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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



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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 Finished		Expected Area 1	
		Lot	Home	Finished	Buildout
		Unit Value	Unit Value	Lots Value	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	-	-
	<u>158</u>			<u>\$20,238,400</u>	<u>\$80,905,446</u>

Weighted Average Value..... \$128,091 \$512,060

IMPROVEMENT AREA #2

Category	No. of Units	Expected Finished		Expected Area 2	
		Lot	Home	Finished	Buildout
		Unit Value	Unit Value	Lots Value	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	-	-
	<u>160</u>			<u>\$19,070,800</u>	<u>\$76,714,384</u>

Weighted Average Value..... \$119,193 \$479,465

IMPROVEMENT AREAS #3A AND #3B

Category	No. of Units	Expected Finished		Expected Area 2	
		Lot	Home	Finished	Buildout
		Unit Value	Unit Value	Lots Value	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	-	-
	<u>164</u>			<u>\$19,168,100</u>	<u>\$78,182,579</u>

Weighted Average Value..... \$116,879 \$476,723

FUTURE IMPROVEMENT AREA #4

Category	No. of Units	Expected Finished		Expected Area 2	
		Lot	Home	Finished	Buildout
		Unit Value	Unit Value	Lots Value	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
	<u>218</u>			<u>\$18,018,600</u>	<u>\$75,085,721</u>

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.



	<u>Assessments/ Bonds</u>
Improvement Area #1 Assessments/Bonds (Actual)	\$7,043,000
Improvement Area #2 Assessments/Bonds (Actual)	\$6,873,000
<i>Improvement Areas #3A and #3B Assessments/Bonds (Proposed)</i>	<i>\$7,021,000</i>
<i>Future Improvement Area #4 Assessments/Bonds (Expected)</i>	<u><i>\$6,563,000</i></u>
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
Bond Delivery/Closing Date

10/21/2025
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%	Improvement Area #1 Series 2023 Bonds sold at a nominal interest rate of 5.44% in June 2023. Final Maturity of September 1, 2053.
Bond Term	30 Years	
Final Maturity	9/1/2055	
Value to Lien at Bond Financing ⁽²⁾	2.24x	158 units in Improvement Area #1 with an average assessment of \$44,576.
Number of Parcels Assessed	164	
Average Assessment/Lien per Unit	\$42,811	Improvement Area #1 PID Rate in 2023 was \$0.7559.
Average Annual Installment as Tax Rate Equivalent	\$0.7586	Improvement Area #1 PID Bond Net Proceeds per Lot were \$36,392.
Average Annual Installment per Parcel	\$3,616	
Annual Installments begin in Calendar Year	2027	Improvement Area #2 Series 2024 Bonds sold at a nominal interest rate of 5.15% in September 2024. Final Maturity of September 1, 2054.
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.

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
<i>Prior to Closing</i>	<i>Texas Attorney General approves bond issue</i>
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					TOTAL LEVY	Total Levy as Tax Rate Equivalent
	Principal	Interest ⁽¹⁾	Less: Capitalized	Additional Interest	PID Administrative		
			Interest	Levy ⁽²⁾	Levy ⁽³⁾		
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					PID Administrative Levy ⁽³⁾	TOTAL LEVY	Total Levy as Tax Rate Equivalent
	Principal	Interest ⁽¹⁾	Less:	Additional	Interest Levy ⁽²⁾			
			Capitalized	Interest				
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		

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.

(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.

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.