

**AGENDA ITEM COVER SHEET**

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**SUBJECT:**

Public Hearing and Presentation on an Ordinance Levying Special Assessments for, and Apportioning the Costs of, Certain Improvements to Property in and for the Heritage Public Improvement District Improvement Area #2; Fixing a Charge and Lien against all properties within Improvement Area #2 of the District, and the Owners Thereof; Providing for the Manner and Method of Collection of Such Assessments; Providing for Penalties and Interest on Delinquent Assessments; Making a Finding of Special Benefit to Property in the District and the Real and True Owners Thereof; Approving a Service and Assessment Plan; Providing a Severability Clause; and Providing an Effective Date.

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**ITEM SUMMARY/SPECIAL CONSIDERATIONS:**

On November 14, 2017, the Council adopted Resolution No. 2017-74 authorizing the creation of the Heritage Public Improvement District (the "PID") after a public hearing in accordance with Chapter 372, Texas Local Government Code, as amended (the "PID Act"). The PID is expected to be developed in phases, which began with an area designated as "Improvement Area #1" within the District ("Improvement Area #1"), and is continuing with the development of an area encompassing approximately 75.57 acres designated as "Improvement Area #2". The PID consists of approximately 188.943 acres. Improvement Area #2 is expected to include approximately 160 lots and the future improvement areas are expected to include approximately 277 lots and approximately 105 multifamily units. The City is authorized by the PID Act to issue revenue bonds payable from the Assessments levied within Improvement Area #2 for the purpose of paying a portion of the actual costs of the authorized improvements constructed for the benefit of property within Improvement Area #2 of the PID.

On August 20, 2024, the Council approved the form and content of the Preliminary Limited Offering Memorandum (the "PLOM") related to the City of Dripping Springs, Texas Special Assessment Revenue Bonds, Series 2024 (Heritage Public Improvement District Improvement Area #2 Project) (the "PID Bonds") and authorized the PLOM to be used and distributed by FMSbonds, Inc. (the "Underwriter") to investors in connection with the marketing and sale of the PID Bonds. As described in the PLOM, the PID Bonds do not carry a credit rating. Accordingly, the PLOM limits the initial offering of the PID Bonds only to "Accredited Investors" and "Qualified Institutional Buyers" under federal securities law, and the PID Bonds must be sold in minimum denominations of \$25,000 of principal amount and any integral multiple of \$1,000 in excess thereof.

Pursuant to the PID Act, the proposed "Improvement Area #2 Assessment Roll" and service and assessment plan were filed with the City Secretary and the statutory notice of the public hearing to be held by the City Council on September 17, 2024 was published on August 28, 2024, advising that the City Council would consider the levy of the proposed assessments (the "Assessments") on real property within Improvement Area #2 of the PID. The City Secretary, pursuant to the PID Act, additionally mailed notice of the public hearing to consider the proposed Improvement Area #2 Assessment Roll and the Amended and Restated Service and Assessment Plan ("SAP") and the levy of the Assessments on property within Improvement Area #2 of the District to the owners of the property liable for the Assessments.

Prior to Council's approval of the attached Assessment Ordinance, the Council will hold a public hearing to consider the levy of assessments on property within Improvement Area #2 within the PID, at which any and all persons may appear and be given the opportunity to contend for or contest the Improvement Area #2 Assessment Roll, and the proposed Assessments. If the Council finds and determines that the SAP, which includes the Improvement Area #2 Assessment Roll, should be approved and that the Assessments should be levied, the Council may close the public hearing and proceed with the adoption of the Assessment Ordinance in conformity with the PID Act.

The attached Assessment Ordinance approves the SAP (attached as Exhibit A) and adopts the SAP as the service plan and assessment plan for Improvement Area #2 and the District, includes certain findings of the Council with respect to the Improvement Area #2 Projects and the Assessments, and levies the Assessments against property

within Improvement Area #2 as shown in the SAP, all in accordance with the PID Act. The Assessment Ordinance also directs the City Secretary to file the Assessment Ordinance and SAP with the Hays County Clerk, as required under the PID Act.

The PID Bonds will be utilized to reimburse M/I Homes of Austin, LLC (the "Developer") for eligible improvements within Improvement Area #2 of the PID. The PID Bonds will never constitute an indebtedness or general obligation of the City but are special obligations of the City payable solely from the Assessments on property within Improvement Area #2 of the PID. Repayment of the PID Bonds is contingent on owners of land within Improvement Area #2 of the PID making the annual installment payments to generate assessment revenue. The City has no legal or moral obligation to repay the PID Bonds from any other source other than the pledged revenues, as set forth in the Indenture of Trust.

### **COMMENTS**

The PID Bonds are currently anticipated to close on October 16, 2024.

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### **ATTACHMENTS:**

Assessment Ordinance (including all attachments to be provided following pricing)