

**CITY OF DRIPPING SPRINGS**

**RESOLUTION No. 2023-R \_\_**

**A RESOLUTION OF THE CITY OF DRIPPING SPRINGS, TEXAS  
("CITY"), CONSENTING TO THE ISSUANCE OF BONDS BY  
HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY**

**WHEREAS**, Headwaters Municipal Utility District of Hays County (the "District") is a conservation and reclamation district, a body corporate and politic and governmental agency of the State of Texas, created under Article XVI, Sec. 59 of the Texas Constitution by order of the Texas Commission on Environmental Quality, and the District operates under Chapters 49 and 54 of the Texas Water Code, as amended; and

**WHEREAS**, the District, Headwaters Development Company, the Townes Family Trust and the City of Dripping Springs entered into that certain "Agreement Concerning Creation and Operation of Headwaters Municipal Utility District" dated to be effective February 8, 2005, as subsequently amended by that certain "First Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District" dated June 10, 2008; that certain "Second Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District" last executed on February 3, 2015; and that certain "Third Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District" last executed on May 29, 2020 (collectively, the "Consent Agreement"); and

**WHEREAS**, among other matters, the Consent Agreement provides that all bonds of the District shall be approved by the City Council of the City of Dripping Springs prior to issuance; and

**WHEREAS**, during the 2015 Regular Legislative Session, the Texas Legislature enacted HB 4185 granting the District the powers of a road district including the power to issue bonds to finance paved roads, and improvements in aid of those roads. The City Council of the City of Dripping Springs adopted Resolution No. 2015-06 in support of such legislation; and

**WHEREAS**, on November 3, 2015, the registered voters within the District authorized the issuance of road bonds by the District in a maximum amount not to exceed \$54,545,000 and the levy of a tax for payment of debt service on such bonds; and

**WHEREAS**, the District has heretofore issued its \$3,000,000 Unlimited Tax Road Bonds, Series 2017 (the "Series 2017 Bonds"), its \$2,685,000 Unlimited Tax Road Bonds, Series 2018 (the "Series 2018 Bonds"), its \$4,500,000 Unlimited Tax Road Bonds, Series 2020 (the "Series 2020 Bonds"), its \$3,740,000 Unlimited Tax Road Bonds, Series 2020A (the "Series 2020A Bonds"), and its \$5,805,000 Unlimited Tax Road Bonds,

Series 2021 (*the "Series 2021 Bonds"*) pursuant to the authority of the election held on November 3, 2015 as described in the paragraph above; and

**WHEREAS**, the District now desires to proceed with the issuance of its sixth series of road bonds in a principal amount not to exceed \$13,000,000 (the "Road Bonds"); and

**WHEREAS**, the Road Bonds will be obligations solely of the District, and the City of Dripping Springs will not be responsible for payment of the Road Bonds.

**NOW, THEREFORE, BE IT RESOLVED by the City Council of the city of Dripping Springs City, Texas, that:**

1. This meeting of the City Council of the City of Dripping Springs has been properly posted in accordance with the Texas Open Meetings Act.
2. The City Council of the City of Dripping Springs hereby approves the issuance by the District of the Road Bonds in a principal amount not to exceed \$13,000,000.
3. This Resolution shall be effective upon the date of its approval.
4. The meeting at which this Resolution was passed was open to the public, and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings act, Texas Government Code, Chapter 551.

**PASSED & APPROVED this, \_\_\_ day of \_\_\_\_\_, by a vote of \_\_\_ (ayes) to \_\_\_ (nays) and \_\_\_ (abstentions/recusals) of the City Council of Dripping Springs, Texas.**

**CITY OF DRIPPING SPRINGS:**

\_\_\_\_\_  
Bill Foulds, Jr., Mayor

**ATTEST:**

\_\_\_\_\_  
Andrea Cunningham, City Secretary

*ATTACHMENT "A"*

*Headwaters MUD  
Road Bond Issue No. 6  
Summary of Costs*

**Headwaters MUD  
Road Bond Issue No. 6  
SUMMARY OF COSTS**

	<u>Total</u>	<u>District Share 100%</u>
<b>CONSTRUCTION COSTS</b>		
1. Headwaters at Barton Creek, Ph. 1	\$ 5,520,235	\$ 16,374 <sup>(1)</sup>
2. Headwaters at Barton Creek, Ph. 4, Sec2-4 and Phase 5, Sec 1	\$ 3,399,822	\$ 408,908 <sup>(1)</sup>
3. Headwaters at Barton Creek, Ph. 4, Sec 5-6 Roads	\$ 2,278,672	\$ 2,278,672
4. Headwaters at Barton Creek, Ph. 3	\$ 4,589,927	\$ 4,506,927 <sup>(2)</sup>
5. Headwaters at Barton Creek, Ph. 5, Section 2	\$ 1,065,182	\$ 1,065,182
6. Right Turn Lane & Traffic Signal Installation at US 290	\$ 623,640	\$ 623,640
7. Engineering, Testing & Inspection (9.3% of Items 2, 3 & 5)	\$ 628,397	\$ 628,397 <sup>(3)</sup>
8. Land Costs ROW	\$ 702,350	\$ 702,350 <sup>(3)</sup>
<b>TOTAL CONSTRUCTION COSTS (88% of BIR)</b>	<b>\$ 18,808,225</b>	<b>\$ 10,230,450</b>
<b>NON-CONSTRUCTION COSTS</b>		
A. Legal Fees (1.27%)		\$ 165,000 <sup>(4)</sup>
B. Special Tax Counsel Fees (0.2%)		\$ 26,000 <sup>(5)</sup>
C. Fiscal Agent Fees (1.5%)		\$ 195,000 <sup>(6)</sup>
D. Interest Costs		
1. Capitalized Interest (12 Months at 6%)	\$ 780,000	
2. Developer Interest	\$ 1,125,142 <sup>(7)</sup>	
E. Underwriter's Discount (3.0%)	\$ 390,000	
F. Bond Issuance Expense	\$ 50,908	
G. Bond Engineering Fee	\$ 28,000 <sup>(8)</sup>	
H. Attorney General's Fee (0.1% of BIR or \$9,500 Max)	\$ 9,500	
<b>TOTAL NON-CONSTRUCTION COSTS</b>		<b>\$ 2,769,550</b>
<b>TOTAL BOND ISSUE REQUIREMENT (BIR)</b>		<b>\$ 13,000,000</b>

**Notes:**

- (1) The District previously funded a portion of the construction costs. The remaining construction costs are included in this bond issue.
- (2) Only a portion of the eligible construction costs are included in this bond issue. The remaining costs will be funded in a future bond issue.
- (3) See attached for a breakdown of costs.
- (4) Legal fees are 2.5% of the first \$1,000,000 of bonds issued, plus 2% of bonds issued between \$1,000,000 and \$3,000,000, plus 1% of bonds issued over \$3,000,000.
- (5) Special Tax Counsel fees are 0.2% of the bond amount, with a minimum of \$7,500.
- (6) Fiscal Agent fees are 1.5% of the bond amount.
- (7) Estimated developer interest. To be recalculated by auditor following bond sale.
- (8) Jones-Heroy & Associates Engineering Report is 0.4% of the first \$5,000,000 in bonds issued, plus 0.10% of the next \$10,000,000 in bonds issued, plus 0.04% of the amount issued over \$15,000,000, plus expenses

11/29/2023