

CITY OF DRIPPING SPRINGS

RESOLUTION No. 2025-R49

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DRIPPING SPRINGS, TEXAS, ACKNOWLEDGING RECEIPT AND REVIEW OF HAYS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4 BOND APPLICATION REPORT NO. 5; MAKING FINDINGS; PROVIDING COMMENTS AND RECOMMENDATIONS PURSUANT TO THE CREATION AND OPERATION AGREEMENT (AS AMENDED); STATING THE CITY'S NO-OBJECTION SUBJECT TO CONDITIONS; AUTHORIZING TRANSMITTAL; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Hays County Municipal Utility District No. 4 (the "District") has submitted Bond Application Report No. 5 ("BAR No. 5") to the Texas Commission on Environmental Quality ("TCEQ") and provided a copy to the City of Dripping Springs, Texas (the "City") for review, comments, and recommendations; and

WHEREAS the City and the District are parties to that certain Agreement Concerning the Creation and Operation of Hays County Municipal Utility District No. 4 and Lands Within the District (the "Creation and Operation Agreement"), as amended, which contemplates that the District will furnish any bond application filed with TCEQ to the City for review and that the City may provide comments, recommendations, and an approval or statement of no objection for consideration by TCEQ; and

WHEREAS City staff have reviewed BAR No. 5, including the purposes and scope of the projects and facilities to be financed or reimbursed, the consistency of such projects with the District's authorized facilities and the Creation and Operation Agreement (as amended), the reasonableness of project costs and professional fees, and the proposed financing approach and anticipated tax rate implications; and

WHEREAS City staff have reviewed BAR No. 5 to the extent deemed appropriate and in the City's discretion, and the City Council desires to provide its response and direction in accordance with the Creation and Operation Agreement;

WHEREAS, based on that review, the City Council makes the following findings:

- (a) The District timely furnished BAR No. 5 and supporting materials to the City for review as contemplated by Section 3 of the Creation and Operation Agreement.
- (b) The projects and facilities identified in BAR No. 5 appear to be within the categories of facilities authorized for District financing and are reasonably necessary to serve development within the District.

- (c) The proposed use of bond proceeds, as described in BAR No. 5, appears limited to eligible and TCEQ-permissible purposes, subject to TCEQ's final approval and any conditions imposed by TCEQ.
- (d) The financing plan presented in BAR No. 5 appears consistent with customary Texas MUD market practices; based on the information provided, the anticipated tax rate impact and debt burden appear supportable when considered with the District's current and projected assessed valuation, subject to market conditions at the time of sale.
- (e) Nothing in the record before the City indicates a material inconsistency with the Creation and Operation Agreement or applicable law; and no material adverse impact to the City or overlapping jurisdictions has been identified from the proposed issuance as described in BAR No. 5.
- (f) Consistent with Section 3 of the Creation and Operation Agreement, the City's comments and recommendations should be considered by the District and incorporated into the bond sale documentation to the extent practicable and not materially adverse to the marketability of the bonds; and

WHEREAS the City Council desires to provide comments and recommendations and to state the City's no-objection to the bonds described in BAR No. 5, subject to the conditions set forth herein;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DRIPPING SPRINGS, TEXAS:

1. **Finding of Fact:** The recitals and findings set forth above are hereby adopted as the findings of the City Council and incorporated herein by reference.
2. **Acknowledgement of Receipt and Review:** The City acknowledges receipt of BAR No. 5 from the District and that City staff have reviewed the materials to the extent deemed appropriate by the City.
3. **Statement of No Objection; Conditions:** Subject to the conditions below, the City states that it has no objection to the District's proposed issuance and sale of its bonds as described in BAR No. 5, in an aggregate principal amount not to exceed \$7,440,000, for the purposes described in BAR No. 5 and permitted by applicable law and the Creation and Operation Agreement. The City's no-objection is expressly conditioned upon:
 - (a) TCEQ approval of BAR No. 5 and the bonds in accordance with applicable law and TCEQ rules and guidance;
 - (b) The District's compliance with the Creation and Operation Agreement and any other applicable agreements with the City;

- (c) Use of bond proceeds solely for eligible purposes as described in BAR No. 5 and as approved by TCEQ; and
 - (d) Good-faith consideration by the District of the City's comments and recommendations herein, and incorporation of such comments to the extent practicable and not materially adverse to the marketability of the bonds.
4. **Reservations; No Waiver; No Reliance:** The City reserves all rights under the Creation and Operation Agreement and applicable law, including the right to review and comment on future bond applications and to enforce the District's obligations. Nothing in this Resolution shall be construed as: (i) a waiver of any City rights or remedies; (ii) an approval of any particular development plan, schedule, or reimbursement item; (iii) a representation concerning the marketability of the bonds; or (iv) a commitment by the City regarding any future bond application.
5. **Authorization:** The City Council authorizes the City Administrator and City Attorney to: transmit this Resolution and any related correspondence to the District, its consultants, and TCEQ; (ii) provide clarifying comments consistent with this Resolution; and (iii) make non-substantive corrections to this Resolution to effectuate the City Council's intent.
6. **Effective Date:** The resolution shall be effective from and after its approval and passage.
7. **Meeting:** The meeting at which this Resolution was passed was open to the public, and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

PASSED AND APPROVED this, the 16th day of December 2025 by a vote of ____ (ayes) to ____ (nays) to ____ (abstentions) of the City Council of Dripping Springs, Texas:

CITY OF DRIPPING SPRINGS:

Bill Foulds, Jr., Mayor

ATTEST:

Diana Boone, City Secretary