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City of Dripping Springs, Texas

Heritage Public Improvement District

Improvement Area #2 Project

Series 2024 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	Finished		Expected	Expected
		Lot	Home	Area 1	Area 1
		Unit Value	Unit Value	Finished	Buildout
				Lots Value	Value
SF 35'	0	\$ 90,000	\$ 420,000	\$ -	\$ -
SF 40'	12	103,000	432,858	1,236,000	5,194,296
SF 45'	100	115,875	497,893	11,587,500	49,789,300
SF 50'	46	128,750	561,220	5,922,500	25,816,120
Multifamily	0	30,000	150,000	-	-
	<u>158</u>			<u>\$18,746,000</u>	<u>\$80,799,716</u>

Weighted Average Value..... \$118,646 \$511,391

IMPROVEMENT AREA #2

Category	No. of Units	Expected		Expected	Expected
		Finished	Finished	Area 2	Area 2
		Lot	Home	Finished	Buildout
		Unit Value	Unit Value	Lots Value	Value
SF 35'	6	\$ 90,000	\$ 420,000	\$ 540,000	\$ 2,520,000
SF 40'	68	103,000	432,858	7,004,000	29,434,344
SF 45'	74	115,875	497,893	8,574,750	36,844,082
SF 50'	12	128,750	561,220	1,545,000	6,734,640
Multifamily	0	30,000	150,000	-	-
	<u>160</u>			<u>\$17,663,750</u>	<u>\$75,533,066</u>

Weighted Average Value..... \$110,398 \$472,082

FUTURE IMPROVEMENT AREAS

Category	No. of Units	Expected		Expected	Expected
		Finished	Finished	Future Areas	Future Areas
		Lot	Home	Finished	Buildout
		Unit Value	Unit Value	Lots Value	Value
SF 35'	45	\$ 90,000	\$ 420,000	\$ 4,050,000	\$ 18,900,000
SF 40'	34	103,000	432,858	3,502,000	14,717,172
SF 45'	134	115,875	497,893	15,527,250	66,717,662
SF 50'	64	128,750	561,220	8,240,000	35,918,080
Multifamily	105	30,000	150,000	3,150,000	15,750,000
	<u>382</u>			<u>\$ 34,469,250</u>	<u>\$ 152,002,914</u>

Weighted Average Value..... \$90,234 \$397,913

Notes:

Development Plan and expected finished home values as reported by the Developer on February 7, 2023 and May 17, 2024.

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.



	Original Expected Buildout Value	Percentage of Total Project	Assessments/ Bonds
Improvement Area #1 Expected Buildout Value	\$74,280,000	25.61%	\$7,043,550
Improvement Area #2 Expected Buildout Value	\$72,480,000	24.99%	\$6,872,866
Future Improvement Areas Expected Build Out Value	\$143,250,000	49.39%	\$13,583,583
Total Expected Buildout Value	\$290,010,000	100.00%	\$27,500,000

Improvement Area #1 Assessments/Bonds rounded down to the nearest \$1,000. Improvement Area #2 Assessments/Bonds rounded up to the nearest \$1,000.

- \$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 (to be issued in September 2024) secured solely by assessment revenue from Improvement Area #2 of the Heritage PID**
- City's full faith and credit does NOT secure the Bonds
- City's enterprise funds' revenues do NOT secure the Bonds
- Assessment revenues from future improvement areas do NOT secure the Bonds

Improvement Area #2 Bonds Preliminary Sources and Uses of Funds



Bond Issuance Date

9/17/2024

Bond Delivery/Closing Date

10/16/2024

	IMPROVEMENT AREA #2 SERIES 2024 BONDS	
SOURCES OF FUNDS		
PID Bonds ⁽¹⁾	\$	6,873,000
Other Sources		3,907,797
Total Sources of Funds	\$	10,780,797
USES OF FUNDS		
Project Funds		
Bond Proceeds	\$	5,250,000
Other Sources		3,907,797
Subtotal Total Project Funds⁽²⁾	\$	9,157,797
Capitalized Interest Fund ⁽³⁾	\$	351,812
Debt Service Reserve Fund ⁽⁴⁾		501,729
Underwriter's Discount		206,190
Costs of Issuance ⁽⁵⁾		483,269
Deposit to Admin Account ⁽⁶⁾		80,000
Subtotal Non-Construction Funds	\$	1,623,000
Total Uses of Funds	\$	10,780,797

Notes:

- (1) Maximum par amount of IA #2 Bonds is \$6,873,000.
- (2) \$9,157,797 Total Authorized Costs as reported in Preliminary Service and Assessment Plan.
- (3) Capitalized interest through September 1, 2025.
- (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, 2026.

Improvement Area #2 Bonds Preliminary Statistics



Nominal Bond Interest Rate ⁽¹⁾	5.85%
Bond Term	30 Years
Final Maturity	9/1/2054
Value to Lien at Bond Financing ⁽²⁾	2.19x
Number of Parcels Assessed	160
Average Assessment/Lien per Unit	\$42,956
Average Annual Installment as Tax Rate Equivalent	\$0.7608
Average Annual Installment per Parcel	\$3,592
Annual Installments begin in Calendar Year	2026
<i>PID Bond Net Proceeds per Lot</i>	\$32,813

Improvement Area #1 Series 2023 Bonds sold at a nominal interest rate of 5.44% in June 2023. Final Maturity of September 1, 2053.

158 units in Improvement Area #1 with an average assessment of \$44,576.

Improvement Area #1 PID Rate in 2023 was \$0.7559.

Notes:

-
- (1) Preliminary, subject to change at anytime.
 - (2) Appraisal for IA #2 bulk sales equals \$15,025,000.

Improvement Area #1 PID Bond Net Proceeds per Lot were \$36,392

Improvement Area #2 Bonds Preliminary Limited Offering Memorandum (the “PLOM”)



- The PLOM serves as the disclosure document for the offering of the Heritage Public Improvement District Improvement Area #2 Project Series 2024 Special Assessment Revenue Bonds
- Information, facts and circumstances a reasonable investor may want to evaluate before making an investment decision
- Document is preliminary until the pricing of the Bonds and approval of the bond ordinance
- Final Limited Offering Memorandum will include final bond pricing numbers, final characteristics of the Bonds, final Service and Assessment Plan, final Trust Indenture, final continuing disclosure undertakings (for both City and Developer)

Improvement Area #2 Bonds Preliminary Limited Offering Memorandum (the “PLOM”)



- PLOM includes information regarding (but not limited to):
 - ✓ The City (elected officials, staff and consultants)
 - ✓ Plan of Finance
 - ✓ The Bonds (including sources and uses of funds and debt service)
 - ✓ Overlapping Debt and Taxes, and Assessment Procedures
 - ✓ The District, the Development and Improvement Area #2 Project
 - ✓ The Developers
 - ✓ The Appraisal
 - ✓ Investment Considerations and Suitability
 - ✓ Legal and Tax Matters
 - ✓ Continuing Disclosure Matters
 - ✓ Preliminary Service and Assessment Plan and form of Trust Indenture
 - ✓ Forms of Continuing Disclosure Agreements (City and Developers)

Schedule of Events



Date	Event
August 20, 2024	Presentation of Plan of Finance to issue Series 2024 Improvement Area #2 Bonds Cost Determination Resolution, Preliminary Service and Assessment Plan, Call Public Hearing for Levy of Assessments Resolution approving form of the PLOM and distribution after final edits/sign off by City Administrator and City Attorney
September 17, 2024	Conduct Public Hearing on Levy of Assessments on Improvement Area #2 of the Heritage PID Consider Ordinance approving the Service and Assessment Plan and Levy of Assessments Consider Ordinance authorizing the issuance of the Series 2024 Improvement Area #2 Bonds
<i>Prior to Closing</i>	<i>Texas Attorney General approves bond issue</i>
October 16, 2024	Closing and Delivery of Funds to the Trustee



Questions and Discussion



Appendix A

Improvement Area #2

Preliminary Cash Flows and *Projected* Tax Statement



Preliminary Bond Cash Flows (Area #2)

Fiscal Year Ending	Improvement Area #2 Series 2024 PID Bonds					TOTAL LEVY	Total Levy as Tax Rate Equivalent
	Principal	Interest ⁽¹⁾	Less: Capitalized Interest	Additional Interest Levy ⁽²⁾	PID Administrative Levy ⁽³⁾		
30-Sep 2025	\$ -	\$ 351,812	\$ (351,812)	\$ -	\$ -	\$ -	\$ -
2026	97,000	402,071	-	34,365	40,800	574,236	0.7602
2027	103,000	396,396	-	33,880	41,616	574,892	0.7611
2028	108,000	390,371	-	33,365	42,448	574,184	0.7602
2029	115,000	384,053	-	32,825	43,297	575,175	0.7615
2030	121,000	377,325	-	32,250	44,163	574,738	0.7609
2031	128,000	370,247	-	31,645	45,046	574,938	0.7612
2032	135,000	362,759	-	31,005	45,947	574,711	0.7609
2033	143,000	354,861	-	30,330	46,866	575,057	0.7613
2034	151,000	346,496	-	29,615	47,804	574,914	0.7611
2035	159,000	337,662	-	28,860	48,760	574,282	0.7603
2036	168,000	328,361	-	28,065	49,735	574,160	0.7601
2037	178,000	318,533	-	27,225	50,730	574,487	0.7606
2038	188,000	308,120	-	26,335	51,744	574,199	0.7602
2039	199,000	297,122	-	25,395	52,779	574,296	0.7603
2040	211,000	285,480	-	24,400	53,835	574,715	0.7609
2041	223,000	273,137	-	23,345	54,911	574,393	0.7605
2042	236,000	260,091	-	22,230	56,010	574,331	0.7604
2043	250,000	246,285	-	21,050	57,130	574,465	0.7605
2044	265,000	231,660	-	19,800	58,272	574,732	0.7609
2045	281,000	216,158	-	18,475	59,438	575,070	0.7613
2046	297,000	199,719	-	17,070	60,627	574,416	0.7605
2047	315,000	182,345	-	15,585	61,839	574,769	0.7609
2048	334,000	163,917	-	14,010	63,076	575,003	0.7613
2049	354,000	144,378	-	12,340	64,337	575,055	0.7613
2050	375,000	123,669	-	10,570	65,624	574,863	0.7611
2051	397,000	101,732	-	8,695	66,937	574,363	0.7604
2052	421,000	78,507	-	6,710	68,275	574,492	0.7606
2053	447,000	53,879	-	4,605	69,641	575,124	0.7614
2054	474,000	27,729	-	2,370	71,034	575,133	0.7614
	\$ 6,873,000	\$ 7,914,867	\$ (351,812)	\$ 646,415	\$ 1,582,723	\$16,665,194	

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.

(1) Nominal interest rate of 5.85% for illustration purposes only; subject to change.

(2) Calculated at 0.5% of outstanding bonds beginning in 2026.

(3) Budgeted, subject to change after input from PID Administrator on an annual basis.



Preliminary Average PID Annual Installments Per Unit (Area #2)

Fiscal Year Ending 30-Sep	Improvement Area #2 Annual Installments Per Unit					PID Administrative Levy ⁽³⁾	TOTAL LEVY	Total Levy as Tax Rate Equivalent
	Less: Capitalized Interest		Additional Interest Levy ⁽²⁾		TOTAL			
	Principal	Interest ⁽¹⁾	Interest	Levy ⁽²⁾				
2024	\$ -	\$ 2,199	\$ (2,199)	\$ -	\$ -	\$ -	\$ -	
2025	606	2,513	-	215	255	3,589	0.7602	
2026	644	2,477	-	212	260	3,593	0.7611	
2027	675	2,440	-	209	265	3,589	0.7602	
2028	719	2,400	-	205	271	3,595	0.7615	
2029	756	2,358	-	202	276	3,592	0.7609	
2030	800	2,314	-	198	282	3,593	0.7612	
2031	844	2,267	-	194	287	3,592	0.7609	
2032	894	2,218	-	190	293	3,594	0.7613	
2033	944	2,166	-	185	299	3,593	0.7611	
2034	994	2,110	-	180	305	3,589	0.7603	
2035	1,050	2,052	-	175	311	3,589	0.7601	
2036	1,113	1,991	-	170	317	3,591	0.7606	
2037	1,175	1,926	-	165	323	3,589	0.7602	
2038	1,244	1,857	-	159	330	3,589	0.7603	
2039	1,319	1,784	-	153	336	3,592	0.7609	
2040	1,394	1,707	-	146	343	3,590	0.7605	
2041	1,475	1,626	-	139	350	3,590	0.7604	
2042	1,563	1,539	-	132	357	3,590	0.7605	
2043	1,656	1,448	-	124	364	3,592	0.7609	
2044	1,756	1,351	-	115	371	3,594	0.7613	
2045	1,856	1,248	-	107	379	3,590	0.7605	
2046	1,969	1,140	-	97	386	3,592	0.7609	
2047	2,088	1,024	-	88	394	3,594	0.7613	
2048	2,213	902	-	77	402	3,594	0.7613	
2049	2,344	773	-	66	410	3,593	0.7611	
2050	2,481	636	-	54	418	3,590	0.7604	
2051	2,631	491	-	42	427	3,591	0.7606	
2052	2,794	337	-	29	435	3,595	0.7614	
2053	2,963	173	-	15	444	3,595	0.7614	
	\$ 42,956	\$ 49,468	\$ (2,199)	\$ 4,040	\$ 9,892	\$ 104,157		

PID Rate in Improvement Area #1 is currently an average of \$0.6949 based on final average installments per unit of \$3,554 and an average actual home value of \$511,391.

(1) Nominal interest rate of 5.85% for illustration purposes only; subject to change.
(2) Calculated at 0.5% of outstanding bonds beginning in 2026.
(3) Budgeted, subject to change after input from PID Administrator on an annual basis.

Projected Tax Statement within Improvement Area #2



Projected Tax Statement within Improvement Area #2

	2023 Tax Rate	Tax Levy on \$420,000 SF 35' Home	Tax Levy on \$432,858 SF 40' Home	Tax Levy on \$497,893 SF 45' Home	Tax Levy on \$561,220 SF 50' Home
City of Dripping Springs	\$ 0.1718	\$ 721.56	\$ 743.65	\$ 855.38	\$ 964.18
Hays County (incl. Special Roads Tax)	0.3075	1,291.50	1,331.04	1,531.02	1,725.75
North Hays County Emergency Services District No. 1	0.0301	126.42	130.29	149.87	168.93
Hays County Emergency Services District No. 6	0.0649	272.66	281.01	323.23	364.34
Dripping Springs Independent School District	1.1075	4,651.50	4,793.90	5,514.16	6,215.51
Total Tax Rate/Levy	\$ 1.6818	\$ 7,063.64	\$ 7,279.89	\$ 8,373.66	\$ 9,438.71
PID Avg. Annual Installment as a Tax Rate Equivalent/Levy ⁽¹⁾	\$ 0.7608	\$ 3,195.39	\$ 3,293.22	\$ 3,788.01	\$ 4,269.81
Total Overlapping Tax Rate Equivalent/Levy	\$ 2.4426	\$ 10,259.04	\$ 10,573.11	\$ 12,161.68	\$ 13,708.52

(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 \$0.6949 based on final average installments per unit of \$3,554 and an average actual home value of \$511,391.