

AGENDA ITEM COVER SHEET

SUBJECT:

Consideration and possible action with respect to a Resolution of the City Council of the City of Dripping Springs, Texas, Approving the Form and Authorizing the Distribution of a Preliminary Limited Offering Memorandum for "City of Dripping Springs, Texas Special Assessment Revenue Bonds, Series 2024 (Heritage Public Improvement District Improvement Area #2 Project)"

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. The area designated as "Improvement Area #2" within the District ("Improvement Area #2") is the next phase of development in the PID. The PID consists of approximately 188.943 acres and Improvement Area #2 includes approximately 75.57 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 (the "Improvement Area #2 Assessments") 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.

This resolution authorizes the Council's approval of 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"). The resolution authorizes 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. The PLOM includes descriptions of the City, the PID, M/I Homes of Austin, LLC (the "Managing Developer"), the PID Administrator, and the terms of the PID Bonds and an Indenture of Trust to be entered into between the City and the Trustee (Wilmington Trust, National Association). Included in the Council's backup materials is a substantially complete copy of the PLOM.

The PID Bonds are special, limited obligations of the City that are payable only from the Improvement Area #2 Assessments and related funds as described in the PLOM, and the City has no obligation to pay the PID Bonds out of any other sources. 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 \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof.

The PID Bonds will be utilized to reimburse the Managing Developer for eligible improvements 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 bond ordinance and related sale, along with the assessment ordinance, are currently planned for the September 17, 2024 Council agenda, after actual interest rates are determined. The PID Bonds are currently anticipated to close on October 16, 2024.

ATTACHMENTS:

Resolution Approving Preliminary Limited Offering Memorandum

