

RESOLUTION NO. _____

**RESOLUTION AUTHORIZING THE PUBLICATION OF NOTICE OF INTENTION TO
ISSUE CITY OF DRIPPING SPRINGS, TEXAS COMBINATION TAX AND LIMITED
REVENUE CERTIFICATES OF OBLIGATION, AND OTHER MATTERS RELATED
THERETO**

THE STATE OF TEXAS
COUNTY OF HAYS
CITY OF DRIPPING SPRINGS

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WHEREAS, the City Council (the "Council") of the City of Dripping Springs, Texas (the "City") has determined that it is in the best interest of the City to proceed with the issuance of certificates of obligation ("Certificates") to implement certain projects; and

WHEREAS, the City Council of the City finds that the payment in whole or in part of contractual obligations incurred or to be incurred for the purposes set forth in Exhibit "A" attached hereto (the "Contractual Obligations") would be beneficial to the inhabitants of the City and are needed to perform essential City functions; and

WHEREAS, the Council has deemed it advisable to give notice of intention to issue the Certificates in a maximum principal amount not to exceed \$14,500,000 pursuant to the provisions of the Certificate of Obligation Act of 1971, Section 271.041 et seq., Local Government Code (the "Act") for the purpose of financing the Contractual Obligations; and

WHEREAS, prior to the issuance of the Certificates, the City is required under the Act to publish notice of its intention to issue the Certificates in a newspaper of general circulation in the City and continuously on the City's website, the notice stating: (i) the time and place tentatively set for the passage of the ordinance authorizing the issuance of the Certificates, (ii) the purpose of the Certificates, (iii) the manner in which the Certificates will be paid, (iv) the then-current principal of all outstanding debt obligations of the City; (v) the then-current combined principal and interest required to pay all outstanding debt obligations of the City on time and in full; (vi) the maximum principal amount of the Certificates; (vii) the estimated combined principal and interest required to pay the Certificates on time and in full; (viii) the estimated interest rate for the Certificates or that the maximum interest rate for the Certificates may not exceed the maximum legal interest rate; and (ix) the maximum maturity date of the Certificates; and

WHEREAS, the meeting at which this Resolution is adopted was open to the public and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Texas Government Code, as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DRIPPING SPRINGS, TEXAS:

1. Attached hereto as Exhibit "A" is a form of the Notice of Intention to issue the Certificates, the form and substance of which is hereby adopted and approved.

2. Bond counsel to the City or the City Secretary shall cause the notice to be published in substantially the form attached hereto, in a newspaper (as defined by Subchapter C, Chapter 2051, Government Code) that is of general circulation in the City, for two consecutive weeks, the date of the first publication to be at least 46 days before the date tentatively set for passage of the ordinance authorizing the issuance of the Certificates.

3. The City Secretary shall cause the notice to be continuously published in substantially the form attached hereto on the City's website for at least 45 days before the date tentatively set for the passage of the ordinance authorizing the issuance of the Certificates.

4. The City's City Treasurer, City Administrator, and Deputy City Administrators along with the City's financial advisor, SAMCO Capital Markets, Inc., and bond counsel are authorized to proceed with preparing the necessary bond and offering documents to effectuate the sale of the Certificates and any other public securities of the City anticipated to be sold at or near the time of the Certificates, including making application to appropriate rating agencies and bond insurers, if applicable.

5. The City hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of each series of the Certificates being issued or (ii) \$9,500 for each series, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the City's staff is hereby instructed to take the necessary measures to make this payment. The City is also authorized to reimburse the appropriate City funds for such payment from proceeds of the Certificates.

6. The City Council hereby finds and determines that the Certificates meet the definition of the term "Debt" under Section 26.012(7) of the Texas Tax Code.

7. In order to achieve more advantageous financial terms and lower interest rates on certain debt issued by the City, the City Council has previously issued all or a portion of certain debt issues with a legal pledge of ad valorem taxes that the City intends to pay from other available revenue sources, such as revenues from the City's wastewater system, and tax increment revenues from tax increment reinvestment zones. The City intends those prior debt issues or portions thereof, as applicable, to be "self-supporting" by making debt service payments on such debt from available revenues in order to minimize the use of ad valorem taxes. The City currently intends to pay such "self-supporting" debt from sources other than ad valorem taxes, but such debt could still legally be paid from ad valorem taxes if such other sources are not available at the time required for payment. A portion of the Certificates is also expected to be designated as self-supporting, and the Ordinance

authorizing the final pricing terms of the Certificates will establish a final self-supporting amount of the Certificates.

8. This Resolution shall become effective immediately upon adoption. The Mayor and City Secretary are hereby authorized and directed to execute the certificate to which this Resolution is attached on behalf of the City, and the Mayor, City Secretary, City Treasurer, City Administrator, and Deputy City Administrators are further authorized to do any and all things proper and necessary to carry out the intent of this Resolution. All orders, resolutions and ordinances, or any parts thereof, previously adopted by the City Council that are inconsistent herewith are hereby superseded to the extent of such inconsistency.

RESOLVED this 4th day of February, 2025.

ATTEST:

CITY OF DRIPPING SPRINGS, TEXAS

City Secretary
City of Dripping Springs, Texas

Mayor
City of Dripping Springs, Texas

EXHIBIT A

NOTICE OF INTENTION TO ISSUE CITY OF DRIPPING SPRINGS, TEXAS COMBINATION TAX AND LIMITED REVENUE CERTIFICATES OF OBLIGATION

NOTICE IS HEREBY GIVEN that it is the intention of the City Council of the City of Dripping Springs, Texas, to issue interest bearing Certificates of Obligation of the City (the "Certificates") for the purpose of paying contractual obligations incurred or to be incurred by the City for: (1) designing, constructing, improving, extending, expanding, upgrading and/or developing City streets, roads, intersections and traffic signalization, including related signage, landscaping, purchasing property, including necessary rights-of-way, drainage easements, and other related transportation costs, including, but not limited to, for Old Fitzhugh Road; (2) constructing a public parking structure in the City's downtown area; (3) constructing a city public works facility to support the City's utility system and city streets, including a building for maintenance staff and a holding yard for related materials and equipment; (4) constructing, improving, renovating, upgrading, expanding, and/or equipping the Stephenson Building to be used as part of the City's park system, including ADA and restroom improvements, with such facility to include meeting spaces that will be generally accessible to the public; (5) acquiring, constructing, improving, expanding, and equipping park and recreational facilities; (6) purchasing materials, supplies, equipment, machinery, buildings, land, and rights-of-way for authorized needs and purposes in relation to the aforementioned capital improvements, including acquiring land for park and recreational purposes; and (7) professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Certificates.

The City Council tentatively proposes to consider for first and final reading at a meeting to commence at 6:00 p.m., on the [____] day of [____] 2025 at 511 Mercer Street Dripping Springs, Texas 78620, the passage of an ordinance authorizing the Certificates. The maximum amount of the Certificates that may be authorized for such purpose is \$14,500,000. The City Council presently proposes to provide for the payment of the Certificates from the levy and collection of ad valorem taxes in the City as provided by law and from a limited pledge of the surplus revenues derived from the operation of the City's wastewater system, after payment of all operation and maintenance expenses and all debt service, reserve and other requirements in connection with all of the City's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the revenues of the City's wastewater system, which amount shall not exceed \$5,000.

The following information is required pursuant to Texas Local Government Code, Section 271.049: As of February 4, 2025, the aggregate principal amount of all outstanding debt obligations of the City secured by and payable from ad valorem taxes is \$42,125,000. As of February 4, 2025, the combined principal and interest required to pay all outstanding debt obligations of the City secured by and payable from ad valorem taxes on time and in full is

[\$46,699,183]. The estimated combined principal and interest required to pay the Certificates on time and in full is \$20,091,812.50. The estimated interest rate for the Certificates is 4.22%. Such estimates take into account a number of factors, including the issuance schedule, maturity schedule and the expected ratings of the proposed Certificates. Such estimated interest rate is provided as a matter of information but is not a limitation on the interest rate at which the Certificates may be sold. The maximum maturity date of the Certificates is June 1, 2044.

CITY OF DRIPPING SPRINGS, TEXAS