



STAFF REPORT
City of Dripping Springs
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Dripping Springs, TX 78620

Submitted By: Laura Mueller, City Attorney; Andre Ayala, Hilltop Securities Inc.; Dottie Palumbo, Special Council

Council Meeting Date: December 20, 2022

Agenda Item Wording: **Discuss and consider approval of the Amended and Restated Heritage Public Improvement District Financing and Reimbursement Agreement between the City of Dripping Springs and M/I Homes of Austin, LLC.**

Agenda Item Requestor: M/I Homes of Austin, LLC

Summary/Background: Project Overview

The Heritage project is approximately 189 acres located in the heart of Dripping Springs. It is characterized by a variety of residential project types, parks, open space, and trails, and commercial uses compatible with the surrounding community. The project has been annexed into the city limits, and the zoning classification is Planned Development District (PDD) # 5. Many of the public improvements will be funded through a Public Improvement District (PID).

Public Benefits

The following public benefits will be provided in Heritage:

- Wastewater facilities
- Water facilities
- Entryway monument
- Offsite roadway
- Collector roadways
- Detention ponds
- Package plant
- Trails, parks, and open space
- Landscaping and hardscaping

Most of the improvements listed above will be funded through the PID, and some will be funded by the home builders. (The original documents were assigned to M/I Homes and TriPointe Homes in November 2020).

PDD #5 Zoning

The Planned Development District (PDD) has its own standards regarding setbacks, impervious cover, design standards, and so on. The PDD was adopted by City Council in June 2017.

The proposed Heritage PDD will provide a minimum of 28 acres of parks and open space, an amenity center, and will also include a variety of housing types suited to the needs of several demographic segments of the population.

- 700 DUs
- Residential: Single Family, Garden Home, Condo, Courtyard, Townhomes, Multi-Family
- Trail System and Sidewalks
- Neighborhood Center/Amenity Center
- Open Spaces and Pocket Parks

FUNDING & CONSTRUCTION

FACILITY	CITY FUNDING	OWNER FUNDING	RESPONSIBILITY TO BUILD
First Amendment Facilities (everything needed for First Amendment except Stage 1 Facilities) (§ 1.15) (§ 2.3)	100%		City
Stage 1 Facilities (Onsite + lines to get to existing City lines) (§1.24) (§1.28)		100%	Owner
Stage 2 Onsite Facilities (§1.24) (§1.29)		100%	Owner
Stage 3 Onsite Facilities (§1.24) (§1.30)		100%	Owner
Effluent Transmission Line (§ 2.4(a))	½ of anything over cap	Pro-rata between Owner and anybody who uses it to obtain capacity + ½ of anything over cap	Owner

Heritage Stage 2 Effluent Disposal Fields (may be built in phases) (construction and removal) (§ 2.5(b)) (§ 2.7(e))		100%	Owner
Third Amendment Facilities (§ 1.33) (§ 2.5(d))	½ of anything over cap	Pro-rata between Owner and anybody who uses it to obtain capacity + ½ of anything over cap	City
Force Main Improvements or Agreed Alternative (§ 2.6)		Pro-rata by Owner and other users of the Force Main Improvements	City
Discharge Permit Facilities (excludes Force Main Improvements) (§ 2.6(a))	100%		City
Temporary Onsite Wastewater Treatment Plant and Decommissioning (§ 2.9)		100%	Owner

Updated PID Finance Agreement

The City approved the PID Finance and Reimbursement Agreement in October 2017 with Stratford Land Company. This Agreement, along with the other agreements related to this project, were assigned to M/I Homes and Trendmaker Homes in 2020. The PID Agreement is designed to provide reimbursement through PID Bonds and Assessments to the firm constructing the public improvements. These improvements are listed above. The Amended Agreement performs two primary tasks. One task is to update the agreement due to recent legislation. The second task is to update the order of improvements. The order of improvements aligns with current documents and only those improvements constructed and then approved and accepted by the City will be eligible for PID Bonds and reimbursement.

The original agreement provided for up to \$27.5 million in PID bonds for reimbursement for Public Improvements estimated at \$24 million. In addition, Non-PID Funded Public Improvements were anticipated to be around \$18 million. These same amounts exist in the Amended Agreement. Also, in both the original and Amendment Agreements, the PID improvements will be funded by the Owner and then reimbursed from the proceeds of the PID Bonds or Special Assessments. The phasing of which improvements will be completed when has shifted, but are still in line with what was envisioned in the related agreements including the Road and Wastewater Agreements. As each set of improvements are completed by the Owner, and the improvements are approved and accepted by the City, the Owner can seek reimbursement through the PID Bonds and Assessments.

New Phasing Plan

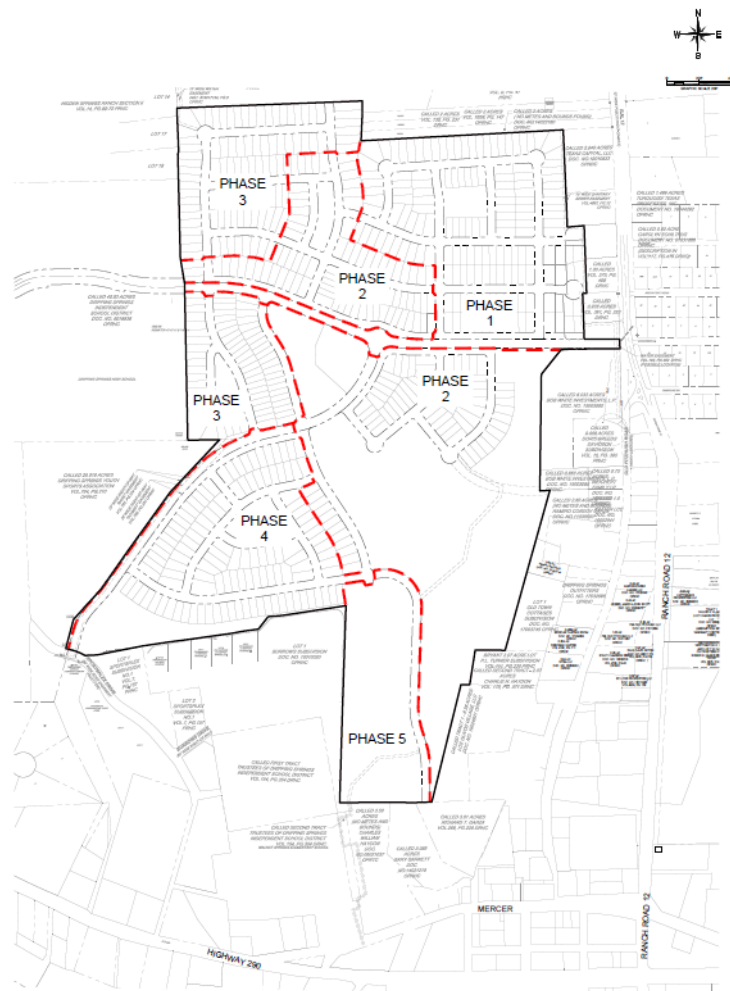
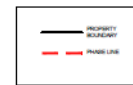
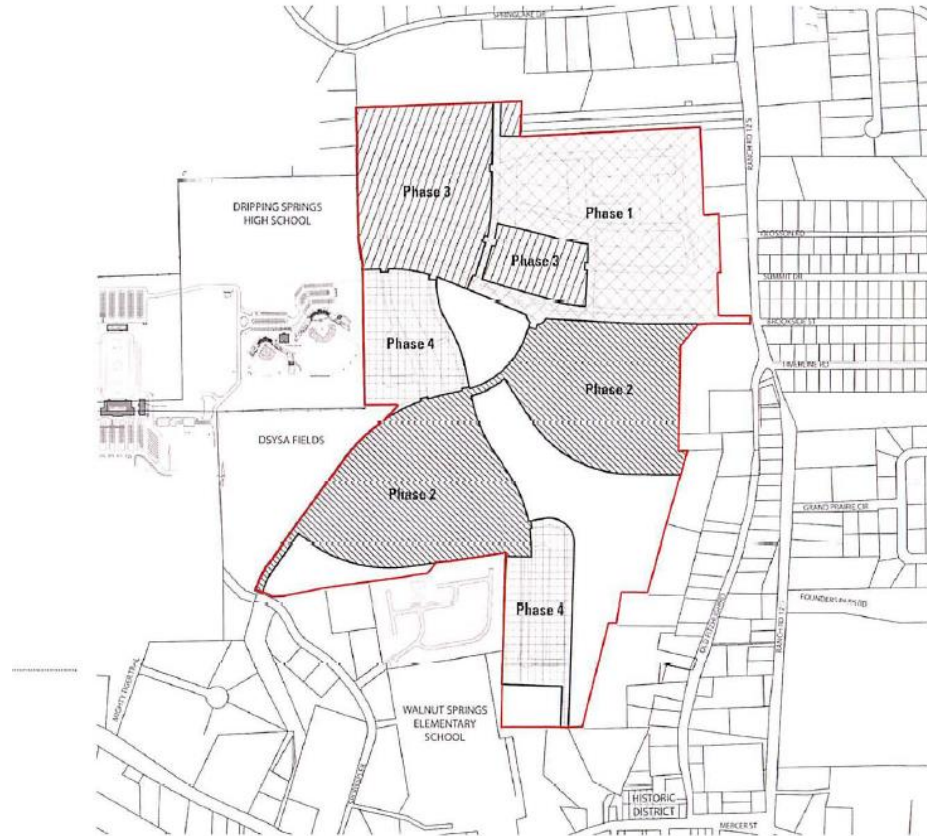


EXHIBIT B-1
Heritage Phasing Map



Previous Phasing Plan



Commission Recommendations:

N/A

Recommended Council Actions:

Approval of the amended agreement.

Attachments:

Amended Agreement, documents from original project.

Next Steps/Schedule:

If approved the city administration and planning department will implement.

State of Texas: No limit.

