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City of Dripping Springs, Texas

Heritage Public Improvement District

Improvement Areas #3A and #3B Project

Series 2025 Special Assessment Revenue Bonds

October 7, 2025

Table of Contents

Heritage Public Improvement District Financing Summary

- 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 <u>after</u> 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	Finished Lot Unit Value	Finished Home Unit Value	*Expected* Area 1 Finished Lots Value	*Expected* Area 1 Buildout Value
SF 35'	0	$ 97,300	$ 420,000	$ -	$ -
SF 40'	12	111,200	450,399	1,334,400	5,404,788
SF 45'	100	125,100	498,224	12,510,000	49,822,400
SF 50'	46	139,000	558,223	6,394,000	25,678,258
Multifamily	0	30,000	150,000	-	-
	158			$20,238,400	$80,905,446
Weighted Average Value.......................................				*$128,091*	*$512,060*

IMPROVEMENT AREA #2

Category	No. of Units	*Expected* Finished Lot Unit Value	*Expected* Finished Home Unit Value	*Expected* Area 2 Finished Lots Value	*Expected* Area 2 Buildout Value
SF 35'	6	$ 97,300	$ 420,000	$ 583,800	$ 2,520,000
SF 40'	68	111,200	450,399	7,561,600	30,627,132
SF 45'	74	125,100	498,224	9,257,400	36,868,576
SF 50'	12	139,000	558,223	1,668,000	6,698,676
Multifamily	0	30,000	150,000	-	-
	160			$19,070,800	$76,714,384
Weighted Average Value.......................................				*$119,193*	*$479,465*

IMPROVEMENT AREAS #3A AND #3B

Category	**No. of Units**	***Expected*** **Finished Lot Unit Value**	***Expected*** **Finished Home Unit Value**	***Expected*** **Area 2 Finished Lots Value**	***Expected*** **Area 2 Buildout Value**
SF 35'	**45**	**$ 97,300**	**$ 420,000**	**$ 4,378,500**	**$18,900,000**
SF 40'	**34**	**111,200**	**450,399**	**3,780,800**	**15,313,566**
SF 45'	**58**	**125,100**	**498,224**	**7,255,800**	**28,896,992**
SF 50'	**27**	**139,000**	**558,223**	**3,753,000**	**15,072,021**
Multifamily	**0**	**30,000**	**150,000**	**-**	**-**
	164			**$19,168,100**	**$78,182,579**
Weighted Average Value.......................................				***$116,879***	***$476,723***

FUTURE IMPROVEMENT AREA #4

Category	No. of Units	*Expected* Finished Lot Unit Value	*Expected* Finished Home Unit Value	*Expected* Area 2 Finished Lots Value	*Expected* Area 2 Buildout Value
SF 35'	0	$ 97,300	$ 420,000	$ -	$ -
SF 40'	0	111,200	450,399	-	-
SF 45'	76	125,100	498,224	9,507,600	37,865,024
SF 50'	39	139,000	558,223	5,421,000	21,770,697
Multifamily	103	30,000	150,000	3,090,000	15,450,000
	218			$18,018,600	$75,085,721
Weighted Average Value.......................................				*$82,654*	*$344,430*

Notes:
Development Plan and expected finished home values as reported by the Developer on August 28, 2025 and September 30, 2025.
SF 35', 40', 45' and 50' finished lot values as per the most recent Appraisal; Multifamily calculated at 1/5 of the expected finished unit value for illustration and discussion purposes only, subject to change.

District Assessments/Bonds

	Assessments/ Bonds
Improvement Area #1 Assessments/Bonds (Actual)	$7,043,000
Improvement Area #2 Assessments/Bonds (Actual)	$6,873,000
Improvement Areas #3A and #3B Assessments/Bonds (Proposed)	*$7,021,000*
Future Improvement Area #4 Assessments/Bonds (Expected)	*$6,563,000*
Total Assessments/Bonds for Heritage Project	**$27,500,000**

- $7,043,000 Series 2023 Bonds (issued in June 2023) secured solely by assessment revenue from Improvement Area #1 of the Heritage PID
- $6,873,000 Series 2024 Bonds (issued in September 2024) secured solely by assessment revenue from Improvement Area #2 of the Heritage PID
- **$7,021,000 Series 2025 Bonds (to be issued in October 2025) secured solely by assessment revenue from Improvement Areas #3A and #3B of the Heritage PID**

District Special Assessment Revenue Bonds

- City's full faith and credit does NOT secure the Bonds

- City's enterprise funds' revenues do NOT secure the Bonds

- Assessment revenues from previous or future improvement areas do NOT secure the Improvement Areas #3A and #3B Bonds

Improvement Areas #3A and #3B Bonds Preliminary Sources and Uses of Funds

Bond Issuance Date		*10/21/2025*
Bond Delivery/Closing Date		*11/18/2025*
		IMPROVEMENT AREAS #3A AND #3B SERIES 2025 BONDS
SOURCES OF FUNDS		
PID Bonds[1]	$	7,021,000
Other Sources		2,591,657
Total Sources of Funds	**$**	**9,612,657**
USES OF FUNDS		
Project Funds		
Bond Proceeds	$	5,453,892
Other Sources		2,591,657
Subtotal Total Project Funds[2]	**$**	**8,045,549**
Capitalized Interest Fund[3]	$	331,157
Debt Service Reserve Fund[4]		520,460
Underwriter's Discount		210,630
Costs of Issuance[5]		454,861
Deposit to Admin Account[6]		50,000
Subtotal Non-Construction Funds	**$**	**1,567,108**
Total Uses of Funds	**$**	**9,612,657**

Notes:

(1) Maximum par amount of IA #3 Bonds is $7,021,000.
(2) $8,045,549 Total Authorized Costs as reported in Preliminary Service and Assessment Plan.
(3) Capitalized interest through September 1, 2026.
(4) Equal to the maximum annual debt service payment on the bonds.
(5) Budgeted, subject to change.
(6) Initial deposit to cover administrative expenses through January 31, 2027.

Improvement Areas #3A and #3B Bonds Preliminary Statistics

Budgeted Nominal Bond Interest Rate[1]	6.00%
Bond Term	30 Years
Final Maturity	9/1/2055
Value to Lien at Bond Financing[2]	2.24x
Number of Parcels Assessed	164
Average Assessment/Lien per Unit	$42,811
Average Annual Installment as Tax Rate Equivalent	$0.7586
Average Annual Installment per Parcel	$3,616
Annual Installments begin in Calendar Year	2027
PID Bond Net Proceeds per Lot	$33,255

Notes:

(1) Preliminary, subject to change at any time.

(2) Appraisal for IA #3 bulk sales equals $15,730,000. Retail value per appraisal equals $19,168,100.

Improvement Area #1 Series 2023 Bonds sold at a nominal interest rate of 5.44% in June 2023. Final Maturity of September 1, 2053.

158 units in Improvement Area #1 with an average assessment of $44,576.

Improvement Area #1 PID Rate in 2023 was $0.7559.

Improvement Area #1 PID Bond Net Proceeds per Lot were $36,392.

Improvement Area #2 Series 2024 Bonds sold at a nominal interest rate of 5.15% in September 2024. Final Maturity of September 1, 2054.

160 units in Improvement Area #1 with an average assessment of $42,956.

Improvement Area #1 PID Rate in 2024 was $0.7112.

Improvement Area #2 PID Bond Net Proceeds per Lot were $33,750.

Schedule of Events

Date	Event
October 7, 2025	**Presentation of Plan of Finance to issue Series 2025 Improvement Areas #3A and #3B Project Special Assessment Revenue Bonds** **Cost Determination Resolution, Preliminary Service and Assessment Plan, Call Public Hearing for Levy of Assessments on Improvement Areas #3A and #3B**
October 21, 2025	**Conduct Public Hearing on Levy of Assessments on Improvement Areas #3A and #3B of the Heritage PID** **Consider Ordinance approving the Service and Assessment Plan and Levy of Assessments on Areas #3A and #3B** **Consider Ordinance authorizing the issuance of the Series 2025 Improvement Areas #3A and #3B Project Special Assessment Revenue Bonds**
Prior to Closing	*Texas Attorney General approves bond issue*
November 18, 2025	**Closing and Delivery of Funds to the Trustee**

Questions and Discussion

Appendix A

Improvement Areas #3A and #3B
Preliminary Cash Flows and *Projected* Tax Statement

Preliminary Bond Cash Flows (Areas #3A and #3B)

Fiscal Year Ending 30-Sep	Areas #3A and #3B Series 2025 PID Bonds Principal	Interest[(1)]	Less: Capitalized Interest	Additional Interest Levy[(2)]	PID Administrative Levy[(3)]	TOTAL LEVY	*Total Levy as Tax Rate Equivalent*
2026	$ -	$ 331,157	$ (331,157)	$ -	$ -	**$ -**	*$ -*
2027	97,000	421,260	-	35,105	40,000	**593,365**	*0.7589*
2028	102,000	415,440	-	34,620	40,800	**592,860**	*0.7583*
2029	109,000	409,320	-	34,110	41,616	**594,046**	*0.7598*
2030	114,000	402,780	-	33,565	42,448	**592,793**	*0.7582*
2031	121,000	395,940	-	32,995	43,297	**593,232**	*0.7588*
2032	128,000	388,680	-	32,390	44,163	**593,233**	*0.7588*
2033	135,000	381,000	-	31,750	45,046	**592,796**	*0.7582*
2034	143,000	372,900	-	31,075	45,947	**592,922**	*0.7584*
2035	152,000	364,320	-	30,360	46,866	**593,546**	*0.7592*
2036	161,000	355,200	-	29,600	47,804	**593,604**	*0.7593*
2037	170,000	345,540	-	28,795	48,760	**593,095**	*0.7586*
2038	180,000	335,340	-	27,945	49,735	**593,020**	*0.7585*
2039	191,000	324,540	-	27,045	50,730	**593,315**	*0.7589*
2040	202,000	313,080	-	26,090	51,744	**592,914**	*0.7584*
2041	214,000	300,960	-	25,080	52,779	**592,819**	*0.7582*
2042	227,000	288,120	-	24,010	53,835	**592,965**	*0.7584*
2043	241,000	274,500	-	22,875	54,911	**593,286**	*0.7588*
2044	255,000	260,040	-	21,670	56,010	**592,720**	*0.7581*
2045	270,000	244,740	-	20,395	57,130	**592,265**	*0.7575*
2046	287,000	228,540	-	19,045	58,272	**592,857**	*0.7583*
2047	305,000	211,320	-	17,610	59,438	**593,368**	*0.7590*
2048	323,000	193,020	-	16,085	60,627	**592,732**	*0.7581*
2049	343,000	173,640	-	14,470	61,839	**592,949**	*0.7584*
2050	364,000	153,060	-	12,755	63,076	**592,891**	*0.7583*
2051	387,000	131,220	-	10,935	64,337	**593,492**	*0.7591*
2052	410,000	108,000	-	9,000	65,624	**592,624**	*0.7580*
2053	436,000	83,400	-	6,950	66,937	**593,287**	*0.7588*
2054	463,000	57,240	-	4,770	68,275	**593,285**	*0.7588*
2055	491,000	29,460	-	2,455	69,641	**592,556**	*0.7579*
	$ 7,021,000	$ 8,293,757	$ (331,157)	$ 663,550	$ 1,551,689	**$17,198,839**	

Improvement Area #1 Series 2023 Bonds sold at a nominal interest rate of 5.44% in June 2023. Final Maturity of September 1, 2053 and average annual aggregate installments of $561,494.

Improvement Area #2 Series 2024 Bonds sold at a nominal interest rate of 5.15% in September 2024. Final Maturity of September 1, 2054 and average annual aggregate installments of $537,199.

(1) Nominal interest rate of 6.00% for illustration and discussion purposes only, subject to change.
(2) Calculated at 0.5% of outstanding bonds beginning in 2027.
(3) Budgeted, subject to change after input from PID Administrator on an annual basis.

Preliminary Average PID Annual Installments Per Unit (Areas #3A and #3B)

Fiscal Year Ending 30-Sep	Areas #3A and #3B Annual Installments Per Unit: Principal	Interest[1]	Less: Capitalized Interest	Additional Interest Levy[2]	PID Administrative Levy[3]	TOTAL LEVY	*Total Levy as Tax Rate Equivalent*
2026	$ -	$ 2,019	$ (2,019)	$ -	$ -	**$ -**	*$ -*
2027	591	2,569	-	214	244	**3,618**	*0.7589*
2028	622	2,533	-	211	249	**3,615**	*0.7583*
2029	665	2,496	-	208	254	**3,622**	*0.7598*
2030	695	2,456	-	205	259	**3,615**	*0.7582*
2031	738	2,414	-	201	264	**3,617**	*0.7588*
2032	780	2,370	-	198	269	**3,617**	*0.7588*
2033	823	2,323	-	194	275	**3,615**	*0.7582*
2034	872	2,274	-	189	280	**3,615**	*0.7584*
2035	927	2,221	-	185	286	**3,619**	*0.7592*
2036	982	2,166	-	180	291	**3,620**	*0.7593*
2037	1,037	2,107	-	176	297	**3,616**	*0.7586*
2038	1,098	2,045	-	170	303	**3,616**	*0.7585*
2039	1,165	1,979	-	165	309	**3,618**	*0.7589*
2040	1,232	1,909	-	159	316	**3,615**	*0.7584*
2041	1,305	1,835	-	153	322	**3,615**	*0.7582*
2042	1,384	1,757	-	146	328	**3,616**	*0.7584*
2043	1,470	1,674	-	139	335	**3,618**	*0.7588*
2044	1,555	1,586	-	132	342	**3,614**	*0.7581*
2045	1,646	1,492	-	124	348	**3,611**	*0.7575*
2046	1,750	1,394	-	116	355	**3,615**	*0.7583*
2047	1,860	1,289	-	107	362	**3,618**	*0.7590*
2048	1,970	1,177	-	98	370	**3,614**	*0.7581*
2049	2,091	1,059	-	88	377	**3,616**	*0.7584*
2050	2,220	933	-	78	385	**3,615**	*0.7583*
2051	2,360	800	-	67	392	**3,619**	*0.7591*
2052	2,500	659	-	55	400	**3,614**	*0.7580*
2053	2,659	509	-	42	408	**3,618**	*0.7588*
2054	2,823	349	-	29	416	**3,618**	*0.7588*
2055	2,994	180	-	15	425	**3,613**	*0.7579*
	$ 42,811	$ 50,572	$ (2,019)	$ 4,046	$ 9,462	**$ 104,871**	

(1) Nominal interest rate of 6.00% for illustration and discussion purposes only, subject to change.
(2) Calculated at 0.5% of outstanding bonds beginning in 2027.
(3) Budgeted, subject to change after input from PID Administrator on an annual basis.

PID Rate in Improvement Area #1 is currently an average of $0.6941 based on final average installments per unit of $3,554 and an average actual home value of $512,060.

PID Rate in Improvement Area #2 is currently an average of $0.7002 based on final average installments per unit of $3,357 and an average actual home value of $479,465.

Projected Tax Statement within Improvement Areas #3A and #3B

Projected **Tax Statement within Improvement Areas #3A and #3B**

	2025 Tax Rate	Tax Levy on $420,000 SF 35' Home	Tax Levy on $450,399 SF 40' Home	Tax Levy on $498,224 SF 45' Home	Tax Levy on $558,223 SF 50' Home
City of Dripping Springs	$ 0.2267	$ 952.14	$ 1,021.05	$ 1,129.47	$ 1,265.49
Hays County (incl. Special Roads Tax)	0.3999	1,679.58	1,801.15	1,992.40	2,232.33
North Hays County Emergency Services District No. 1	0.0500	210.00	225.20	249.11	279.11
Hays County Emergency Services District No. 6	0.0802	337.01	361.40	399.77	447.92
Dripping Springs Independent School District	1.1052	4,641.84	4,977.81	5,506.37	6,169.48
Total Tax Rate/Levy	**$ 1.8620**	**$ 7,820.57**	**$ 8,386.61**	**$ 9,277.13**	**$ 10,394.34**
PID Avg. Annual Installment as a Tax Rate Equivalent/Levy[(1)]	$ 0.7586	$ 3,185.96	$ 3,416.56	$ 3,779.34	$ 4,234.47
Total Overlapping Tax Rate Equivalent/Levy	**$ 2.6206**	**$ 11,006.53**	**$ 11,803.17**	**$ 13,056.47**	**$ 14,628.80**

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

PID Rate in Improvement Area #1 is currently an average of $0.6941 based on final average installments per unit of $3,554 and an average actual home value of $512,060.

PID Rate in Improvement Area #2 is currently an average of $0.7002 based on final average installments per unit of $3,357 and an average actual home value of $479,465.