district of the City of Houston, Texas; approximately 1 mile west of the intersection of Texas State Highway 6 and the Fort Bend Parkway Toll Road. The District is located entirely within the boundaries of the Fort Bend Independent School District. Approximately 8,787 acres of the District are located within the extraterritorial jurisdiction of the City of Missouri City, Texas (the “City”); approximately 722 acres are located within the City’s corporate limits; and



approximately 277 acres are located in the extraterritorial jurisdiction of the City of Alvin, Texas. The District was created for the purposes of providing flood plain reclamation, flood protection and outfall drainage facilities to serve the land located within the boundaries of the District. See "PHOTOGRAPHS TAKEN WITHIN THE DISTRICT" AND "APPENDIX A - AERIAL PHOTOGRAPH OF THE DISTRICT."

### **Management of the District**

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

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kendall A. Beckman	President	2019
Michael Johnson	Secretary/Assistant Vice President	2019
John P. "Bucky" Richardson	Vice President/ Assistant Secretary	2019

### **Investment Policy**

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

### **Consultants**

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

#### **Tax Assessor/Collector**

The District's Tax Assessor/Collector is Tax Tech, Inc. (the "Tax Assessor/Collector"). Tax Tech employees serve as tax assessor/collector for approximately more than 80 other taxing jurisdictions. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Fort Bend Central Appraisal District and bills and collects such levy.

#### **Bookkeeper**

The District's bookkeeper is McLennan & Associates. Such firm acts as bookkeeper for over 100 water districts.

#### **Utility System Operator**

The District's operator is Levee Management Services, LLC. Such firm provides maintenance and support to the District.

## **Auditor**

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. A copy of the District's audit prepared by McGrath & Co., PLLC for the fiscal year ended September 30, 2014, is included as "APPENDIX B" to this Official Statement. A copy of the Management Letter from the District's auditor to the District's Board of Directors relating to the District's financial reporting under the Statement of Auditing Standards No. 112, including the District's response thereto, is included in APPENDIX B.

## **Engineer**

The consulting engineer for the District in connection with the design and construction of the levee and drainage facilities is LJA Engineering, Inc. (the "Engineer"). The Engineer has also been employed by the Developer in connection with certain planning activities and the design of certain streets and related improvements within the District.

## **Landscape Architect**

The landscape architect for the District is TBG Partners Inc. Such firm provides landscape planning and design for park facilities within the District.

## **Environmental Services Consultant**

The District's environmental services consultant is Berg Oliver & Associates, Inc. Such firm assists the District with issues relating to the wetlands within the District.

## **Financial Advisor**

Robert W. Baird & Co. (the "Financial Advisor") is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the 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 in this Official Statement.

## **Attorney**

The District has engaged The Muller Law Group, PLLC, Sugar Land, Texas as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

# **THE FLOOD PROTECTION SYSTEM**

## **General**

The District provides flood protection through the use of levees, flood plain reclamation (fill), detention, and internal and outfall drainage facilities (the "Flood Protection System") to land within its boundaries.

## **Flood Protection, Reclamation and Drainage Facilities**

Approximately 9,786 of Sienna Plantation's approximate 10,230 acres are located within the District's Flood Protection System. The Flood Protection System consists of two independent levee and outfall drainage networks, as well as flood plain reclamation (fill) sites for certain land within the District not protected by a levee.

South Flood Protection System – The District's initial levee and initial outfall structures were constructed in 1984 to protect approximately 6,465 acres of land that encompassed the original District boundary. Since that time, the

District has constructed additional internal drainage facilities including detention ponds, channels and outfall structure (gates and pumps) to accommodate new development. Approximately 3,700 acres within the South Flood Protection System remain undeveloped. The District will construct additional channels and detention facilities and expand existing facilities to accommodate this development and complete the South Flood Protection System. The maps included in APPENDIX A show the existing and future components of the South Flood Protection System.

According to the District's Engineer, as a result of the construction of the facilities financed by the District, all land located within the Southern portion of Sienna Plantation as shown in APPENDIX A ("Sienna South") was removed from the 100-year flood plain of the Brazos River. Such area located within the District is now designated by the applicable Flood Hazard Boundary Map of the Federal Emergency Management Agency ("FEMA") as lying within a designated "shaded Zone X," which designates an area protected from the 100-year flood event by a levee.

While the levee protects against flooding from the Brazos River, the District's internal network of drainage channels, detention ponds and pump stations protect against flooding from localized rainfall events. The District's Engineer has defined an "internal" 100-year flood plain elevation. This elevation is designated as below the lowest floor slab elevation for residential construction, as required by applicable federal regulations.

According to the District's Engineer, the South Flood Protection System is sufficient to provide flood plain reclamation, flood protection and outfall drainage necessary to serve the existing development within Sienna South, including the lots under development.

North Flood Protection System – The North Flood Protection System protects approximately 2,516 acres of land that was annexed into the boundaries of the District in 1997. The initial levee and related outfall structures and channels for the North Flood Protection System were completed in 2004.

According to the District's Engineer, as a result of the construction of the facilities financed by the District, the land located within the northern portion of Sienna Plantation as shown in APPENDIX A ("Sienna North") was removed from the 100-year flood plain of the Brazos River. Such area located within the District is now designated by the applicable FEMA Flood Hazard Boundary Map as lying within a designated "shaded Zone X," which designates an area protected from the 100-year flood event by a levee. As a result of the District's construction of the levee, internal detention and drainage Flood Protection systems, the District's Engineer has defined an "internal" 100-year flood plain. This flood plain is designated as below the lowest floor slab elevation for residential construction, as required by applicable federal regulations.

The District has completed the construction of all components of the North Flood Protection System to accommodate full development of the land within that system. According to the District's Engineer, the existing levee and drainage outfall Flood Protection System is sufficient to serve the development within Sienna North, including the lots under development. The maps included in APPENDIX A show how the existing components of the North Flood Protection System.

### **Federal Emergency Management Agency Study**

FEMA recently concluded a study to re-evaluate the "base flood elevation" (commonly referred to as the 100-year flood plain elevation) in Fort Bend County. The study and the subsequently revised flood plain maps show the District's levees meet the National Flood Insurance Program minimum requirements and revised Flood Insurance Rate Map panels reflect that the District's levees protect the areas of the District within the levees from the 1% annual chance flood (100-year event). The latest Flood Insurance Rate Map panels for the District were finalized on April 2, 2014. The flood plain maps for the District can be obtained from <https://msc.fema.gov>.

On January 30, 2014 President Barack Obama issued an Executive Order amending Executive Order 11988 ("EO 11988") to establish a Federal Flood Risk Management Standard ("FFRMS"). Draft guidelines for the implementation of revised EO 1198 and FFRMS by federal agencies were published in the Federal Register on February 5, 2015, and the implementation process has recently begun. At this time, it is unclear what impact, if any, the FFRMS will have on the land within the District or otherwise protected by the District's flood protection facilities.

## **100-Year Flood Plain**

As stated above, according to the District's Engineer, the entirety of Sienna South and Sienna North have been removed from the FEMA 100-year flood plain designation as a consequence of the construction of levee and drainage improvements financed by the District. Upon completion of the levee serving Sienna North and the issuance of a Letter of Map Revision by FEMA, approximately 2,400 acres in Sienna North were removed from the 100-year flood plain. The "100-year flood plain" is a hypothetical engineering and meteorological concept that defines a geographical area that would supposedly be flooded by a rain storm in intensity statistically having a one percent chance of occurring in any one year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance subsidies. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded. If substantial or frequent flooding of homes were to occur in the District, the marketing of homes and the future growth of property values in the District could be adversely affected. The District's levee and drainage Flood Protection System have been designed and constructed to all current standards. See "THE FLOOD PROTECTION SYSTEM." However, the Flood Protection System does not protect against all flooding scenarios. There are three instances in which flooding could occur in the District: 1) an overtopping of the levee, 2) a failure (or breach) of the levee Flood Protection System, or 3) localized rainfall in excess of the 100-year event.

## **Construction of Future Internal Facilities**

The Flood Protection System currently provides flood protection from overflows of the Brazos River to majority of the land within the District. The Flood Protection System also provides detention and outfall drainage facilities to maintain internal water surface elevations in the developed areas below the 100-year flood plain. As additional development continues, the District, the municipal utility districts within the boundaries of the District, or developers within the District must construct pump stations, detention facilities and outfall drainage facilities to maintain these water surface elevations.

The District will be required to issue additional debt to finance the internal drainage improvements within the District. If the District, municipal utility districts with the boundaries of the District, or the developers within the District cannot or do not construct these additional facilities the amount of future development within the District will be limited.

## **Regulation**

Construction and operation of the Flood Protection System as it now exists or as it may be expanded from time to time is subject to the regulatory jurisdiction of several federal, state and local authorities. The TCEQ exercises continuing supervisory authority over the District. Construction of the Flood Protection System is subject to the regulatory authority of Fort Bend County and the Fort Bend County Drainage District, the Federal Emergency Management Agency and, in some instances, the TCEQ, the U.S. Army Corps of Engineers, the City of Missouri City, Texas and, the City of Alvin, Texas.

## **PARK SYSTEM AND WATER SUPPLY AND WASTEWATER TREATMENT**

### **Park System**

In 2009, the District developed and the voters of the District approved the District's Parks Master Plan and authorized the District to issue \$49,000,000 in unlimited tax bonds to pay for the construction of park and recreational facilities contained in the Parks Master Plan.

The Parks Master Plan identifies eighteen regional and neighborhood park locations and several miles of trails throughout and adjacent to the District. The District currently owns and operates one regional park ("Camp Sienna") that contains five baseball fields, three softball fields, six multi-purpose fields used for a variety of active youth and adult sports leagues, as well as playground equipment and a trail system.

## **Water Supply and Wastewater Treatment**

The District does not provide water supply and wastewater treatment services. The water supply services are owned and operated by Sienna Plantation Municipal Utility District No. 1 (the "Master District"). The Master District provides water supply services to the underlying districts on a wholesale basis. The majority of the wastewater treatment services are owned by the Master District. One interim treatment plant is owned by Sienna Plantation MUD No. 5 which provides wastewater treatment to a portion of Sienna Plantation MUD No. 4. Each internal municipal utility district provides these services to their customers on a retail basis. Based on the January 2016 Engineer's Report for the Master District there is sufficient water supply and wastewater treatment capacity to serve all the existing developed SJD lots within the District. The remaining portions of the District water and wastewater services are provided by Fort Bend County Municipal Utility District No. 131 ("FBCMUD 131").

## **DEVELOPMENT WITHIN THE DISTRICT**

### **General**

The District encompasses most of the developable land within the master-planned community known as "Sienna Plantation." Sienna Plantation consists of approximately 10,230 acres of land, of which approximately 9,786 acres are located within the boundaries of the District. According to the developer of Sienna Plantation, the ultimate land use within the District is currently projected as follows: approximately 15,725 single-family residential lots, approximately 2,720 multi-family units, 1,150 retirement residential units, approximately 275 rural estate residential units, approximately 1,105 acres used for the development of commercial mixed-use projects, and the remaining acres will consist of the 18-hole Sienna Plantation Golf Course, clubhouse, 3 water theme facilities, swimming and tennis facilities, drainage and levee easements, street rights-of way, utility easements, open space, lakes, parks and greenbelts. In addition to Sienna Plantation, the District fully encompasses two single-family residential developments, Sienna Point and Southern Colony. Sienna Point consists of 272 rural estate lots on 1,035 acres. Southern Colony is located in FBCMUD 131. Southern Colony consists of approximately 277 acres and 271 developed lots.

### **Development Agreement**

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

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

### **Special Districts**

The District does not provide water supply and distribution or wastewater treatment and collection facilities or services. To date, one master municipal utility district and eight (8) municipal utility districts, Sienna Plantation Municipal Utility District Nos. 2-7, 10, 12, and Sienna Plantation Management District (collectively, the "Sienna Plantation Districts") which include approximately 8,506 acres of land, and FBCMUD 131 which includes 277 acres of land, all of which lie within the District, have been formed to finance the acquisition or construction of water supply and distribution, wastewater collection and treatment, and storm sewer facilities to serve the land located within such districts.

In the Development Agreement, the City agrees not to annex property located in a Sienna Plantation District before such time as (i) at least 95% of the developable acreage within the applicable Sienna Plantation District has been developed with water, wastewater treatment and drainage facilities; and (ii) the Developer(s) has been reimbursed by such Sienna Plantation District to the maximum extent permitted by the rules of the TCEQ or the City assumes any obligation for such reimbursement. The City also agrees to provide fire protection to the residents in the District subject to the payment for such services by the Sienna Plantation Districts.

### **Status of Development Within the District**

As of January 12, 2016, development within Sienna Plantation comprised 7,509 completed homes; 177 homes under construction; 292 lots under development; 557 lots under design, and 455 vacant and developed lots. Sienna Plantation currently consists of 8 residential villages and a rural estate community. The residential villages are Sienna Steep Bank Village, Sienna Village of Waters Lake, Sienna Village of Shipman's Landing, Sienna Village of Anderson Springs, Village of Bees Creek, Pecan Estates, Avalon at Sienna Plantation and Sawmill Lake. The rural estate lot subdivision is The Woods at Sienna. Homes within Sienna Plantation range in price from \$290,000 to \$1,750,000. Approximately 455 homes were sold in 2002, approximately 501 homes were sold in 2003, approximately 620 homes were sold in 2004; approximately 657 homes were sold in 2005; approximately 765 homes were sold in 2006; approximately 577 homes were sold in 2007; approximately 355 homes were sold in 2008; approximately 256 homes were sold in 2009; approximately 285 homes were constructed in 2010; approximately 223 homes were sold in 2011; approximately 310 homes were sold in 2012; approximately 380 homes were sold in 2013; approximately 410 homes were sold in 2014; approximately 357 homes were sold in 2015 and construction has begun on approximately 16 homes in 2016.

In The Woods at Sienna, 104 estate lots have been developed all of which have been completed. In Sienna Point, Sections 1-3, 272 rural estate lots were developed, of which 173 homes have been completed, approximately 2 homes are under construction and 97 vacant lots are remaining. In Southern Colony, 271 lots have been developed of which 264 homes have been completed.

The remaining land within the District is comprised of approximately 2,337 undeveloped but developable acres and approximately 1,065 acres that are undevelopable.

As of January 1, 2016, commercial and multi-family development consists of a 272-unit apartment complex, a 190-unit apartment complex, a 312-unit apartment complex, a 125,541 square foot ("sf") HEB Plus grocery store, a 15,000 sf office building, approximately five retail centers aggregating approximately 100,000 sf of retail space, a CVS Pharmacy, a Shipley Donuts, an Aldi Food Market, 3 emergency clinics, 2 daycare centers, a Sonic, a Whataburger, an iShine Car Wash, and a Wells Fargo Bank. Educational facilities within the District include three elementary schools, two middle schools, a high school and a 49-acre Houston Community College campus. Recreational facilities located within the District include an 18-hole golf course with a golf clubhouse and pro shop; a 7,500 sf recreational facility; three water parks, eight tennis courts, an amphitheater, an Olympic sized pool and pavilion; and Camp Sienna, a 160-acre sports park along the Brazos River Corridor that includes baseball fields, soccer fields, volleyball and basketball courts, a concession area, a scenic overlook of the Brazos River, 3.6 miles of walking trails, a picnic pavilion and a playground.

### **Homebuilders Active Within The District**

Homebuilders active within the District include Darling Home of Texas, Highland Homes-Houston, J. Patrick Homes, Shea Homes, Toll Brothers, Weekley Homes, Perry Homes, Westport Homes, Partners in Building, Newmark Homes, M/I Homes (Triumph Homes), DR Horton Homes, Meritage Homes, Monterey Homes, CalAtlantic Homes, Stephen K. Hann Custom Homes, Taylor Morrison, Fairmont Homes, Trendmaker Homes, Avanti Custom Homes, Regan Custom Homes, Peterson Homebuilders, Royal Palm, Brickhouse Construction, Gracepoint Homes, and Chris Sims Custom Homes. Prices of new homes being constructed within the District range from \$290,000 to more than \$1.75 million. Homes range in square footage from 1,500 to more than 6,000 square feet.

## **DEVELOPERS AND PRINCIPAL LANDOWNERS**

### **Role of the Developers**

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

### **The Johnson Development Corporation**

In 1996, approximately 6,200 acres were acquired by several partnerships whose General Partners were companies controlled by Larry Johnson, the founder and CEO of The Johnson Development Corporation ("JDC"). Subsequently JDC formed separate entities, including Sienna/Johnson Development, L.P. ("SJD"), to develop the 6,200 acres. In addition to SJD, several partnerships have been created, whose general partners are controlled directly or indirectly by Larry Johnson and Lawrence Wong, to develop property within the District – Brushy Lake, L.P., Sienna/Johnson North, L.P. ("SJ North"), Sienna/Johnson Cathay, L.P., Sienna 93, L.P. and the Zeringue Tract Joint Venture. JDC's development activities have taken place within Sienna Plantation Municipal Utility District Nos. 2, 3, 10, and 12 and Sienna Plantation Management District. SJD also developed an estate lot subdivision known as The Woods at Sienna. As of January 12, 2016, 7,697 lots, 7,067 homes (including 44 homes under construction) on approximately 5,072 acres have been developed and approximately 148 acres remain undeveloped but developable.

### **Toll Brothers**

In December, 2013, Toll Brothers partnered with GTIS Partners to purchase approximately 3,800 acres of land in the southern region of Sienna Plantation. Toll Brothers has engaged an affiliate of SJD to act as fee developer for such property. The first phase ("Phase 1A") of development contains 499 lots. In addition another 495 lots ("Phase 1B") are currently under design with approximately 292 of the 495 currently under construction. Toll Brothers parent company is a publicly traded company on the New York Stock Exchange and a national homebuilder, which is actively building homes in 19 states. For more information, visit [www.tollbrothers.com](http://www.tollbrothers.com). GTIS Partners is a real estate private equity firm headquartered in New York City with offices in Sao Paulo, Brazil and Los Angeles. The Toll Brothers development encompasses four internal municipal utility districts – Sienna Plantation Municipal Utility District Nos. 4-7. Sienna Plantation Municipal Utility District No. 5 has been designated as the "Master District". According to representatives of Toll Brothers, initial development of Sienna Plantation's 7<sup>th</sup> Village, known as the Village of Sawmill Lake, is underway, with 499 lots completed, on which homebuilding is underway, and 215 under development.

### **Taylor Morrison of Texas**

Taylor Morrison of Texas, Inc. ("Taylor Morrison") has purchased approximately 187 acres and has developed the first phase (126 lots) of the single-family subdivision known as Avalon at Sienna Plantation. In addition, another 95 lots are currently under design. Taylor Morrison is a publicly traded company on the New York Stock Exchange and a national homebuilder, which is actively building homes in 5 states. For more information, visit [www.taylormorrison.com](http://www.taylormorrison.com). The Taylor Morrison development is located in Sienna Plantation Municipal Utility District No. 12. In early 2014, Taylor Morrison hired an affiliate of SJD to act as fee developer. According to

representatives of Taylor Morrison, the development of a community known as Avalon at Sienna Planation is currently developing 126 lots.

#### **Meritage Homes of Texas, LLC**

In December, 2011, SJ North sold approximately 57.46 acres within the District to Meritage Homes of Texas, LLC, an Arizona limited liability company ("Meritage"). Meritage is currently developing the land into the single-family residential subdivision of Pecan Estates and is the homebuilder in those sections.

#### **Elan Development L.P.**

In 2000, Elan Development Company, Inc., now Elan Development L.P. ("Elan") annexed approximately 277 acres into the District and created Fort Bend County Municipal Utility District No. 131 ("FBCMUD 131"), encompassing such land. Elan is owned by Mr. Michael Manners. In 2005 Elan sold 108.773 acres of its land to Trophy Homes, a division of Newmark Homes, L.P. ("Trophy Homes"), which developed 277 single-family lots and constructed 214 homes. Subsequently, Trophy Homes filed for bankruptcy and sold approximately 56 acres to WC Southern Colony, LLC. Recently, Elan repurchased the remaining undeveloped land and vacant lots from Trophy Homes. Currently, there is limited homebuilding underway and there are no plans to develop the remaining undeveloped but developable acres within FBCMUD 131.

SJD and Related Entities, Toll Brother, Meritage, and Elan are collectively referred to herein as the "Developers."

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**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT**



**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT**



## DISTRICT DEBT

### Debt Service Requirement Schedule

The following schedule sets forth the current total debt service requirements of the District, less the Refunded Bonds, plus the estimated principal and estimated interest requirements on the Bonds, assuming market interest rates.

September 1	Outstanding Bonds	Less:	Plus: the Bonds*		Total Debt Service Requirements
		The Refunded Bonds*	Principal	Interest	
2016	\$6,274,154	\$470,808	\$15,000	\$175,550	\$5,993,897
2017	8,145,371	470,808	65,000	350,800	8,090,364
2018	8,190,465	470,808	65,000	349,500	8,134,158
2019	8,248,679	470,808	65,000	348,200	8,191,071
2020	8,287,579	470,808	70,000	346,900	8,233,671
2021	8,352,924	1,660,808	1,260,000	345,500	8,297,616
2022	8,386,979	1,672,016	1,295,000	320,300	8,330,263
2023	8,456,555	1,695,350	1,345,000	294,400	8,400,605
2024	8,501,774	1,284,038	975,000	254,050	8,446,786
2025	7,859,489	1,286,718	1,005,000	224,800	7,802,571
2026	7,199,389	1,301,290	1,060,000	184,600	7,142,699
2027	6,718,004	1,317,365	1,120,000	142,200	6,662,839
2028	6,152,644	714,625	560,000	97,400	6,095,419
2029	5,551,211	722,190	590,000	75,000	5,494,021
2030	5,004,474	732,503	625,000	51,400	4,948,371
2031	4,070,440	740,250	660,000	26,400	4,016,590
2032	2,060,409				2,060,409
2033	1,926,563				1,926,563
2034	1,940,275				1,940,275
2035	1,954,900				1,954,900
2036	1,586,488				1,586,488
2037	1,601,750				1,601,750
2038	1,614,825				1,614,825
2039	1,386,438				1,386,438
Total	\$129,471,776	\$15,481,189	\$10,775,000	\$3,587,000	\$128,352,587
Estimated Average Annual Requirements - (2016-2039) .....					\$5,348,024*
Estimated Maximum Annual Requirement - (2024) .....					\$8,446,786*

\*Preliminary, subject to change.

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**Bonded Indebtedness****SELECTED FINANCIAL INFORMATION  
(UNAUDITED)**

2015 Assessed Valuation.....	\$2,721,767,097 (a)
(100% of market value as of January 1, 2015)	
See "TAX DATA" and "TAXING PROCEDURES."	
Estimated Taxable Valuation as of August 1, 2015 .....	\$2,816,584,920 (b)
(100% of estimated market value as of August 1, 2015)	
See "TAX DATA" and "TAXING PROCEDURES."	
Direct Debt:	
Remaining Outstanding Bonds.....	\$ 85,265,000(c)*
The Bonds .....	<u>10,775,000*</u>
Total .....	\$ 96,040,000*
Estimated Overlapping Debt .....	\$ <u>323,990,643 (d)</u>
Total Direct and Estimated Overlapping Debt .....	\$ <u>420,030,643</u>
Direct Debt Ratios:	
As a percentage of 2015 Assessed Valuation.....	3.63 %
As a percentage of Estimated Valuation as of August 1, 2015 .....	3.51 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of 2015 Assessed Valuation.....	15.88 %
As a percentage of Estimated Valuation as of August 1, 2015 .....	15.33 %
Park Fund (as of January 6, 2016).....	\$ 548,187
Debt Service Fund (as of January 6, 2016) .....	\$ 4,643,454
Capital Projects Fund (as of January 6, 2016).....	\$ 12,302,945
General Fund (as of January 6, 2016) .....	\$ 3,018,955
Special Projects Fund (as of January 6, 2016).....	\$ 5,058,763
2015 Tax Rate per \$100 of Assessed Valuation	
Debt Service .....	\$0.30 (e)
Maintenance .....	<u>0.17</u>
Total .....	\$0.47 (f)
Estimated Average Annual Debt Service Requirements	
on the Remaining Outstanding Bonds and the Bonds (2016-2039).....	\$ 5,348,024*
Estimated Maximum Annual Debt Service Requirement	
on the Remaining Outstanding Bonds and the Bonds (2024) .....	\$ 8,446,786*
2015 Total Tax Increment to be Transferred to the City of Missouri City	
Tax Increment Reinvestment Zone No. 3 (the "TIRZ").....	\$ 344,334 (f)
Tax Increment Value .....	\$ 77,118,382 (f)
Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Average Annual	
Debt Service Requirements on the Remaining Outstanding Bonds and the Bonds	
(2016-203) at 95% Tax Collections excluding the TIRZ incremental value	
Based Upon 2015 Assessed Valuation (\$2,644,648,715) .....	\$0.22
Based Upon the Estimated Valuation as of August 1, 2015 (\$2,739,466,538).....	\$0.21
Tax Rate per \$100 of Assessed Valuation Required to Pay Estimated Maximum Annual	
Debt Service Requirement on the Remaining Outstanding Bonds and the Bonds	
(2024) at 95% Tax Collections excluding the TIRZ incremental value	
Based Upon 2015 Assessed Valuation (\$2,644,648,715) .....	\$0.34
Based Upon the Estimated Valuation as of August 1, 2015 (\$2,739,466,538).....	\$0.33

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\* Preliminary, subject to change

Number of Single-Family Homes (including 177 homes in various stages of construction) as of January 12, 2016.....	7,686
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- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District").
  - (b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of value of all taxable property located within the District as of August 1, 2015, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2015 through August 1, 2015. No taxes will be levied against this amount.
  - (c) Excludes the Refunded Bonds.
  - (d) See "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement."
  - (e) In addition to the District's tax rate, property owners in the District may be subject to additional property taxes of other overlapping jurisdictions, including, the City, Fort Bend County, the Sienna Plantation Districts, Fort Bend Independent School District, FBCMUD 131, and certain Fort Bend drainage districts. See "TAX DATA – Estimated Overlapping Taxes" and "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments, and – District Tax Levy and Overlapping District Taxes and Functions."
  - (f) The District has agreed to contribute 100% of its tax revenues on incremental value that lies within the TIRZ to the City of Missouri City for the life of the TIRZ or thirty years whichever is less.

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## Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt as of December 31, 2015	Estimated Overlapping	
		Percent	Amount
Fort Bend County	\$457,525,000	4.91%	\$22,453,534
Fort Bend Independent School District	947,143,767	9.51%	90,097,810
Houston Community College	641,795,000	1.90%	12,194,105
City of Missouri City	146,205,000	3.06%	4,473,873
Fort Bend County Municipal Utility District No. 131	2,395,000	100.00%	2,395,000
Sienna Plantation Management District	24,170,000	100.00%	24,170,000
Sienna Plantation Municipal Utility District No. 2	19,585,000	100.00%	19,585,000
Sienna Plantation Municipal Utility District No. 3	38,855,000	100.00%	38,855,000
Sienna Plantation Municipal Utility District No. 5	1,100,000	100.00%	1,100,000
Sienna Plantation Municipal Utility District No. 10	58,195,000	100.00%	58,195,000
Sienna Plantation Municipal Utility District No. 12	50,535,000	100.00%	50,535,000
Total Estimated Overlapping Debt			<u>\$ 323,990,643</u>
The District			<u>\$ 96,040,000 (a)</u>
Total Direct & Estimated Overlapping Debt			<u>\$ 420,030,643 (a)</u>

(a) Includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.

## Debt Ratios

	% of 2015 Assessed Valuation	% of Estimated Valuation as of August 1, 2015
Direct Debt	3.63%	3.51%
Direct and Estimated Overlapping Debt	15.88%	15.33%

## **TAXING PROCEDURES**

### **Authority to Levy Taxes**

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

### **Property Tax Code and County-wide Appraisal District**

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

### **Property Subject to Taxation by the District**

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. 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. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. For the 2015 tax year, the District granted a \$20,000 over 65 or disabled exemption.

**Residential Homestead Exemptions:** The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by April 30. See "TAX DATA - Exemptions."

**Freeport Goods Exemption:** A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2014 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 2013 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

### **Tax Increment Reinvestment Zone**

A city may create a tax increment reinvestment zone ("TIRZ") within the city or county with defined boundaries and establish a base value of taxable property in the TIRZ at the time of its creation. Overlapping taxing units, including municipal utility districts, may agree with the city or county to contribute all or part of future ad valorem taxes levied and collected against the "incremental value" (taxable value in excess of the base value) of taxable real property in the TIRZ to pay or finance the costs of certain public improvements in the TIRZ, and such taxes levied and collected for and on behalf of the TIRZ are not available for general use by such contributing taxing units. As described herein, the District participates in one TIRZ.

### **Tax Abatement**

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



## **Valuation of Property for Taxation**

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

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

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

## **District and Taxpayer Remedies**

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

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

## **Levy and Collection of Taxes**

The District is responsible for the levy and collection of its taxes, unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors of the District based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by

the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

### **Rollback of Operation and Maintenance Tax Rate**

The qualified voters of the District have the right to petition for a rollback of the District's operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year's debt service tax rate plus 1.08 times the previous year's operation and maintenance tax rate. Thus, debt service tax rate cannot be changed by a rollback election.

### **District's Rights in the Event of Tax Delinquencies**

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within 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**

### **General**

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (see "TAXING PROCEDURES"). The Board of Directors of the District has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). The District levied a debt service tax of \$0.30 and a maintenance tax of \$0.17 for a total of \$0.47 per \$100 of assessed valuation for the 2015 tax year. See "Tax Rate Distribution" below.

### **Tax Rate Limitation**

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	\$1.50 per \$100 assessed valuation.

## **Maintenance Tax**

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. On August 13, 1994, the Board was authorized by a vote of the District's electors to levy such maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Remaining Outstanding Bonds, the Bonds and any parity bonds which may be issued in the future. The District levied a maintenance tax of \$0.17 for the 2015 tax year. See "TAX DATA - Tax Rate Distribution."

## **City of Missouri City Tax Increment Reinvestment Zone No. 3**

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

In April, 2008, the City designated 582 acres as "Missouri City Tax Increment Reinvestment Zone No. 3", of which approximately 500 acres lie within the boundaries of the District. The District has agreed to contribute 100% of its TIRZ Revenues to the City for the life of the TIRZ or thirty years, whichever is less. The District's participation in the TIRZ has the effect of reducing the tax revenues that are available to the District to finance District facilities during the life of the TIRZ. For the tax year 2015, the District's tax increment equaled \$77,118,382 and will generate \$344,334 in revenues based upon the District's 2015 tax rate of \$0.47 per \$100 of assessed valuation, which revenues will be contributed to the TIRZ. After the TIRZ is dissolved or after 30 years, the District will collect and retain the tax revenue on all of the land within the District previously located in the TIRZ.

## **Exemptions**

For the 2015 tax year, the District anticipates granting an exemption of \$20,000 from ad valorem taxation on residence homesteads of individuals who are disabled or are sixty-five (65) years of age or older. The District has never adopted a general residential homestead exemption. See "TAXING PROCEDURES."

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

## **Additional Penalties**

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

## Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed valuation which would be required to meet certain debt service requirements on the Remaining Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the 2015 Assessed Valuation of \$2,721,767,097 and Estimated Valuation as of August 1, 2015 of \$2,816,584,920 less the District's tax increment to be paid to Missouri City Tax Increment Reinvestment Zone No. 3 of \$344,334, based on assessed value increment of \$77,118,382. The calculations assume collection of 95% of taxes levied, and the sale of no additional bonds by the District except the Remaining Outstanding Bonds and the Bonds.

Estimated Average Annual Debt Service Requirements (2016-2039) .....	\$5,348,024
Tax Rate of \$0.22 on the 2015 Assessed Valuation produces.....	\$5,527,316
Tax Rate of \$0.21 on the Estimated Valuation as of August 1, 2015.....	\$5,465,236
Estimated Maximum Annual Debt Service Requirement (2024) .....	\$8,446,786
Tax Rate of \$0.34 on the 2015 Assessed Valuation produces.....	\$8,542,215
Tax Rate of \$0.33 on the Estimated Valuation as of August 1, 2015.....	\$8,588,228

## Estimated Overlapping Taxes

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

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2015 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions.

	Sienna Plantation Management District	Sienna Plantation MUD 2	Sienna Plantation MUD 3	Sienna Plantation MUD 10	Sienna Plantation MUD 12	Sienna Plantation MUD 4	Fort Bend County MUD 131
The District	\$0.470000	\$0.470000	\$0.470000	\$0.470000	\$0.470000	\$0.470000	\$0.470000
Fort Bend County(a)	0.486000	0.486000	0.486000	0.486000	0.486000	0.486000	0.486000
Fort Bend ISD	1.340000	1.340000	1.340000	1.340000	1.340000	1.340000	1.340000
Houston Community College System	0.101942			0.101942	0.101942		
Sienna Plantation Management District	1.030000						
Sienna Plantation Municipal Utility District No. 2		0.650000					
Sienna Plantation Municipal Utility District No. 3			0.630000				
Sienna Plantation Municipal Utility District No. 10				0.940000			
Sienna Plantation Municipal Utility District No. 12					0.940000		
Sienna Plantation Municipal Utility District No. 4						1.030000	
Fort Bend County Municipal Utility District No. 131							1.010000
City of Missouri City, Texas	0.544680						
Total Tax Rate	\$3.972622	\$2.946000	\$2.926000	\$3.337942(b)	\$3.337942(b)	\$3.326000	\$3.306000

- (a) Includes \$0.0210 for the Fort Bend County Drainage District
- (b) Approximately 722 acres of the District is within the City of Missouri City's (the "City") corporate limits and is subject to taxation by the City. Small portions of Sienna Plantation Municipal Utility District Nos. 10 & 12 lie within the corporate limits of the City. The City currently levies a tax rate of \$0.544680 per \$100 of assessed valuation in addition to the tax rates levied by the other jurisdictions. For acreage within the City that is also within a municipal utility district with a tax rate of \$0.94 per \$100 of assessed valuation, the total tax rate is \$3.882622.

No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

### Assessed Valuation Summary

The following represents the type of property comprising the 2011-2015 tax rolls:

Type of Property	2015 Assessed Valuation	2014 Assessed Valuation	2013 Assessed Valuation	2012 Assessed Valuation	2011 Assessed Valuation
Land	\$681,577,941	\$653,192,096	\$600,257,418	\$561,927,704	\$544,078,230
Improvements	2,266,355,258	1,813,391,834	1,577,822,001	1,411,925,396	1,292,353,025
Personal Property	38,992,229	50,047,224	42,296,831	41,932,867	37,817,075
Exemptions	<u>(265,158,331)</u>	<u>(185,132,753)</u>	<u>(164,843,318)</u>	<u>(161,563,448)</u>	<u>(68,647,920)</u>
Total	<u>\$2,721,767,097</u>	<u>\$2,331,498,401</u>	<u>\$2,055,532,932</u>	<u>\$1,854,222,519</u>	<u>\$1,805,600,410</u>

### Historical Collections

Tax Year	Assessed Valuation	Tax Rate/ \$100	Adjusted Levy	% Collections Current Year	Fiscal Year Ending 9/30	% Collections as of 12/31/15
1999	\$ 101,276,826	\$0.49	\$ 496,258	97.23%	2000	100.00%
2000	210,821,825	0.59	1,243,850	97.07%	2001	100.00%
2001	312,898,539	0.59	1,846,103	97.82%	2002	100.00%
2002	395,955,886	0.59	2,336,141	97.62%	2003	100.00%
2003	501,388,289	0.60	3,008,330	98.01%	2004	100.00%
2004	637,904,315	0.60	3,827,426	98.45%	2005	100.00%
2005	796,049,281	0.60	4,776,296	97.98%	2006	100.00%
2006	1,026,246,358	0.60	6,157,478	98.41%	2007	99.97%
2007	1,297,141,954	0.58	7,523,422	98.28%	2008	99.97%
2008	1,556,740,426	0.49	7,628,028	98.44%	2009	99.90%
2009	1,704,823,453	0.49	8,353,635	98.69%	2010	99.86%
2010	1,731,801,934	0.49	8,485,829	99.18%	2011	99.85%
2011	1,805,600,410	0.49	8,847,442	99.16%	2012	99.81%
2012	1,854,222,519	0.49	9,085,690	99.47%	2013	99.79%
2013	2,055,532,932	0.49	10,072,112	99.10%	2014	99.72%
2014	2,331,498,401	0.49	11,424,343	99.14%	2015	99.54%
2015	2,721,767,097	0.47	12,799,547 (a)	14.16%(b)	2016	14.16% (b)

(a) Of this levy approximately \$344,334 will be collected and rebated to The City of Missouri City Tax Reinvestment Zone No. 3.

(b) As of December 31, 2015.

## Tax Rate Distribution

	2015	2014	2013	2012	2011
Debt Service	\$0.30	\$0.305	\$0.365	\$0.365	\$0.31
Maintenance	<u>\$0.17</u>	<u>0.185</u>	<u>0.125</u>	<u>0.125</u>	<u>0.18</u>
	<u>\$0.47</u>	<u>\$0.490</u>	<u>\$0.490</u>	<u>\$0.490</u>	<u>\$0.49</u>

## Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District's certified appraisal rolls for the 2015 tax years.

Taxpayer			Type of Property	Assessed Valuation 2015 Tax Roll
Toll-GTIS LLC(a)	Property	Owner	Land & Improvements	\$ 45,696,198
Elysian at Sienna Plantation			Land & Improvements	26,090,010
SIR Sienna Grand LLC			Land & Improvements	25,600,000
HEB Grocery Company LP			Land, Improvements & Personal Property	16,770,450
Watermark JSQ Villas at Sienna Plantation LLC			Land & Improvements	16,757,170
HWY 6/Sienna Parkway, Ltd.(a)			Land & Improvements	10,790,470
Centerpoint Energy Electric			Personal Property	8,478,280
Sienna/Johnson North LP (a)			Land	6,924,390
Taylor Morrison of Texas Inc (a)			Land & Improvements	6,233,740
Trung Tin Investments LLC			Land & Improvements	<u>5,262,500</u>
Total				<u>\$168,603,208</u>
% of Respective Tax Roll				<u>6.19%</u>

(a) See "DEVELOPERS AND PRINCIPAL LANDOWNERS."

## LEGAL MATTERS

### Legal Opinions

The District will furnish to the Underwriters a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District 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 District. The District will also furnish the approving legal opinion of The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel, to a like effect and to the effect that (i) interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under existing law, and (ii) the Bonds are not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

In its capacity as Bond Counsel, The Muller Law Group, PLLC, has reviewed the information appearing in this Official Statement with respect to the description of the Bonds solely to determine whether such information conforms to and fairly summarizes the provisions of the Bond Resolution. Bond Counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness, or fairness of the statements contained in the Official Statement, but has reviewed the statements and information contained in the Official Statement under the captions and sub-captions "SALE AND DISTRIBUTION OF THE BONDS – Securities Laws," "THE BONDS" (except "Book-Entry-Only System," "Use of Certain Terms in Other Sections of this

Official Statement,' "Issuance of Additional Debt'" and "Registered Owners' Remedies), "PLAN OF FINANCING – Use and Distribution of Bond Proceeds," "TAX DATA – Tax Rate Limitation," "LEGAL MATTERS" (insofar as such section related to the legal opinion of Bond Counsel), "TAX MATTERS," "TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT AND PREMIUM BONDS" and "CONTINUING DISCLOSURE OF INFORMATION" (except "– Compliance with Prior Undertakings,") and Bond Counsel is of the opinion that such statements and information fairly summarizes the procedures and documents referred to therein and is correct as to matters of law. Such firm has not, however, independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm'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 of the information contained herein. The fee of Bond Counsel for its services with respect to the Bonds is contingent upon the sale and delivery of the Bonds.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon 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 legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Houston, Texas.

In addition to serving as Bond Counsel, The Muller Law Group, PLLC, also acts as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid Bond Counsel and Underwriters' Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

#### **No-Litigation Certificate**

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

#### **No Material Adverse Change**

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

### **TAX MATTERS**

#### **Tax Exemption**

In the opinion of The Muller Law Group, PLLC, Bond Counsel, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and (ii) interest on the Bonds is not includable in the alternative minimum taxable income of individuals, or except as described below, corporations.

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

report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, and in addition, will rely on representations by the District, the District's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. Bond Counsel's opinion will further rely on the report of Grant Thornton LLP, verification agent, regarding the mathematical accuracy of certain computations. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on certain tax exempt obligations, such as the Bonds, may be included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

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

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

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

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



## **Tax Accounting Treatment of Original Issue Discount Bonds and Premium**

The initial public offering price (as furnished by the Underwriters) of certain Bonds (the "Discount Bonds"), may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the owner of such Discount Bond. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the owner, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes on the same terms and conditions as those for other interest on the Bonds described above under "TAX MATTERS – Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will result in an amount of interest different from the amount of the payment denominated as interest actually received by the owner during this taxable year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain of the Bonds (the "Premium Bonds"), may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the owner of such Premium Bond. The basis for federal income tax purposes of a Premium Bond in the hands of such owner must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain or decrease the amount of any loss to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. Generally, no deduction is allowed for federal income tax purposes as a result of such reduction in basis with respect to a Premium Bond. The amount of premium which is amortizable each year by an owner is determined by using such owner's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the state and local tax consequences of owning Premium Bonds.

### **Not Qualified Tax-Exempt Obligations**

The District has **NOT** designated the Bonds as "qualified tax-exempt obligations."

## **VERIFICATION OF MATHEMATICAL CALCULATIONS**

The arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisor on behalf of the District relating to (a) computation of the adequacy of the maturing principal amounts of and interest on the Escrowed Obligations to be held by the Escrow Agent and certain available funds (if any) to pay, when due, the principal or redemption price of and interest on the Refunded Bonds, (b) the computation of the yields on the

Bonds and the Escrowed Obligations, and (c) certain requirements of the City of Houston ordinances relating to the refunding of indebtedness was verified by Grant Thornton LLP. The computations were independently verified by Grant Thornton LLP, Certified Public Accountants, based upon certain assumptions and information supplied by the Underwriters on behalf of the District, and the District. Grant Thornton LLP has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of future events.

## **CONTINUING DISCLOSURE OF INFORMATION**

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

### **Annual Reports**

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

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT" (except under the subheading "Estimated Overlapping Debt Statement"), "TAX DATA," and "Appendix B" (Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2015. The District will provide the updated information to EMMA.

The financial information and operating data which will be provided with respect to the District is found in the APPENDIX B (Financial Statements of the District). The District will update and provide this information to EMMA within six months after the end of each of its fiscal years ending in or after September 30, 2015. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when and if the audit report becomes available.

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

### **Material Event Notices**

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR §240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule,

other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

### **Availability of Information from EMMA**

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

### **Limitations and Amendments**

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

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

### **Compliance With Prior Undertakings**

Except as provided below, the District is not aware of any failure to comply in all material respects with its prior continuing disclosure undertakings.

On March 18, 2014, Standard & Poor's Ratings Services ("S&P") upgraded its rating on Assured Guaranty Municipal Corp. ("AGM") to "AA" from "AA-." A Material Event Notice for the Issuer's bonds affected by the upgrade was filed by the Issuer on April 3, 2014.

Such filing was not timely as it was not made on or before April 1, 2014. As of this date, all required information has been filed. The Issuer has implemented procedures to ensure the timely filing of all required information and is otherwise in compliance with all continuing disclosure agreements made by it in accordance with the Rule.

## **OFFICIAL STATEMENT**

### **General**

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

### **Experts**

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

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

### **Certification as to Official Statement**

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

### **Updating of Official Statement**

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

### **Official Statement "Deemed Final"**

For purposes of compliance with the Rule, this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein "deemed final" by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "Final Official Statement" of the District with respect to the Bonds, as that term is defined in the Rule.

### **CONCLUDING STATEMENT**

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

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

/s/ Kendall A. Beckman  
President, Board of Directors  
Sienna Plantation Levee Improvement District of  
Fort Bend County, Texas

ATTEST:

/s/ Michael Johnson  
Secretary, Board of Directors  
Sienna Plantation Levee Improvement District of  
Fort Bend County, Texas

## APPENDIX A

### AERIAL PHOTOGRAPH OF THE DISTRICT



**APPENDIX B**  
**FINANCIAL STATEMENTS OF THE DISTRICT**

**SIENNA PLANTATION LEVEE  
IMPROVEMENT DISTRICT  
OF  
FORT BEND COUNTY, TEXAS**

**FINANCIAL REPORT**

**September 30, 2014**

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# McGrath & Co., PLLC

Certified Public Accountants

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## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Sienna Plantation Levee Improvement District of Fort Bend County, as of and for the year ended September 30, 2014, which collectively comprise the basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***Board of Directors  
Sienna Plantation Levee Improvement District of Fort Bend County  
Fort Bend County, Texas***

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sienna Plantation Levee Improvement District of Fort Bend County, as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other-Matters***

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

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

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

Houston, Texas  
February 4, 2015

## **Management's Discussion and Analysis**

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***Sienna Plantation Levee Improvement District of Fort Bend County  
Management's Discussion and Analysis  
September 30, 2014***

**Using this Annual Report**

Within this section of the financial report of Sienna Plantation Levee Improvement District of Fort Bend County (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2014. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

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

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

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***Management's Discussion and Analysis***  
***September 30, 2014***

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

**Fund Financial Statements**

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

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

**Financial Analysis of the District as a Whole**

The District's net position at September 30, 2014, was \$6,650,244. A comparative summary of the District's overall financial position, as of September 30, 2014 and 2013, is as follows:

	2014	2013
Current and other assets	\$ 14,108,813	\$ 13,618,098
Capital assets	71,937,080	68,398,672
Total assets	<u>86,045,893</u>	<u>82,016,770</u>
 Total deferred outflows of resources	 <u>1,239,717</u>	 <u>792,013</u>
 Current liabilities	 8,705,460	 3,906,792
Long-term liabilities	71,929,906	74,297,929
Total liabilities	<u>80,635,366</u>	<u>78,204,721</u>
 Net position		
Net investment in capital assets	(2,783,532)	(4,804,386)
Restricted	4,480,042	4,176,883
Unrestricted	4,953,734	5,231,565
Total net position	<u>\$ 6,650,244</u>	<u>\$ 4,604,062</u>

***Sienna Plantation Levee Improvement District of Fort Bend County  
Management's Discussion and Analysis  
September 30, 2014***

The total net position of the District increased by \$2,046,182. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2014	2013
Revenues		
Property taxes, penalties and interest	\$ 10,144,296	\$ 9,163,156
User fees	96,142	133,751
Other	37,111	52,606
Investment earnings	24,728	35,150
Total revenues	<u>10,302,277</u>	<u>9,384,663</u>
Expenses		
Operating and administrative	2,312,188	2,054,606
Park operations	466,264	471,145
Interest and fees	3,729,315	3,735,240
Debt issuance costs	525,473	3,710
Intergovernmental	276,715	273,047
Depreciation and amortization	738,733	679,592
Total expenses	<u>8,048,688</u>	<u>7,217,340</u>
Change in net position before other items	2,253,589	2,167,323
Other items		
SWWC settlement		98,982
Developer contribution		44,882
Operating advances reimbursable to developers	<u>(207,407)</u>	
Change in net position	2,046,182	2,311,187
Net position, beginning of year	<u>4,604,062</u>	<u>2,292,875</u>
Net position, end of year	<u><u>\$ 6,650,244</u></u>	<u><u>\$ 4,604,062</u></u>

**Financial Analysis of the District's Funds**

The District's combined fund balances, as of September 30, 2014, were \$12,106,539, which consists of \$6,157,869 in the General Fund, \$4,585,025 in the Debt Service Fund, \$1,243,017 in the Capital Projects Fund and \$120,628 in the Special Revenue Fund.

***Sienna Plantation Levee Improvement District of Fort Bend County  
Management's Discussion and Analysis  
September 30, 2014***

***General Fund***

Comparative summaries of the General Fund's financial position and activities for the current and prior fiscal year are as follows:

	2014	2013
Total assets	<u>\$ 6,457,563</u>	<u>\$ 6,712,124</u>
Total liabilities	\$ 253,439	\$ 162,885
Total deferred inflows	46,255	39,451
Total fund balance	<u>6,157,869</u>	<u>6,509,788</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 6,457,563</u>	<u>\$ 6,712,124</u>
Total revenues	\$ 2,597,425	\$ 2,383,927
Total expenditures	<u>(2,475,344)</u>	<u>(1,813,942)</u>
Revenues over expenditures	122,081	569,985
Total other financing uses	(474,000)	(433,958)
Total other items		98,982
Net change in fund balance	<u>\$ (351,919)</u>	<u>\$ 235,009</u>

The District manages its activities with the objective of ensuring that expenditures will be adequately covered by revenues and existing fund balance. During the current year, the District budgeted for significant expenditures related to capital activity. The District had sufficient fund balance to absorb the deficit.

***Debt Service Fund***

Comparative summaries of the financial position and activities of the Debt Service Fund for the current and prior fiscal year are as follows:

	2014	2013
Total assets	<u>\$ 4,753,282</u>	<u>\$ 4,463,425</u>
Total liabilities	\$ 11,475	\$ 9,810
Total deferred inflows	156,782	118,882
Total fund balance	<u>4,585,025</u>	<u>4,334,733</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 4,753,282</u>	<u>\$ 4,463,425</u>
Total revenues	\$ 7,571,906	\$ 6,851,225
Total expenditures	<u>(8,313,781)</u>	<u>(7,264,323)</u>
Revenues under expenditures	(741,875)	(413,098)
Net other financing sources and uses	992,167	
Net change in fund balance	<u>\$ 250,292</u>	<u>\$ (413,098)</u>

The District's financial resources in the Debt Service fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements will result in changes in fund balance each year. It is important to note that the



***Sienna Plantation Levee Improvement District of Fort Bend County  
Management's Discussion and Analysis  
September 30, 2014***

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.

During the current year, the District issued \$20,855,000 in refunding bonds and used \$310,000 in existing financial resources to refund \$21,535,000 of its outstanding Series 2005 Refunding, Series 2005A and Series 2006 bonds. This refunding will save the District \$2,356,105 in future debt service requirements.

***Capital Projects Fund***

A comparative summary of the Capital Projects Fund's financial position and activities for the current and prior fiscal year are as follows:

	2014	2013
Total assets	<u>\$ 2,223,274</u>	<u>\$ 1,786,107</u>
Total liabilities	\$ 980,257	\$ 1,985
Total fund balance	<u>1,243,017</u>	<u>1,784,122</u>
Total liabilities and fund balance	<u>\$ 2,223,274</u>	<u>\$ 1,786,107</u>
Total revenues	\$ 2,094	\$ 4,125
Total expenditures	<u>(4,043,199)</u>	<u>(1,601,666)</u>
Revenues under expenditures	<u>(4,041,105)</u>	<u>(1,597,541)</u>
Total other financing sources	3,500,000	5,008
Total other items		44,882
Net change in fund balance	<u>\$ (541,105)</u>	<u>\$ (1,547,651)</u>

The District has had considerable capital asset activity in the last two years. Capital asset expenditures in the current year were for improvements to existing facilities and for the purchase of land. Prior year expenditures were for improvements to existing facilities. The District also issued a bond anticipation note in the current fiscal year.

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Management's Discussion and Analysis  
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***Special Revenue Fund***

The Special Revenue Fund is used to account for the operation and maintenance of the District's recreational facilities. Changes in the Special Revenue Fund for the current and previous fiscal year are as follows:

	2014	2013
Total assets	<u>\$ 224,152</u>	<u>\$ 119,695</u>
Total liabilities	\$ 103,524	\$ 75,380
Total fund balance	<u>120,628</u>	<u>44,315</u>
Total liabilities and fund balance	<u>\$ 224,152</u>	<u>\$ 119,695</u>
Total revenues	\$ 109,962	\$ 145,031
Total expenditures	<u>(507,649)</u>	<u>(508,104)</u>
Revenues under expenditures	<u>(397,687)</u>	<u>(363,073)</u>
Total other financing sources	<u>474,000</u>	<u>428,950</u>
Net change in fund balance	<u>\$ 76,313</u>	<u>\$ 65,877</u>

User fees are supplemented with transfers from the General Fund as needed to cover costs.

**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 \$2,431,169 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

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**Capital Assets**

Capital assets held by the District at September 30, 2014 and 2013 are summarized as follows:

	<u>2014</u>	<u>2013</u>
Capital assets not being depreciated		
Land and improvements	\$ 46,631,142	\$ 46,054,717
Construction in progress	<u>3,012,491</u>	
	<u>49,643,633</u>	<u>46,054,717</u>
 Capital assets being depreciated/amortized		
Infrastructure	18,084,061	18,064,645
Recreational facilities & equipment	5,639,886	5,598,501
Flood control equipment	480,000	
Impact fees	<u>3,285,028</u>	<u>3,137,604</u>
	<u>27,488,975</u>	<u>26,800,750</u>
 Less accumulated depreciation/amortization		
Infrastructure	(3,737,779)	(3,327,323)
Recreational facilities & equipment	(806,068)	(632,940)
Flood control equipment	(48,000)	
Impact fees	<u>(603,681)</u>	<u>(496,532)</u>
	<u>(5,195,528)</u>	<u>(4,456,795)</u>
 Depreciable capital assets, net	<u>22,293,447</u>	<u>22,343,955</u>
 Capital assets, net	<u><u>\$ 71,937,080</u></u>	<u><u>\$ 68,398,672</u></u>

Significant capital additions during the year consist of:

- CCTV security systems at Camp Sienna
- Purchase of 87.2 acres of land
- Tiger Dam emergency response trailers

The District's construction in progress is for artificial turf and site drainage improvements for Camp Sienna.

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**Long-Term Debt**

At September 30, 2014 and 2013, the District had total bonded debt outstanding as shown below:

Series	2014	2013
2005 Refunding	\$ 450,000	\$ 11,185,000
2005A	365,000	9,300,000
2006	110,000	2,850,000
2007	7,500,000	7,770,000
2008	7,735,000	8,005,000
2009	7,815,000	8,075,000
2010 Refunding	9,015,000	9,930,000
2010A Refunding	14,270,000	14,875,000
2012	1,735,000	1,795,000
2012A	4,875,000	5,000,000
2014 Refunding	20,855,000	
	<u>\$ 74,725,000</u>	<u>\$ 78,785,000</u>

During the year, the District issued \$20,855,000 in refunding bonds. At September 30, 2014, the District had \$19,285,000 unlimited tax levee improvements bonds authorized, but unissued for the purposes of acquiring, constructing and improving the flood protection levees and drainage systems within the District; \$47,150,000 for parks and recreational facilities and \$41,050,000 for refunding purposes.

During the fiscal year, the District issued a \$3,500,000 bond anticipation note (BAN) to provide short term financing for construction of facilities within the District. The District intends to repay the BAN with proceeds from the issuance of long-term debt. See Note 6 for additional information.

**Next Year's Budget**

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

	2014 Actual	2015 Budget
Total revenues	\$ 2,597,425	\$ 3,957,663
Total expenditures	(2,475,344)	(2,573,311)
Revenues over expenditures	122,081	1,384,352
Net other financing uses	(474,000)	(506,200)
Net change in fund balance	(351,919)	878,152
Beginning fund balance	6,509,788	6,157,869
Ending fund balance	<u>\$ 6,157,869</u>	<u>\$ 7,036,021</u>

***Sienna Plantation Levee Improvement District of Fort Bend County  
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**Property Taxes**

The District's property tax base increased approximately \$202,858,000 for the 2014 tax year from \$2,056,055,572 to \$2,258,913,412. This increase was primarily due to new construction in the District and increased property values. For the 2014 tax year, the District has levied a maintenance tax rate of \$0.185 per \$100 of assessed value and a debt service tax rate of \$0.305 per \$100 of assessed value, for a total combined tax rate of \$0.49 per \$100. Tax rates for the 2013 tax year were \$0.125 per \$100 for maintenance and operations and \$0.365 per \$100 for debt service.

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## **Basic Financial Statements**

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**September 30, 2014**

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total
<b>Assets</b>					
Cash	\$ 4,949,509	\$ 4,467,640	\$ 1,456,169	\$ 221,972	\$ 11,095,290
Investments	635,588	259,891	1,461,041		2,356,520
Taxes receivable, net	46,255	156,782			203,037
Internal balances	824,967	(131,031)	(693,936)		
Prepaid items	1,244			2,180	3,424
Prepaid bond insurance, net					
Capital assets not being depreciated					
Capital assets, net					
Total Assets	<u>\$ 6,457,563</u>	<u>\$ 4,753,282</u>	<u>\$ 2,223,274</u>	<u>\$ 224,152</u>	<u>\$ 13,658,271</u>
<b>Deferred Outflows of Resources</b>					
Deferred difference on refunding					
<b>Liabilities</b>					
Accounts payable	\$ 238,439	\$ 3,580	\$ 691,050	\$ 103,524	\$ 1,036,593
Other payables		7,895			7,895
Retainage payable			289,207		289,207
Customer deposits	15,000				15,000
Accrued interest payable					
Bond anticipation note payable					
Due to developers					
Long-term debt					
Due within one year					
Due after one year					
Total Liabilities	<u>253,439</u>	<u>11,475</u>	<u>980,257</u>	<u>103,524</u>	<u>1,348,695</u>
<b>Deferred Inflows of Resources</b>					
Deferred property taxes	<u>46,255</u>	<u>156,782</u>			<u>203,037</u>
<b>Fund Balances/Net Position</b>					
<b>Fund Balances</b>					
Nonspendable	1,244			2,180	3,424
Restricted		4,585,025	1,243,017		5,828,042
Assigned				118,448	118,448
Unassigned	6,156,625				6,156,625
Total Fund Balances	<u>6,157,869</u>	<u>4,585,025</u>	<u>1,243,017</u>	<u>120,628</u>	<u>12,106,539</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,457,563</u>	<u>\$ 4,753,282</u>	<u>\$ 2,223,274</u>	<u>\$ 224,152</u>	<u>\$ 13,658,271</u>
<b>Net Position</b>					
Net investment in capital assets					
Restricted for debt service					
Unrestricted					
Total Net Position					

See notes to basic financial statements.



Adjustments	Statement of Net Position
\$ -	\$ 11,095,290
	2,356,520
	203,037
	3,424
450,542	450,542
49,643,633	49,643,633
22,293,447	22,293,447
<u>72,387,622</u>	<u>86,045,893</u>
 <u>1,239,717</u>	 <u>1,239,717</u>
	1,036,593
	7,895
	289,207
	15,000
261,765	261,765
3,500,000	3,500,000
354,831	354,831
3,595,000	3,595,000
71,575,075	71,575,075
<u>79,286,671</u>	<u>80,635,366</u>
 <u>(203,037)</u>	
(3,424)	
(5,828,042)	
(118,448)	
<u>(6,156,625)</u>	
<u>(12,106,539)</u>	
(2,783,532)	(2,783,532)
4,480,042	4,480,042
4,953,734	4,953,734
<u>\$ 6,650,244</u>	<u>\$ 6,650,244</u>

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2014**

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total
<b>Revenues</b>					
Property taxes	\$ 2,561,717	\$ 7,466,825	\$ -	\$ -	\$ 10,028,542
Penalties and interest		71,050			71,050
User charges				96,142	96,142
Permits	21,180				21,180
Renewal and replacement				12,715	12,715
Accrued interest on bonds sold		23,814			23,814
Miscellaneous	3,216				3,216
Investment earnings	11,312	10,217	2,094	1,105	24,728
<b>Total Revenues</b>	<b>2,597,425</b>	<b>7,571,906</b>	<b>2,094</b>	<b>109,962</b>	<b>10,281,387</b>
<b>Expenditures/Expenses</b>					
Operating and administrative					
Professional fees	184,180		101,674	91,458	377,312
Contracted services	462,850	203,402		15,300	681,552
Repairs and maintenance	1,229,535			299,182	1,528,717
Utilities	35,567			53,703	89,270
Administrative	68,950	10,381		6,621	85,952
Other	14,262	1,387			15,649
Capital outlay	480,000		3,849,360	41,385	4,370,745
Debt service					
Principal		3,380,000			3,380,000
Interest and fees		3,636,234	20,965		3,657,199
Debt issuance costs		495,662	71,200		566,862
Early extinguishment of debt		310,000			310,000
Intergovernmental					
TIRZ payments		276,715			276,715
Depreciation and amortization					
<b>Total Expenditures/Expenses</b>	<b>2,475,344</b>	<b>8,313,781</b>	<b>4,043,199</b>	<b>507,649</b>	<b>15,339,973</b>
<b>Revenues Over (Under) Expenditures/Expenses</b>	<b>122,081</b>	<b>(741,875)</b>	<b>(4,041,105)</b>	<b>(397,687)</b>	<b>(5,058,586)</b>
<b>Other Financing Sources/(Uses)</b>					
Proceeds from bond anticipation note			3,500,000		3,500,000
Proceeds from sale of refunding bonds		20,855,000			20,855,000
Bond discount		(138,919)			(138,919)
Bond premium		1,501,086			1,501,086
Debt service - principal		(21,225,000)			(21,225,000)
Internal transfers	(474,000)			474,000	
<b>Other Item</b>					
Operating advances reimbursable to developers					
<b>Net Change in Fund Balances</b>	<b>(351,919)</b>	<b>250,292</b>	<b>(541,105)</b>	<b>76,313</b>	<b>(566,419)</b>
<b>Change in Net Position</b>					
Fund Balance/Net Position					
Beginning of the year	6,509,788	4,334,733	1,784,122	44,315	12,672,958
<b>End of the year</b>	<b>\$ 6,157,869</b>	<b>\$ 4,585,025</b>	<b>\$ 1,243,017</b>	<b>\$ 120,628</b>	<b>\$ 12,106,539</b>

See notes to basic financial statements.

Adjustments	Statement of Activities
\$ 40,072	\$ 10,068,614
4,632	75,682
	96,142
	21,180
	12,715
(23,814)	3,216
	24,728
<u>20,890</u>	<u>10,302,277</u>
	377,312
	681,552
	1,528,717
	89,270
	85,952
	15,649
(4,370,745)	
(3,380,000)	
72,116	3,729,315
(41,389)	525,473
(310,000)	
	276,715
<u>738,733</u>	<u>738,733</u>
<u>(7,291,285)</u>	<u>8,048,688</u>
7,312,175	2,253,589
(3,500,000)	
(20,855,000)	
138,919	
(1,501,086)	
21,225,000	
<u>(207,407)</u>	<u>(207,407)</u>
566,419	
2,046,182	2,046,182
(8,068,896)	4,604,062
<u>\$ (5,456,295)</u>	<u>\$ 6,650,244</u>

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***Sienna Plantation Levee Improvement District of Fort Bend County***  
***Notes to Basic Financial Statements***  
***September 30, 2014***

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Sienna Plantation Levee Improvement District of Fort Bend County (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following is a summary of the most significant policies:

**Creation**

The District was organized, created and established pursuant to an order of the Commissioners Court of Fort Bend County, Texas dated April 13, 1978, and operates in accordance with the Texas Water Code, Chapters 49 and 57. The Board of Directors held its first meeting on November 2, 1978, and the first bonds were sold on July 11, 1983. The District is subject to the continuing supervision of the Commissioners Court of Fort Bend County, Texas and the Texas Commission of Environmental Quality (“TCEQ”).

The District’s primary activities include construction, maintenance and operation of drainage facilities, a flood control levee system and recreational facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

**Reporting Entity**

The District is a political subdivision of the State of Texas governed by an appointed three-member board. The Governmental Accounting Standards Board has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local 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 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 four governmental funds, which are all considered major funds.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Government-Wide and Fund Financial Statements (continued)**

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

- The General Fund is used to account for the general operations of the District and all other financial transactions not reported in other funds. The principal source of revenue is property taxes. Expenditures include costs associated with the daily operations of the District. The District also maintains a special projects fund for the accounting control of expenditures related to certain capital improvements. This special projects fund is not considered a fund for financial reporting purposes and is consolidated with the General Fund.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's drainage and recreational facilities and levee system.
- The Special Revenue Fund is used to account for the operations and maintenance of the District's recreational facilities. Principal financial resources are user fees and transfers from the General Fund. Expenditures include costs associated with the daily operations and maintenance of the 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 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 park user fees. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

**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.

**Prepaid Bond Insurance**

Prepaid bond insurance reduces the District's borrowing costs and is, therefore, recorded as asset in the government-wide *Statement of Net Position* and amortized to interest expense over the life of the bonds.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At September 30, 2014, an allowance of \$693 was provided for possible uncollectible property taxes.

**Interfund Activity**

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

**Capital Assets**

Capital assets, which primarily consist of recreational facilities, a levee system and drainage facilities, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***Notes to Basic Financial Statements***  
***September 30, 2014***

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Capital Assets (continued)**

Capital assets are depreciated or amortized using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	15-45 years
Impact fees	20-45 years
Recreational facilities	7-45 years
Flood control equipment	10 years

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

**Deferred Inflows and Outflows of Financial Resources**

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period.

The District's deferred inflows of financial resources at the fund level are from the property tax levy. These amounts are receivable as of the end of the fiscal year, but do not meet the availability criteria required for revenue recognition at the fund level.

Deferred outflows of financial resources at the government wide level are from refunding bond transactions in 2010 and 2014. This amount is being amortized to interest expense.

**Fund Balances – Governmental Funds**

Governmental accounting standards establish the following fund balance classifications:

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

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

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



***Sienna Plantation Levee Improvement District of Fort Bend County***  
***Notes to Basic Financial Statements***  
***September 30, 2014***

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Fund Balances – Governmental Funds (continued)**

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. However, financial resources in the Special Revenue Fund are intended for the specific purpose of funding expenditures related to the District's recreational facilities. Therefore, fund balance in the Special Revenue Fund has been classified as an assigned fund balance.

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 collectibility of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**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	\$ 12,106,539
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Prepaid bond insurance is recorded as an expenditure at the fund level, but is recorded as a prepaid asset and amortized to interest expense over the life of the bonds in the government wide statements.	450,542
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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	\$ 77,132,608	
Less accumulated depreciation/amortization	<u>(5,195,528)</u>	
Change due to capital assets		71,937,080

The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the <i>Statement of Net Position</i> and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.	1,239,717
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Amounts due to the District's developers are recorded as a liability in the <i>Statement of Net Position</i> .	(354,831)
--	-----------

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:

Proceeds from bond anticipation note	(3,500,000)	
Bonds payable, net	(75,170,075)	
Interest payable on bonds	<u>(261,765)</u>	
Change due to long-term debt		(78,931,840)

Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.

Property taxes receivable	168,452	
Penalty and interest receivable	<u>34,585</u>	
Change due to property taxes		203,037

Total net position - governmental activities	<u><u>\$ 6,650,244</u></u>
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**Sienna Plantation Levee Improvement District of Fort Bend County**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

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

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

Net change in fund balances - total governmental funds	\$ (566,419)
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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.	44,704
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Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the <i>Statement of Activities</i> , the cost of capital assets is charged to expense over the estimated useful life of the asset.	
Capital outlays	\$ 4,370,745
Depreciation/amortization expense	<u>(738,733)</u>
	3,632,012

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.	
Bond anticipation note proceeds	(3,500,000)
Issuance of long term debt	(20,855,000)
Bond discount	138,919
Bond premium	(1,501,086)
Principal payments	24,605,000
Early extinguishment of long term debt	310,000
Prepaid bond insurance	41,389
Interest expense accrual	<u>(95,930)</u>
	(856,708)

Recording a liability for operating advances received in prior years does not use financial resources in the funds; but results in a change in net position in <i>Statement of Activities</i> .	(207,407)
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Change in net position of governmental activities	<u><u>\$ 2,046,182</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.

#### **Release of Restricted Cash**

During the current year, the District used surplus funds in the amount of \$132,000 from the Series 2012 Bonds and \$125,606 from the Series 2009 Bonds to reimburse its developer for costs related to the construction of Drainage Channel I.

#### **Investments**

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations of the United States or its agencies and instrumentalities, (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) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

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

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**Note 3 – Deposits and Investments (continued)**

As of September 30, 2014, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	\$ 635,588	AAAm	76 days
	Debt Service	259,891		
	Capital Projects	1,461,041		
Total		<u>\$ 2,356,520</u>		

**TexPool**

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares.

**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 – Amounts Due to/from Other Funds**

Amounts due to/from other funds at September 30, 2014, consist of the following:

	Interfund	
	Receivable	Payable
General Fund	\$ 836,658	\$ 11,691
Debt Service Fund	11,691	142,722
Capital Projects Fund		693,936
	<u>\$ 848,349</u>	<u>\$ 848,349</u>

Amounts reported as due to/from between funds are considered temporary loans needed for normal operations and will be repaid during the following fiscal year.

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**Note 4 – Amounts Due to/from Other Funds (continued)**

During the current fiscal year, the District transferred \$474,000 from the General Fund to the Special Revenue Fund in order to finance park projects.

**Note 5 – Capital Assets**

A summary of changes in capital assets, for the year ended September 30, 2014, follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 46,054,717	\$ 576,425	\$ 46,631,142
Construction in progress		3,012,491	3,012,491
	<u>46,054,717</u>	<u>3,588,916</u>	<u>49,643,633</u>
Capital assets being depreciated/amortized			
Infrastructure	18,064,645	19,416	18,084,061
Recreational facilities & equipment	5,598,501	41,385	5,639,886
Flood control equipment		480,000	480,000
Impact fees	3,137,604	147,424	3,285,028
	<u>26,800,750</u>	<u>688,225</u>	<u>27,488,975</u>
Less accumulated depreciation/amortization			
Infrastructure	(3,327,323)	(410,456)	(3,737,779)
Recreational facilities & equipment	(632,940)	(173,128)	(806,068)
Flood control equipment		(48,000)	(48,000)
Impact fees	(496,532)	(107,149)	(603,681)
	<u>(4,456,795)</u>	<u>(738,733)</u>	<u>(5,195,528)</u>
Subtotal depreciable capital assets, net	<u>22,343,955</u>	<u>(50,508)</u>	<u>22,293,447</u>
Capital assets, net	<u>\$ 68,398,672</u>	<u>\$ 3,538,408</u>	<u>\$ 71,937,080</u>

Depreciation/amortization expense for the current year was \$738,733.

As of September 30, 2014, the District had remaining contractual commitments in the amount of \$500,069 as follows:

	Contract Amount	Amounts Paid	Remaining Commitment
Camp Sienna artificial turf & site drainage improvements	\$ 3,102,935	\$ 2,602,866	\$ 500,069

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***Notes to Basic Financial Statements***  
***September 30, 2014***

**Note 6 – Bond Anticipation Note**

The District uses a bond anticipation note (BAN) to provide short term financing for reimbursements to its developers or fund construction or improvements to existing facilities. Despite its short term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long term debt or another BAN. It is, however, recorded as a liability at the government wide level.

On April 30, 2014, the District issued a \$3,500,000 BAN (Series 2014) with an interest rate of 0.77%, which is due on April 29, 2015. The proceeds from the BAN were used to fund construction and improvements of recreational facilities within the District.

The effect of this transaction on the District's short term obligations is as follows:

Beginning balance	\$ -
Amounts borrowed	3,500,000
Ending balance	<u>\$ 3,500,000</u>

**Note 7 – Due to Developers**

The District has entered into financing agreements with its developers for the financing of the construction of flood control, drainage and recreational facilities. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ. The District does not record the capital asset and related liability on the government wide statements until construction of the facilities is complete.

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

Due to developers, beginning of year	\$ 241,028
Developer reimbursements	(236,641)
Impact fees paid by developers	143,037
Operating advances reimbursable to developers	207,407
Due to developers, end of year	<u>\$ 354,831</u>

During the current fiscal year, the District recognized a liability for amounts reimbursable to developers for certain costs paid in previous fiscal years. The portion of these costs attributable to operating advances was recorded as a reduction in net position.

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**Note 8 – Long-Term Debt**

Long-term debt is comprised of the following:

Bonds payable	\$ 74,725,000
Unamortized discounts	(1,034,054)
Unamortized premium	1,479,129
	<u>\$ 75,170,075</u>
Due within one year	<u>\$ 3,595,000</u>

The District's bonds payable at September 30, 2014, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2005 Refunding	\$ 450,000	\$ 12,220,000	2.70 - 4.80%	September 1 2005/2015	March 1/ September 1	September 1, 2014
2005A	365,000	10,500,000	3.50 - 4.50%	September 1 2010/2015	March 1/ September 1	September 1, 2014
2006	110,000	3,300,000	4.00 - 5.00%	September 1 2009/2015	March 1/ September 1	September 1, 2014
2007	7,500,000	8,930,000	4.50 - 7.00%	September 1 2009/2031	March 1/ September 1	September 1, 2015
2008	7,735,000	9,210,000	4.625 - 7.00%	September 1 2009/2031	March 1/ September 1	September 1, 2016
2009	7,815,000	9,025,000	3.60 - 5.25%	September 1 2010/2031	March 1/ September 1	September 1, 2017
2010 Refunding	9,015,000	13,180,000	3.00 - 4.70%	September 1 2010/2027	March 1/ September 1	September 1, 2017
2010A Refunding	14,270,000	15,855,000	2.00 - 4.00%	September 1 2011/2029	March 1/ September 1	September 1, 2018
2012 Park	1,735,000	1,850,000	2.50 - 4.00%	September 1 2013/2032	March 1/ September 1	September 1, 2019
2012A	4,875,000	5,120,000	2.40 - 4.00%	September 1 2013/2035	March 1/ September 1	September 1, 2019
Series 2014 Refunding	20,855,000	20,855,000	2.00 - 5.00%	September 1 2015/2030	March 1/ September 1	September 1, 2022
	<u>\$ 74,725,000</u>					



***Sienna Plantation Levee Improvement District of Fort Bend County***  
***Notes to Basic Financial Statements***  
***September 30, 2014***

**Note 8 – Long-Term Debt (continued)**

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

At September 30, 2014, the District had authorized but unissued bonds in the amount of \$19,285,000 for the construction and maintenance of a flood protection levee system and drainage facilities; \$47,150,000 for park and recreational facilities; and \$41,050,000 for refunding purposes.

On June 12, 2014, the District issued its \$20,855,000 Unlimited Tax Refunding Bonds at a net effective interest rate of 3.251370% to currently refund \$21,535,000 of outstanding Series 2005 Refunding, Series 2005A and Series 2006 bonds. The District currently refunded the bonds to reduce total debt service payments over future years by approximately \$2,356,105 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,807,797. Proceeds of the bonds were placed in an irrevocable trust for the purpose of generating resources for the debt service payments through September 1, 2014, the redemption date of the bonds. As of September 30, 2014, the bonds have all been redeemed and are no longer outstanding.

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

Bonds payable, beginning of year	\$ 78,785,000
Bonds issued	20,855,000
Bonds retired	(3,380,000)
Bonds refunded	(21,535,000)
Bonds payable, end of year	<u>\$ 74,725,000</u>

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***Notes to Basic Financial Statements***  
***September 30, 2014***

**Note 8 – Long-Term Debt (continued)**

As of September 30, 2014, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2015	\$ 3,595,000	\$ 3,109,258	\$ 6,704,258
2016	3,795,000	2,951,476	6,746,476
2017	3,965,000	2,804,188	6,769,188
2018	4,160,000	2,654,964	6,814,964
2019	4,385,000	2,488,128	6,873,128
2020	4,600,000	2,311,615	6,911,615
2021	4,845,000	2,125,985	6,970,985
2022	5,070,000	1,939,563	7,009,563
2023	5,335,000	1,739,324	7,074,324
2024	5,610,000	1,517,336	7,127,336
2025	5,195,000	1,282,963	6,477,963
2026	4,740,000	1,075,712	5,815,712
2027	4,465,000	863,253	5,328,253
2028	4,085,000	666,900	4,751,900
2029	3,650,000	488,255	4,138,255
2030	3,255,000	326,268	3,581,268
2031	2,460,000	178,478	2,638,478
2032	460,000	60,128	520,128
2033	335,000	42,200	377,200
2034	350,000	28,800	378,800
2035	370,000	14,800	384,800
	<u>\$ 74,725,000</u>	<u>\$ 28,669,595</u>	<u>\$ 103,394,595</u>

**Note 9 – Property Taxes**

On August 13, 1994, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2014 fiscal year was financed through the 2013 tax levy, pursuant to which the District levied property taxes of \$0.49 per \$100 of assessed value, of which \$0.125 was allocated to maintenance and operations and \$0.365 was allocated to debt service. The resulting tax levy was \$10,074,672 on the adjusted taxable value of \$2,056,055,572.

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***Notes to Basic Financial Statements***  
***September 30, 2014***

**Note 9 – Property Taxes (continued)**

Net property taxes receivable, at September 30, 2014, consisted of the following:

Current year taxes receivable	\$ 90,957
Prior years taxes receivable	78,188
Less allowance for uncollectible accounts	(693)
	<u>168,452</u>
Penalty and interest receivable	34,585
Net property taxes receivable	<u>\$ 203,037</u>

**Note 10 – Drainage Agreement**

On June 9, 2006, the District entered into an agreement with Woodmere Development Company, LTD (“Woodmere”), for itself and on behalf of Fort Bend County Municipal Utility District No. 189 (“MUD 189”) and Trophy Homes. Under the terms of the agreement the District agrees to allow MUD 189 to drain outfall storm drainage through the Sienna Outfall Channel. Woodmere agrees to design and construct a double sluice gate structure that will restrict flow into the Sienna Outfall Channel. The District shall be responsible for the operation and maintenance of the sluice gates. MUD 189 agrees to make an annual maintenance payment to the District by March 1 of each year, based on the current certified assessed value in MUD 189 multiplied by the District’s current operation and maintenance tax rate. The agreement is for fifty years and shall be automatically renewed unless terminated. During the current year, the District received \$3,216 pursuant to this Agreement.

**Note 11 – Reinvestment Zone Development Plan Agreement**

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

The City has entered into separate tax participation agreements with Sienna Plantation Levee Improvement District (the “District”) and Fort Bend County, Texas which obligates these entities to contribute all or a portion of property taxes collected on the tax increment (“TIRZ Revenues”) to the City. The District pays 100% of the TIRZ Revenues collected. At September 30, 2014, the TIRZ Revenues collected and paid to the City on behalf of the District were \$276,715.

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***Notes to Basic Financial Statements***  
***September 30, 2014***

**Note 12 – 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 13 – Subsequent Events**

**Recreational Facilities Agreement**

On November 6, 2014, the District entered into a Recreational Facilities Reimbursement Agreement with Sienna Plantation Municipal Utility District No. 1 (the “Master District”) and Sienna Plantation Management District (“SP MD”) which established the terms and conditions under which certain recreational facilities would be financed. Sienna Plantation Municipal Utility District No. 10 (“SP MUD 10”), Sienna Plantation Municipal Utility District No. 12 (“SP MUD 12”) and SP MD entered into similar agreements with the Master District and are collectively referred to as the Sienna North Districts in the agreements.

Pursuant to the agreements, the District assumed responsibility from the Sienna North Districts for reimbursing the District’s developer for a portion of the costs associated with the construction of the Sienna Sports Complex totaling \$3,326,958. Since the District assumed a liability without acquiring an asset in the same fiscal year, this will be reported as a loss on the *Statement of Activities* for the fiscal year ended September 30, 2015. It should be noted that the District acquired the Sienna Sports Complex from the Master District in the 2010 fiscal year and recorded a gain from the acquisition.

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

**Bond Anticipation Notes**

On December 22, 2014, the District issued two BANs, both due on December 21, 2015. The Series 2014A BAN in the amount of \$2,079,000 has an interest rate of 1.12%, while the Series 2014B BAN in the amount of \$4,451,000 BAN has an interest rate of 0.89%. Proceeds of the BANs were used to reimburse developers and fund the construction and improvement of recreational facilities within the District.

## **Required Supplementary Information**

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**Required Supplementary Information - Budgetary Comparison Schedule - General Fund**  
**For the Year Ended September 30, 2014**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 2,438,000	\$ 2,561,717	\$ 123,717
Permits	28,800	21,180	(7,620)
Miscellaneous	12,663	3,216	(9,447)
Investment earnings	6,720	11,312	4,592
Total Revenues	<u>2,486,183</u>	<u>2,597,425</u>	<u>111,242</u>
<b>Expenditures</b>			
Operating and administrative			
Professional fees	363,500	184,180	179,320
Contracted services	439,850	462,850	(23,000)
Repairs and maintenance	1,465,341	1,229,535	235,806
Utilities	71,000	35,567	35,433
Administrative	92,380	68,950	23,430
Other	61,000	14,262	46,738
Capital outlay	<u>2,302,200</u>	<u>480,000</u>	<u>1,822,200</u>
Total Expenditures	<u>4,795,271</u>	<u>2,475,344</u>	<u>2,319,927</u>
<b>Revenues Over (Under) Expenditures</b>	(2,309,088)	122,081	2,431,169
<b>Other Financing Uses</b>			
Internal transfers	<u>(474,000)</u>	<u>(474,000)</u>	
<b>Net Change in Fund Balance</b>	(2,783,088)	(351,919)	2,431,169
<b>Fund Balance</b>			
Beginning of the year	<u>6,509,788</u>	<u>6,509,788</u>	
<b>End of the year</b>	<u>\$ 3,726,700</u>	<u>\$ 6,157,869</u>	<u>\$ 2,431,169</u>

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**Required Supplementary Information - Budgetary Comparison Schedule - Special Revenue Fund**  
**For the Year Ended September 30, 2014**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
User charges	\$ 92,940	\$ 96,142	\$ 3,202
Renewal and replacement	11,500	12,715	1,215
Investment earnings		1,105	1,105
Total Revenues	104,440	109,962	5,522
<b>Expenditures</b>			
Operating and administrative			
Professional fees	119,712	91,458	28,254
Contracted services	15,600	15,300	300
Repairs and maintenance	346,157	299,182	46,975
Utilities	60,895	53,703	7,192
Renewal and replacement	27,000		27,000
Administrative	6,020	6,621	(601)
Capital outlay		41,385	(41,385)
Total Expenditures	575,384	507,649	67,735
<b>Revenues Under Expenditures</b>	(470,944)	(397,687)	73,257
<b>Other Financing Sources</b>			
Internal transfers	474,000	474,000	
<b>Net Change in Fund Balance</b>	3,056	76,313	73,257
<b>Fund Balance</b>			
Beginning of the year	44,315	44,315	
<b>End of the year</b>	<u>\$ 47,371</u>	<u>\$ 120,628</u>	<u>\$ 73,257</u>

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***Notes to Required Supplementary Information***  
***September 30, 2014***

**Budgets and Budgetary Accounting**

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



## **Texas Supplementary Information**

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**TSI-1. Services and Rates**  
**September 30, 2014**

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

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

2. Retail Service Providers - N/A

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

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	_____	_____	_____	_____	_____ to _____
				_____	_____ to _____
				_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
				_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

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

Total charges per 10,000 gallons usage:

Water \_\_\_\_\_ Wastewater \_\_\_\_\_

b. Water and Wastewater Retail Connections:

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

See accompanying auditor's report.

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**TSI-1. Services and Rates**  
**September 30, 2014**

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

Gallons pumped into system: N/A

Gallons billed to customers: N/A

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

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

If yes, Date of the most recent commission Order: \_\_\_\_\_

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

If yes, Date of the most recent commission Order: \_\_\_\_\_

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

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

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

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

City(ies) in which the District is located: City of Missouri City

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

Entirely ☐ Partly ☒ Not at all ☐

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

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

If Yes, by whom? Commissioners Court of Fort Bend County

See accompanying auditors' report.

***Sienna Plantation Levee Improvement District of Fort Bend County  
TSI-2 General Fund Expenditures  
For the Year Ended September 30, 2014***

Professional fees	
Legal	\$ 98,845
Audit	18,000
Engineering	67,335
	<u>184,180</u>
Contracted services	
Bookkeeping	32,450
Operator	430,400
	<u>462,850</u>
Repairs and maintenance	<u>1,229,535</u>
Utilities	<u>35,567</u>
Administrative	
Directors fees	8,100
Printing and office supplies	2,221
Insurance	46,569
Other	12,060
	<u>68,950</u>
Other	<u>14,262</u>
Capital Outlay	<u>480,000</u>
Total expenditures	<u><u>\$ 2,475,344</u></u>

Reporting of Utility Services in Accordance with HB 3693:

	Usage	Cost
Electrical	207,444 kWh	\$ 33,404
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**TSI-3. Investments**  
**September 30, 2014**

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General				
TexPool	2574200006	Variable	N/A	\$ 622,073
TexPool	2574200010	Variable	N/A	13,515
				<u>635,588</u>
Debt Service				
TexPool	2574200008	Variable	N/A	<u>259,891</u>
Capital Projects				
TexPool	2574200012	Variable	N/A	1,193,060
TexPool	2574200004	Variable	N/A	34,313
TexPool	2574200009	Variable	N/A	21,572
TexPool	2574200002	Variable	N/A	50,036
TexPool	2574200003	Variable	N/A	123,614
TexPool	2574200011	Variable	N/A	38,446
				<u>1,461,041</u>
Total - All Funds				<u><u>\$ 2,356,520</u></u>

See accompanying auditors' report.

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**TSI-4. Taxes Levied and Receivable**  
**September 30, 2014**

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 39,451	\$ 88,926	\$ 128,377	
Adjustments to Prior Year Tax Levy	500	1,326	1,826	
Adjustments to Reserve for Uncollectibles	(167)	(436)	(603)	
Adjusted Receivable	39,784	89,816	129,600	
2013 Original Tax Levy	2,381,092	6,952,787	9,333,879	
Adjustments	188,978	551,815	740,793	
Adjusted Tax Levy	2,570,070	7,504,602	10,074,672	
Total to be accounted for	2,609,854	7,594,418	10,204,272	
Tax collections:				
Current year	2,546,866	7,436,849	9,983,715	
Prior years	16,733	35,372	52,105	
Total Collections	2,563,599	7,472,221	10,035,820	
Taxes Receivable, End of Year	\$ 46,255	\$ 122,197	\$ 168,452	
Taxes Receivable, By Years				
2013	\$ 23,204	\$ 67,753	\$ 90,957	
2012	5,934	17,327	23,261	
2011	6,233	10,734	16,967	
2010 and prior	10,884	26,383	37,267	
Taxes Receivable, End of Year	\$ 46,255	\$ 122,197	\$ 168,452	
	2013	2012	2011	2010
Property Valuations:				
Land	\$ 600,287,418	\$ 580,659,091	\$ 562,429,000	\$ 544,042,840
Improvements	1,578,248,431	1,409,819,186	1,293,033,075	1,232,439,475
Personal Property	42,316,541	41,932,867	37,817,075	38,962,150
Exemptions	(164,796,818)	(177,968,855)	(87,608,060)	(83,623,491)
Total Property Valuations	\$ 2,056,055,572	\$ 1,854,442,289	\$ 1,805,671,090	\$ 1,731,820,974
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.125	\$ 0.125	\$ 0.180	\$ 0.170
Debt service tax rates	0.365	0.365	0.310	0.320
Total Tax Rates per \$100 Valuation	\$ 0.490	\$ 0.490	\$ 0.490	\$ 0.490
Adjusted Tax Levy:	\$ 10,074,672	\$ 9,086,767	\$ 8,847,788	\$ 8,485,923
Percentage of Taxes Collected to Taxes Levied **	99.10%	99.74%	99.81%	99.84%

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

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

See accompanying auditors' report.

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2005 Refunding--by Years***  
***September 30, 2014***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
<u>2015</u>	<u>\$ 450,000</u>	<u>\$ 18,900</u>	<u>\$ 468,900</u>

See accompanying auditors' report.

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2005A--by Years***  
***September 30, 2014***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
<u>2015</u>	<u>\$ 365,000</u>	<u>\$ 13,688</u>	<u>\$ 378,688</u>

See accompanying auditors' report.



***Sienna Plantation Levee Improvement District of Fort Bend County***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2006--by Years***  
***September 30, 2014***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
<u>2015</u>	<u>\$ 110,000</u>	<u>\$ 4,895</u>	<u>\$ 114,895</u>

See accompanying auditors' report.

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**TSI-5. Long-Term Debt Service Requirements**  
**Series 2007--by Years**  
**September 30, 2014**

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2015	\$ 285,000	\$ 351,950	\$ 636,950
2016	300,000	332,000	632,000
2017	315,000	318,500	633,500
2018	330,000	304,325	634,325
2019	350,000	289,475	639,475
2020	365,000	273,725	638,725
2021	385,000	257,300	642,300
2022	405,000	239,975	644,975
2023	430,000	221,750	651,750
2024	450,000	201,325	651,325
2025	475,000	179,950	654,950
2026	500,000	157,387	657,387
2027	525,000	133,638	658,638
2028	550,000	108,700	658,700
2029	580,000	82,575	662,575
2030	610,000	56,475	666,475
2031	645,000	29,025	674,025
	<u>\$ 7,500,000</u>	<u>\$ 3,538,075</u>	<u>\$ 11,038,075</u>

See accompanying auditors' report.

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2008--by Years***  
***September 30, 2014***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2015	\$ 285,000	\$ 418,081	\$ 703,081
2016	305,000	398,131	703,131
2017	320,000	376,781	696,781
2018	335,000	361,981	696,981
2019	355,000	346,069	701,069
2020	375,000	329,206	704,206
2021	395,000	310,456	705,456
2022	415,000	290,706	705,706
2023	440,000	269,438	709,438
2024	465,000	246,888	711,888
2025	490,000	222,475	712,475
2026	515,000	195,525	710,525
2027	545,000	167,200	712,200
2028	575,000	137,225	712,225
2029	605,000	105,600	710,600
2030	640,000	72,325	712,325
2031	675,000	37,125	712,125
	<u>\$ 7,735,000</u>	<u>\$ 4,285,213</u>	<u>\$ 12,020,213</u>

See accompanying auditors' report.

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2009--by Years***  
***September 30, 2014***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2015	\$ 275,000	\$ 353,904	\$ 628,904
2016	295,000	339,468	634,468
2017	310,000	323,980	633,980
2018	330,000	308,093	638,093
2019	350,000	296,213	646,213
2020	370,000	282,738	652,738
2021	395,000	268,123	663,123
2022	415,000	252,124	667,124
2023	440,000	234,903	674,903
2024	470,000	216,203	686,203
2025	495,000	195,758	690,758
2026	525,000	173,730	698,730
2027	560,000	150,105	710,105
2028	590,000	124,625	714,625
2029	625,000	97,190	722,190
2030	665,000	67,503	732,503
2031	705,000	35,250	740,250
	<u>\$ 7,815,000</u>	<u>\$ 3,719,910</u>	<u>\$ 11,534,910</u>

See accompanying auditors' report.

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2010 Refunding--by Years***  
***September 30, 2014***

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2015	\$ 955,000	\$ 368,860	\$ 1,323,860
2016	610,000	335,435	945,435
2017	640,000	314,085	954,085
2018	675,000	288,485	963,485
2019	715,000	261,485	976,485
2020	755,000	232,885	987,885
2021	795,000	202,685	997,685
2022	835,000	169,891	1,004,891
2023	885,000	135,448	1,020,448
2024	500,000	97,835	597,835
2025	520,000	75,960	595,960
2026	550,000	52,560	602,560
2027	580,000	27,260	607,260
	<u>\$ 9,015,000</u>	<u>\$ 2,562,874</u>	<u>\$ 11,577,874</u>

See accompanying auditors' report.

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**TSI-5. Long-Term Debt Service Requirements**  
**Series 2010A Refunding--by Years**  
**September 30, 2014**

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2015	\$ 635,000	\$ 570,800	\$ 1,205,800
2016	670,000	545,400	1,215,400
2017	700,000	518,600	1,218,600
2018	740,000	490,600	1,230,600
2019	770,000	461,000	1,231,000
2020	810,000	430,200	1,240,200
2021	855,000	397,800	1,252,800
2022	890,000	363,600	1,253,600
2023	930,000	328,000	1,258,000
2024	1,410,000	290,800	1,700,800
2025	1,480,000	234,400	1,714,400
2026	1,560,000	175,200	1,735,200
2027	1,105,000	112,800	1,217,800
2028	1,150,000	68,600	1,218,600
2029	565,000	22,600	587,600
	<u>\$ 14,270,000</u>	<u>\$ 5,010,400</u>	<u>\$ 19,280,400</u>

See accompanying auditors' report.

***Sienna Plantation Levee Improvement District of Fort Bend County***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2012--by Years***  
***September 30, 2014***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2015	\$ 60,000	\$ 58,635	\$ 118,635
2016	65,000	56,685	121,685
2017	65,000	54,735	119,735
2018	70,000	52,785	122,785
2019	75,000	51,035	126,035
2020	80,000	49,160	129,160
2021	80,000	47,000	127,000
2022	85,000	44,840	129,840
2023	90,000	42,545	132,545
2024	95,000	39,845	134,845
2025	100,000	36,995	136,995
2026	105,000	33,595	138,595
2027	110,000	30,025	140,025
2028	120,000	25,900	145,900
2029	125,000	21,400	146,400
2030	130,000	16,400	146,400
2031	135,000	11,200	146,200
2032	145,000	5,800	150,800
	<u>\$ 1,735,000</u>	<u>\$ 678,580</u>	<u>\$ 2,413,580</u>

See accompanying auditors' report.

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**TSI-5. Long-Term Debt Service Requirements**  
**Series 2012A--by Years**  
**September 30, 2014**

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2015	\$ 135,000	\$ 170,189	\$ 305,189
2016	140,000	165,801	305,801
2017	145,000	161,251	306,251
2018	155,000	156,539	311,539
2019	165,000	151,695	316,695
2020	170,000	146,745	316,745
2021	180,000	142,665	322,665
2022	190,000	137,715	327,715
2023	200,000	132,490	332,490
2024	210,000	126,490	336,490
2025	220,000	119,875	339,875
2026	235,000	112,615	347,615
2027	245,000	104,625	349,625
2028	260,000	96,050	356,050
2029	270,000	86,690	356,690
2030	285,000	76,565	361,565
2031	300,000	65,878	365,878
2032	315,000	54,328	369,328
2033	335,000	42,200	377,200
2034	350,000	28,800	378,800
2035	370,000	14,800	384,800
	<u>\$ 4,875,000</u>	<u>\$ 2,294,006</u>	<u>\$ 7,169,006</u>

See accompanying auditors' report.



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

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2015	\$ 40,000	\$ 779,356	\$ 819,356
2016	1,410,000	778,556	2,188,556
2017	1,470,000	736,256	2,206,256
2018	1,525,000	692,156	2,217,156
2019	1,605,000	631,156	2,236,156
2020	1,675,000	566,956	2,241,956
2021	1,760,000	499,956	2,259,956
2022	1,835,000	440,712	2,275,712
2023	1,920,000	374,750	2,294,750
2024	2,010,000	297,950	2,307,950
2025	1,415,000	217,550	1,632,550
2026	750,000	175,100	925,100
2027	795,000	137,600	932,600
2028	840,000	105,800	945,800
2029	880,000	72,200	952,200
2030	925,000	37,000	962,000
	<u>\$ 20,855,000</u>	<u>\$ 6,543,054</u>	<u>\$ 27,398,054</u>

See accompanying auditors' report.

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**TSI-5. Long-Term Debt Service Requirements**  
**All Bonded Debt Series--by Years**  
**September 30, 2014**

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2015	\$ 3,595,000	\$ 3,109,258	\$ 6,704,258
2016	3,795,000	2,951,476	6,746,476
2017	3,965,000	2,804,188	6,769,188
2018	4,160,000	2,654,964	6,814,964
2019	4,385,000	2,488,128	6,873,128
2020	4,600,000	2,311,615	6,911,615
2021	4,845,000	2,125,985	6,970,985
2022	5,070,000	1,939,563	7,009,563
2023	5,335,000	1,739,324	7,074,324
2024	5,610,000	1,517,336	7,127,336
2025	5,195,000	1,282,963	6,477,963
2026	4,740,000	1,075,712	5,815,712
2027	4,465,000	863,253	5,328,253
2028	4,085,000	666,900	4,751,900
2029	3,650,000	488,255	4,138,255
2030	3,255,000	326,268	3,581,268
2031	2,460,000	178,478	2,638,478
2032	460,000	60,128	520,128
2033	335,000	42,200	377,200
2034	350,000	28,800	378,800
2035	370,000	14,800	384,800
	<u>\$ 74,725,000</u>	<u>\$ 28,669,595</u>	<u>\$ 103,394,595</u>

See accompanying auditors' report.

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**Sienna Plantation Levee Improvement District of Fort Bend County**  
**TSI-6. Change in Long-Term Bonded Debt**  
**September 30, 2014**

	Bond Issue				
	Series 2005 Refunding	Series 2005A	Series 2006	Series 2007	Series 2008
Interest rate	2.70 - 4.80%	3.50 - 4.50%	4.00 - 5.00%	4.50 - 7.00%	4.625 - 7.00%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/05 to 9/1/15	9/1/10 to 9/1/15	9/1/09 to 9/1/15	9/1/09 to 9/1/31	9/1/09 to 9/1/31
Beginning bonds outstanding	\$ 11,185,000	\$ 9,300,000	\$ 2,850,000	\$ 7,770,000	\$ 8,005,000
Bonds issued					
Bonds refunded	(10,305,000)	(8,595,000)	(2,635,000)		
Bonds retired	(430,000)	(340,000)	(105,000)	(270,000)	(270,000)
Ending bonds outstanding	<u>\$ 450,000</u>	<u>\$ 365,000</u>	<u>\$ 110,000</u>	<u>\$ 7,500,000</u>	<u>\$ 7,735,000</u>
Interest paid during fiscal year	<u>\$ 272,415</u>	<u>\$ 210,286</u>	<u>\$ 73,573</u>	<u>\$ 364,100</u>	<u>\$ 436,981</u>
Paying agent's name and city					
Series 2012, 2012A, 2014	Regions Bank, Houston, TX				
Series 2005, 2005A, 2006, 2007					
2008, 2009, 2010, 2010A	Wells Fargo Bank, N.A., Houston, TX				
Series 2004	The Bank of New York, Dallas, TX				
Bond Authority:	Levee Improvement	Park Bonds	Refunding Bonds		
Amount Authorized by Voters	\$ 110,000,000	\$ 49,000,000	\$ 44,000,000		
Amount Issued	(90,715,000)	(1,850,000)	(2,950,000)		
Remaining To Be Issued	<u>\$ 19,285,000</u>	<u>\$ 47,150,000</u>	<u>\$ 41,050,000</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 balances as of September 30, 2014: \$ 4,727,531

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 4,923,552

See accompanying auditors' report.

Bond Issue						
Series 2009	Series 2010 Refunding	Series 2010A Refunding	Series 2012 Park	Series 2012A	Series 2014 Refunding	Totals
3.60 - 5.25% 3/1; 9/1 9/1/10 to 9/1/31	3.00 - 4.70% 3/1; 9/1 9/1/10 to 9/1/27	2.00 - 4.00% 3/1; 9/1 9/1/11 to 9/1/29	2.50 - 4.00% 3/1; 9/1 9/1/13 to 9/1/32	2.40 - 4.00% 3/1; 9/1 9/1/13 to 9/1/35	2.00 - 5.00% 3/1; 9/1 9/1/15 to 9/1/30	
\$ 8,075,000	\$ 9,930,000	\$ 14,875,000	\$ 1,795,000	\$ 5,000,000	\$ -	\$ 78,785,000
					20,855,000	20,855,000
						(21,535,000)
(260,000)	(915,000)	(605,000)	(60,000)	(125,000)		(3,380,000)
<u>\$ 7,815,000</u>	<u>\$ 9,015,000</u>	<u>\$ 14,270,000</u>	<u>\$ 1,735,000</u>	<u>\$ 4,875,000</u>	<u>\$ 20,855,000</u>	<u>\$ 74,725,000</u>
<u>\$ 367,555</u>	<u>\$ 396,310</u>	<u>\$ 595,000</u>	<u>\$ 61,035</u>	<u>\$ 174,251</u>	<u>\$ 194,839</u>	<u>\$ 3,146,345</u>

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

	Amounts				
	2014	2013	2012	2011	2010
Revenues					
Property taxes	\$ 2,561,717	\$ 2,325,130	\$ 3,153,138	\$ 2,943,973	\$ 1,673,631
Permits	21,180	37,050	27,850	29,400	24,650
Miscellaneous	3,216	4,216	4,630	14,327	2,584
Investment earnings	11,312	17,531	14,166	10,931	9,037
Total Revenues	<u>2,597,425</u>	<u>2,383,927</u>	<u>3,199,784</u>	<u>2,998,631</u>	<u>1,709,902</u>
Expenditures					
Operating and administrative					
Professional fees	184,180	211,930	231,353	223,502	516,611
Contracted services	462,850	410,356	34,743	35,429	38,052
Repairs and maintenance	1,229,535	1,057,828	1,152,434	974,560	1,423,920
Utilities	35,567	57,479	28,718	37,667	83,613
Administrative	68,950	68,349	66,737	67,625	67,412
Other	14,262	8,000	12,031	38,266	98,571
Recreational Facilities					109,721
Capital outlay	480,000			11,530	1,890,929
Debt service					
Debt issue costs					38,948
Intergovernmental					
TIRZ payments to City			89,125		
Total Expenditures	<u>2,475,344</u>	<u>1,813,942</u>	<u>1,615,141</u>	<u>1,388,579</u>	<u>4,267,777</u>
Revenues Over (Under) Expenditures	<u>\$ 122,081</u>	<u>\$ 569,985</u>	<u>\$ 1,584,643</u>	<u>\$ 1,610,052</u>	<u>\$ (2,557,875)</u>

\*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2014	2013	2012	2011	2010
99%	97%	99%	99%	98%
1%	2%	1%	1%	1%
*	*	*	*	*
*	1%	*	*	1%
100%	100%	100%	100%	100%
7%	9%	7%	7%	30%
18%	17%	1%	1%	2%
47%	44%	36%	33%	83%
1%	2%	1%	1%	5%
3%	3%	2%	2%	4%
1%	*	*	1%	6%
				6%
18%			*	111%
				2%
		3%		
95%	75%	50%	45%	249%
5%	25%	50%	55%	(149%)

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

	Amounts				
	2014	2013	2012	2011	2010
Revenues					
Property taxes	\$ 7,466,825	\$ 6,769,131	\$ 5,672,339	\$ 5,572,948	\$ 6,670,734
Penalties and interest	71,050	68,540	80,610	117,112	110,126
Miscellaneous		350	275	125	150
Accrued interest on bonds sold	23,814		4,184		78,907
Investment earnings	10,217	13,204	21,468	48,281	56,770
Total Revenues	<u>7,571,906</u>	<u>6,851,225</u>	<u>5,778,876</u>	<u>5,738,466</u>	<u>6,916,687</u>
Expenditures					
Tax collection services	215,170	196,303	194,760	199,203	186,329
Debt service					
Principal	3,380,000	3,235,000	2,935,000	2,790,000	2,760,000
Interest and fees	3,636,234	3,559,973	3,526,103	3,541,755	3,610,572
Debt issuance costs	495,662			7,154	935,889
Early extinguishment of debt	310,000				
Intergovernmental					
TIRZ payments to City	276,715	273,047	131,667	272,344	214,469
Total Expenditures	<u>8,313,781</u>	<u>7,264,323</u>	<u>6,787,530</u>	<u>6,810,456</u>	<u>7,707,259</u>
Revenues Under Expenditures	<u>\$ (741,875)</u>	<u>\$ (413,098)</u>	<u>\$ (1,008,654)</u>	<u>\$ (1,071,990)</u>	<u>\$ (790,572)</u>

\*Percentage is negligible

See accompanying auditors' report.



Percent of Fund Total Revenues				
2014	2013	2012	2011	2010
99%	98%	99%	97%	96%
1%	2%	1%	2%	2%
	*	*	*	*
*		*		1%
*	*	*	1%	1%
100%	100%	100%	100%	100%
3%	3%	3%	3%	3%
45%	47%	51%	49%	40%
48%	52%	61%	62%	52%
7%			*	14%
4%				
4%	4%	2%	5%	3%
111%	106%	117%	119%	112%
(11%)	(6%)	(17%)	(19%)	(12%)

**Sienna Plantation Levee Improvement District of Fort Bend County**  
**TSI-8. Board Members, Key Personnel and Consultants**  
**For the Year Ended September 30, 2014**

Complete District Mailing Address: c/o The Muller Law Group, PLLC  
16555 Southwest Freeway, Suite 200  
Sugar Land, TX 77479

District Business Telephone Number: (281) 500-6050

Submission Date of the most recent District Registration Form  
(TWC Sections 36.054 and 49.054): February 4, 2015

Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200  
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
<b>Board Members</b>				
Kendall Beckman	07/11 to 7/15	\$ 3,600	\$ 1,059	President
John P. Richardson	07/11 to 7/15	2,850	574	Vice President/ Assistant Secretary
Michael Johnson	07/11 to 7/15	1,650	193	Assistant Vice President/Secretary
<b>Consultants</b>				
		Amounts Paid		
The Muller Law Group, PLLC	2014	\$ 364,665		Attorney
Levee Management Services, LLC	2012	1,099,004		Operator
McLennan & Associates	2001	48,818		Bookkeeper
Tax Tech, Inc.	1989	122,601		Tax Collector
Fort Bend Central Appraisal District	Legislation	62,730		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	1996	18,071		Delinquent Tax Attorney
LJA Engineering & Surveying, Inc.	1997	146,864		Engineer
TBG Partners, Inc.	2010	18,627		Landscaping Architect
McGrath & Co., PLLC	Annual	21,000		Auditor
RBC Capital Markets	1992	245,330		Financial Advisor
Allen Boone Humphries Robinson LLP	2003	97,711		Former Attorney

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