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City of Dripping Springs, Texas

Heritage Public Improvement District

Improvement Area #1 Project

Series 2023 Special Assessment Revenue Bonds



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- Amended Public Improvement District Financing Agreement approved on December 20, 2022
 - \$27,500,000 Assessments/Bonds for the entire District/Project
 - Assessments to be levied and Bonds to be issued in phases as development progresses
 - Fixed assessments for all phases of the Project regardless of when assessments are levied and bonds issued for any phase/improvement area
 - Assessments/Bonds amortized over a 30-year period (per phase)
 - City prepares and controls the Service and Assessment Plan
 - City structuring of PID Bonds and control of bond issuance process
 - PID Bonds issued after qualified improvements are in place and accepted by the City (reimbursement financing structure)
- Offsite Road and Trail Financing by Developer (no changes from 2017)
- Wastewater Impact Fees pursuant to a Wastewater Agreement with Developer (no changes from 2017)

Heritage Public Improvement District Development Summary



IMPROVEMENT AREA #1

Category	No. of Units	Expected	Expected	Expected	Expected
		Finished Lot	Finished Home	Area 1 Finished	Area 1 Buildout
		Unit Value	Unit Value	Lots Value	Value
SF 35'	0	\$ 84,000	\$ 420,000	\$ -	\$ -
SF 40'	12	96,000	440,000	1,152,000	5,280,000
SF 45'	100	108,000	460,000	10,800,000	46,000,000
SF 50'	46	120,000	500,000	5,520,000	23,000,000
Multifamily	0	30,000	150,000	-	-
	<u>158</u>			<u>\$17,472,000</u>	<u>\$74,280,000</u>

Weighted Average Value..... \$110,582 \$470,127

Expected Annual Property Tax Revenue for the City at Buildout..... \$132,070

FUTURE IMPROVEMENT AREAS

Category	No. of Units	Expected	Expected	Expected	Expected
		Finished Lot	Finished Home	Future Areas Finished	Future Areas Buildout
		Unit Value	Unit Value	Lots Value	Value
SF 35'	51	\$ 84,000	\$ 420,000	\$ 4,284,000	\$ 21,420,000
SF 40'	102	96,000	440,000	9,792,000	44,880,000
SF 45'	208	108,000	460,000	22,464,000	95,680,000
SF 50'	76	120,000	500,000	9,120,000	38,000,000
Multifamily	105	30,000	150,000	3,150,000	15,750,000
	<u>542</u>			<u>\$ 48,810,000</u>	<u>\$ 215,730,000</u>

Weighted Average Value..... \$90,055 \$398,026

Expected Annual Property Tax Revenue for the City at Buildout..... \$383,568

Notes:

Development Plan and expected finished home values as reported by the Developer on February 7, 2023.

SF 40', 45' and 50' finished lot values as per the Appraisal; others calculated at 1/5 of the expected finished home values for illustration and discussion purposes only, subject to change.



	<u>Expected Buildout Value</u>	<u>Percentage of Total Project</u>	<u>Assessments/ Bonds</u>
Improvement Area #1 Expected Buildout Value	\$74,280,000	25.61%	\$7,043,550
Future Improvement Areas Expected Build Out Value	<u>\$215,730,000</u>	<u>74.39%</u>	<u>\$20,456,450</u>
Total Expected Buildout Value	\$290,010,000	100.00%	\$27,500,000

Improvement Area #1 Assessments/Bonds rounded down to the nearest \$1,000.

- Bonds secured solely by assessment revenue from Improvement Area #1 of the Heritage PID
- City's full faith and credit does NOT secure the Bonds
- City's enterprise funds' revenues do NOT secure the Bonds
- Assessment revenues from future improvement areas do NOT secure the Bonds

Improvement Area #1 Bonds Preliminary Sources and Uses of Funds



Bond Issuance Date
Bond Delivery/Closing Date

6/6/2023
6/29/2023

	IMPROVEMENT AREA #1 SERIES 2023 BONDS
SOURCES OF FUNDS	
PID Bonds ⁽¹⁾	\$ 7,043,000
Other Sources	2,149,284
Total Sources of Funds	\$ 9,192,284
USES OF FUNDS	
Project Funds	
Bond Proceeds	\$ 5,790,000
Other Sources	2,149,284
Subtotal Total Project Funds⁽²⁾	\$ 7,939,284
Capitalized Interest Fund ⁽³⁾	\$ -
Debt Service Reserve Fund ⁽⁴⁾	507,696
Underwriter's Discount ⁽⁵⁾	176,075
Costs of Issuance ⁽⁶⁾	529,229
Deposit to Admin Account ⁽⁶⁾	40,000
Subtotal Non-Construction Funds	\$ 1,253,000
Total Uses of Funds	\$ 9,192,284

Notes:

- (1) Maximum par amount of IA #1 Bonds is \$7,043,000.
- (2) \$7,939,284 Total Authorized Costs as reported in Preliminary Service and Assessment Plan.
- (3) No capitalized interest necessary.
- (4) Equal to the maximum annual debt service payment on the bonds.
- (5) Assumed at 2.5% of par amount for illustration and discussion purposes only, subject to change.
- (6) As reported in Preliminary Service and Assessment Plan.

Improvement Area #1 Bonds Preliminary Statistics



<i>Assumed</i> Nominal Bond Interest Rate ⁽¹⁾	5.77%
Bond Term	30 Years
Final Maturity	9/1/2053
Value to Lien at Bond Financing ⁽²⁾	2.11x
Number of Parcels Assessed	158
Average Assessment/Lien per Unit	\$44,576
Average Annual Installment as Tax Rate Equivalent	\$0.7822
Average Annual Installment per Parcel	\$3,677
Annual Installments begin in Calendar Year	2024
<i>PID Bond Net Proceeds per Lot</i>	\$36,646

Notes:

(1) For illustration and discussion purposes only, subject to change at any time.

(2) Appraisal for IA #1 bulk sales equals \$14,852,000.

Improvement Area #1 Bonds Preliminary Limited Offering Memorandum (the “PLOM”)



- The PLOM serves as the disclosure document for the offering of the Heritage Public Improvement District Improvement Area #1 Project Series 2023 Special Assessment Revenue Bonds
- Information, facts and circumstances a reasonable investor may want to evaluate before making an investment decision
- Document is preliminary until the pricing of the Bonds and approval of the bond ordinance
- Final Limited Offering Memorandum will include final bond pricing numbers, final characteristics of the Bonds, final Service and Assessment Plan, final Trust Indenture, final continuing disclosure undertakings (for both City and Developer)

Improvement Area #1 Bonds Preliminary Limited Offering Memorandum (the “PLOM”)



- PLOM includes information regarding (but not limited to):
 - ✓ The City (elected officials, staff and consultants)
 - ✓ Plan of Finance
 - ✓ The Bonds (including sources and uses of funds and debt service)
 - ✓ Overlapping Debt and Taxes, and Assessment Procedures
 - ✓ The District, the Development and Improvement Area #1 Projects
 - ✓ The Developers
 - ✓ The Appraisal
 - ✓ Investment Considerations and Suitability
 - ✓ Legal and Tax Matters
 - ✓ Continuing Disclosure Matters
 - ✓ Preliminary Service and Assessment Plan and form of Trust Indenture
 - ✓ Forms of Continuing Disclosure Agreements (City and Developers)

Schedule of Events



Date	Event
May 2, 2023	Presentation of Plan of Finance to issue Series 2023 Improvement Area #1 Bonds Cost Determination Resolution, Preliminary Service and Assessment Plan, Call Public Hearing for Levy of Assessments Resolution approving form of the PLOM and distribution after final edits/sign off by City Administrator and City Attorney
June 6, 2023	Conduct Public Hearing on Levy of Assessments on Improvement Area #1 of the Heritage PID Consider Ordinance approving the Service and Assessment Plan and Levy of Assessments Consider Ordinance authorizing the issuance of the Series 2023 Improvement Area #1 Bonds
<i>Prior to Closing</i>	<i>Texas Attorney General approves bond issue</i>
June 29, 2023	Closing and Delivery of Funds to the Trustee



Questions and Discussion



Appendix A

Preliminary Cash Flows and *Projected* Tax Statement



Preliminary Bond Cash Flows

Fiscal Year Ending	Improvement Area #1 Series 2023 PID Bonds					TOTAL LEVY	Total Levy as Tax Rate Equivalent
	Principal	Interest ⁽¹⁾	Less: Capitalized Interest	Additional Interest Levy ⁽²⁾	PID Administrative Levy ⁽³⁾		
2024	\$ 30,000	\$ 476,369	\$ -	\$ 35,215	\$ 40,000	\$ 581,584	\$ 0.7830
2025	101,000	404,650	-	35,065	40,800	581,515	0.7829
2026	106,000	398,822	-	34,560	41,616	580,998	0.7822
2027	112,000	392,706	-	34,030	42,448	581,185	0.7824
2028	118,000	386,244	-	33,470	43,297	581,011	0.7822
2029	124,000	379,435	-	32,880	44,163	580,478	0.7815
2030	131,000	372,280	-	32,260	45,046	580,587	0.7816
2031	139,000	364,722	-	31,605	45,947	581,274	0.7825
2032	146,000	356,701	-	30,910	46,866	580,478	0.7815
2033	155,000	348,277	-	30,180	47,804	581,261	0.7825
2034	163,000	339,334	-	29,405	48,760	580,498	0.7815
2035	173,000	329,929	-	28,590	49,735	581,254	0.7825
2036	183,000	319,947	-	27,725	50,730	581,401	0.7827
2037	193,000	309,387	-	26,810	51,744	580,942	0.7821
2038	204,000	298,251	-	25,845	52,779	580,875	0.7820
2039	216,000	286,481	-	24,825	53,835	581,140	0.7824
2040	228,000	274,017	-	23,745	54,911	580,674	0.7817
2041	242,000	260,862	-	22,605	56,010	581,476	0.7828
2042	255,000	246,898	-	21,395	57,130	580,423	0.7814
2043	270,000	232,185	-	20,120	58,272	580,577	0.7816
2044	286,000	216,606	-	18,770	59,438	580,814	0.7819
2045	303,000	200,104	-	17,340	60,627	581,070	0.7823
2046	321,000	182,621	-	15,825	61,839	581,285	0.7826
2047	340,000	164,099	-	14,220	63,076	581,395	0.7827
2048	360,000	144,481	-	12,520	64,337	581,338	0.7826
2049	381,000	123,709	-	10,720	65,624	581,053	0.7822
2050	403,000	101,725	-	8,815	66,937	580,477	0.7815
2051	427,000	78,472	-	6,800	68,275	580,547	0.7816
2052	453,000	53,834	-	4,665	69,641	581,140	0.7824
2053	480,000	27,696	-	2,400	71,034	581,130	0.7824
	\$ 7,043,000	\$ 8,070,843	\$ -	\$ 693,315	\$ 1,622,723	\$17,429,881	

(1) Nominal interest rate of 5.77% for illustration and discussion purposes only, subject to change.

(2) Calculated at 0.5% of outstanding bonds beginning in 2024.

(3) For illustration purposes only, subject to change after input from PID Administrator.



Preliminary Average PID Annual Installments Per Unit

Fiscal Year Ending	Improvement Area #1 Annual Installments Per Unit					PID Administrative Levy ⁽³⁾	TOTAL LEVY	Total Levy as Tax Rate Equivalent
	Principal	Interest ⁽¹⁾	Less: Capitalized Interest	Additional Interest Levy ⁽²⁾				
2024	\$ 190	\$ 3,015	\$ -	\$ 223	\$ 253	\$ 3,681	\$ 0.7830	
2025	639	2,561	-	222	258	3,680	0.7829	
2026	671	2,524	-	219	263	3,677	0.7822	
2027	709	2,485	-	215	269	3,678	0.7824	
2028	747	2,445	-	212	274	3,677	0.7822	
2029	785	2,401	-	208	280	3,674	0.7815	
2030	829	2,356	-	204	285	3,675	0.7816	
2031	880	2,308	-	200	291	3,679	0.7825	
2032	924	2,258	-	196	297	3,674	0.7815	
2033	981	2,204	-	191	303	3,679	0.7825	
2034	1,032	2,148	-	186	309	3,674	0.7815	
2035	1,095	2,088	-	181	315	3,679	0.7825	
2036	1,158	2,025	-	175	321	3,680	0.7827	
2037	1,222	1,958	-	170	327	3,677	0.7821	
2038	1,291	1,888	-	164	334	3,676	0.7820	
2039	1,367	1,813	-	157	341	3,678	0.7824	
2040	1,443	1,734	-	150	348	3,675	0.7817	
2041	1,532	1,651	-	143	354	3,680	0.7828	
2042	1,614	1,563	-	135	362	3,674	0.7814	
2043	1,709	1,470	-	127	369	3,675	0.7816	
2044	1,810	1,371	-	119	376	3,676	0.7819	
2045	1,918	1,266	-	110	384	3,678	0.7823	
2046	2,032	1,156	-	100	391	3,679	0.7826	
2047	2,152	1,039	-	90	399	3,680	0.7827	
2048	2,278	914	-	79	407	3,679	0.7826	
2049	2,411	783	-	68	415	3,678	0.7822	
2050	2,551	644	-	56	424	3,674	0.7815	
2051	2,703	497	-	43	432	3,674	0.7816	
2052	2,867	341	-	30	441	3,678	0.7824	
2053	3,038	175	-	15	450	3,678	0.7824	
	\$ 44,576	\$ 51,081	\$ -	\$ 4,388	\$ 10,270	\$ 110,316		

(1) Nominal interest rate of 5.77% for illustration and discussion purposes only, subject to change.

(2) Calculated at 0.5% of outstanding bonds beginning in 2024.

(3) For illustration purposes only, subject to change after input from PID Administrator.

Projected Tax Statement within Improvement Area #1



Projected Tax Statement within Improvement Area #1

	2022 Tax Rate	Tax Levy on \$440,000 SF 40' Home	Tax Levy on \$460,000 SF 45' Home	Tax Levy on \$500,000 SF 50' Home
City of Dripping Springs	\$ 0.1778	\$ 782.32	\$ 817.88	\$ 889.00
Hays County (incl. Special Roads Tax)	0.3125	1,375.00	1,437.50	1,562.50
North Hays County Emergency Services District No. 1	0.0300	132.00	138.00	150.00
Hays County Emergency Services District No. 6	0.0702	308.88	322.92	351.00
Dripping Springs Independent School District	1.2929	5,688.76	5,947.34	6,464.50
Total Tax Rate/Levy	\$ 1.8834	\$ 8,286.96	\$ 8,663.64	\$ 9,417.00
PID Avg. Annual Installment as a Tax Rate Equivalent/Levy ⁽¹⁾	\$ 0.7822	\$ 3,441.55	\$ 3,597.98	\$ 3,910.85
Total Overlapping Tax Rate Equivalent/Levy	\$ 2.6656	\$ 11,728.51	\$ 12,261.62	\$ 13,327.85

(1) Inclusive of principal and interest on the bonds, additional interest for the benefit of the bonds, and estimated annual PID administrative expenses.