



# CITY COUNCIL WORKSHOP & REGULAR MEETING

City of Dripping Springs

Council Chambers, 511 Mercer St, Dripping Springs, TX

Tuesday, June 15, 2021 at 6:00 PM

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## AGENDA

### CALL TO ORDER AND ROLL CALL

#### City Council Members

Mayor Bill Foulds, Jr.

Mayor Pro Tem Taline Manassian

Council Member Place 2 Wade King

Council Member Place 3 Geoffrey Tahuahua

Council Member Place 4 April Harris Allison

Council Member Place 5 Sherrie Parks

#### Staff, Consultants & Appointed/Elected Officials

City Administrator Michelle Fischer

Deputy City Administrator Ginger Faught

City Attorney Laura Mueller

City Treasurer Shawn Cox

City Secretary Andrea Cunningham

Public Works Coordinator Aaron Reed

IT Coordinator Misty Dean

Emergency Management Coordinator Roman Baligad

Parks & Community Service Director Kelly Schmidt

Programs & Aquatics Manager Mack Rusick

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### WORKSHOP

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*Workshop items are for discussion only and no action will be taken.*

- 1. Presentation and discussion regarding Budget Activities related to the City of Dripping Springs Fiscal Year 2022 Budget.** *Shawn Cox, Finance Director / City Treasurer.*

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### CITY COUNCIL

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### PLEDGE OF ALLEGIANCE

### PRESENTATION OF CITIZENS

*A member of the public who desires to address the City Council regarding any item on an agenda for an open meeting may do so at presentation of citizens before an item or at a public hearing for an item during the City Council's consideration of that item. Citizens wishing to discuss matters not contained within the current agenda may do so, but only during the time allotted for presentation of citizens.*

*Speakers are allowed two (2) minutes to speak during presentation of citizens or during each public hearing. Speakers may not cede or pool time. Members of the public requiring the assistance of a translator will be given twice the amount of time as a member of the public who does not require the assistance of a translator to address the City Council. It is the request of the City Council that members of the public wishing to speak on item(s) on the agenda with a noticed Public Hearing hold their comments until the item(s) are presented for consideration. Speakers are encouraged to sign in. Anyone may request a copy of the City's policy on presentation of citizens from the city secretary. By law no action may be taken during Presentations of Citizens.*

## **PROCLAMATIONS & PRESENTATIONS**

- 2. Approval of Proclamation proclaiming June 19, 2021 at "Juneteenth Freedom Day" in the City of Dripping Springs, Texas. Sponsor: Council Member King**

## **CONSENT AGENDA**

*The following items are anticipated to require little or no individualized discussion due to their nature being clerical, ministerial, mundane or routine. In an effort to enhance the efficiency of City Council meetings, it is intended that these items will be acted upon by the City Council with a single motion because no public hearing or determination is necessary. However, a City Council Member or citizen may request separate deliberation for a specific item, in which event those items will be removed from the consent agenda prior to the City Council voting on the consent agenda as a collective, singular item. Prior to voting on the consent agenda, the City Council may add additional items that are listed elsewhere on the same agenda.*

- 3. Approval of a Resolution of the City of Dripping Springs Consenting to the Issuance of Road Bonds by Headwaters Municipal Utility District of Hays County. Applicant: Tony Corbett, McClean & Howard, L.L.C.**
- 4. Approval of a Resolution of the City of Dripping Springs Consenting to the Issuance of Utility Bonds by Headwaters Municipal Utility District of Hays County. Applicant: Tony Corbett, McClean & Howard, L.L.C.**

## **BUSINESS AGENDA**

- 5. Discuss and consider approval of an Amendment to the Founders Day Pool and Pavilion Use Agreement between the City of Dripping Springs and Tiger Splash Texas Amateur Athletic Federation Swim Team's. Sponsor: Council Member King**
- 6. Discuss and consider approval of a Professional Services Agreement between the City of Dripping Springs and Environmental Concepts, LLC for services related to Environmental Health and On Site Sewage Facilities. Sponsor: Council Member Harris-Allison**
- 7. Discuss and consider acceptance of annexation petition for a portion of the Cannon Tract of approximately 97.049 acres of land out of the Philip A. Smith Survey Number 26, Abstract Number 415, and the C.H. Malott Survey, Abstract Number 693, Hays County, Texas located directly east of Rob Shelton Blvd. and directly south of Founders Park Road in the extraterritorial jurisdiction of the City of Dripping Springs, Texas. Applicant: Steven Pierce, Ashton Austin Residential LLC.**

## REPORTS

*Reports of Staff, Boards, Commissions, Committees, Boards and Agencies. All reports are on file and available for review upon request. The City Council may provide staff direction; however, no action may be taken.*

### **8. Economic Development Committee Report**

*Kim Fernea, EDC Chair*

## EXECUTIVE SESSION AGENDA

*The City Council for the City of Dripping Springs has the right to adjourn into executive session at any time during the course of this meeting to discuss any matter as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices), and 551.086 (Economic Development). The City Council for the City of Dripping Springs may act on any item listed in Executive Session in Open Session or move any item from Executive Session to Open Session for action.*

- 9. Consultation with City Attorney and Deliberation of Real Property regarding legal issues related to Real Property for the Tax Increment Reinvestment Zone including the Town Center Project and uses.** *Consultation with City Attorney, 551.071; Deliberation of Real Property, 551.072*
- 10. Consultation with City Attorney regarding legal issues related to Rob Shelton Improvements and Texas Department of Transportation and other sources of funding related to improvements and the provision of wastewater to PDD 11.** *Consultation with City Attorney, 551.071*
- 11. Consultation with City Attorney regarding legal issues related to the South Regional Water Reclamation Expansion Project Easement Acquisition and operation of the Lazy W WCID in the Extraterritorial Jurisdiction of the City of Dripping Springs.** *Consultation with City Attorney, 551.071; Deliberation regarding Real Property, 551.072*
- 12. Consultation with City Attorney regarding legal issues related to Emergency Management, Disaster Declaration, Public Safety, and Emergency Orders.** *Consultation with City Attorney, 551.071*

## UPCOMING MEETINGS

### **City Council & BOA Meetings**

July 6, 2021 at 6:00 p.m. (CC & BOA)

July 20, 2021 at 6:00 p.m.

August 3, 2021 at 6:00 p.m. (CC & BOA)

August 17, 2021 at 6:00 p.m.

### **Board, Commission & Committee Meetings**

June 16, 2021 DSRP Board Special Meeting at 12:00 p.m.

June 17, 2021 Farmers Market Association Board at 10:00 a.m.

June 17, 2021 Emergency Management Commission at 12:00 p.m.

June 22, 2021 Planning & Zoning Commission at 6:30 p.m.  
June 23, 2021 Economic Development Committee at 4:00 p.m.  
June 28, 2021 Transportation Committee at 3:30 p.m.  
July 1, 2021 Historic Preservation Commission at 4:00 p.m.  
July 1, 2021 Parks & Recreation Commission at 6:00 p.m.

**ADJOURN**

**TEXAS OPEN MEETINGS ACT PUBLIC NOTIFICATION & POSTING OF MEETING**

*All agenda items listed above are eligible for discussion and action unless otherwise specifically noted. This notice of meeting is posted in accordance with Chapter 551, Government Code, Vernon's Texas Codes. Annotated. In addition, the City Council may consider a vote to excuse the absence of any City Council Member for absence from this meeting.*

*I certify that this notice of meeting was posted at the City of Dripping Springs City Hall and website, [www.cityofdrippingsprings.com](http://www.cityofdrippingsprings.com), on **June 11, 2021 at 4:15 p.m.***

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City Secretary

*This facility is wheelchair accessible. Accessible parking spaces are available. Request for auxiliary aids and services must be made 48 hours prior to this meeting by calling (512) 858-4725.*



**STAFF REPORT**  
**City of Dripping Springs**  
**PO Box 384**  
**511 Mercer Street**  
**Dripping Springs, TX 78620**

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**Submitted By:** Shawn Cox, Finance Director/City Treasurer

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**Council Meeting Date:** June 15, 2021

**Agenda Item Wording:** Presentation and discussion regarding Budget Activities related to the City of Dripping Springs Fiscal Year 2022 Budget.

**Agenda Item Requestor:**

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**Summary/Background:** For this first budget workshop, we will review the assumptions and processes for the development and approval of the FY 2022 Annual Budget.

Included in the packet for this workshop are the Departmental Budget Requests for FY 2022. These items are being included in the draft budget which is being reviewed by the Mayor before being filed with the City Secretary. Once the review is completed a copy of the draft will be distributed to all of Council.

**Commission  
Recommendations:**

**Recommended  
Council Actions:** No action is required.

**Attachments:** FY 2022 Departmental budget Request  
FY 2022 Budget Calendar

**Next Steps/Schedule:**



# General Fund

FY22  
STAFF BUDGET REQUEST

Item # 1.

Name-Michelle Fischer Dept-City Administration

Training/Travel

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost per Unit	# of Units	Unit Type	Total (\$)	Registration	Hotel	Mileage/Air	Per Diem
1	TX Municipal League Annual Conference		prof dev	Houston, TX Oct 6-8 2021		1	conf reg	\$ 822.00	\$ 350.00	\$350 (two nights)	n/a	\$61
2	International Dark Sky Assoc. Annual Conference		prof dev	San Antonio, Nov.		1	confr reg	\$ 361.00	\$ 300.00		n/a	\$61
3	American Society of Public Admin.		prof dev			1	annual dues	\$ 105.00	\$ 105.00			
4	TX City Mangement Association		prof dev			1	annual dues	\$ 500.00				
5	Misc Seminar/ Workshops	TBD	prof dev					\$ 500.00	\$ 500.00			
<b>Total Budget Training/Travel Request:</b>									<b>2,288</b>			

Name: \_ Ginger Faught, Deputy City Administrator

Training/Travel

Priority	Item Description	Vendor	Justification	Date/Location	Total \$	Registration	Hotel	Mileage/Air	Per Diem
1	TML Annual Conference	TML	training in various municipal issues and best practices; networking; vendors	Oct. 2021/TBD location	\$ 875.00	\$ 350.00	\$ 400.00	\$ -	\$ 125.00
2	Water Reuse Annual Conference	Water ReUse Symposium		Sept 2022-- Location TBD	\$ 2,300.00	\$ 775.00	\$ 900.00	\$ 500.00	\$ 125.00
3									
4					\$ 3,175.00				
				Total					

Total

Office Equipment

Priority	Item Description	Vendor	Justification	Cost	Total



FY22  
BUDGET REQUEST

Item # 1.

Name- Andrea Cunningham Dept/Board- City Secretary

Notes - Additional/New Funding Request for Training

**New Training & Application Fees:**

Advanced Institute: required training for my Municipal Clerks recertification, which is required every five years. Mileage calculated using \$0.56/mile, per diem calculated using federapayl.com; and hotel fees were based on estimated costs by TMCA.

Records Management Training: RM Clerk training; also looking at TSLAC and will know more when there schedule becomes available, these are generally offered as webinar at not cost or for a nominal fee

Subscriptions & Dues: TMCA Hill Country Chapter Dues

**Training/Travel**

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost per Unit	# of Units	Unit Type	Total (\$)	Registration	Hotel	Mileage/Air	Per Diem	
1	Election Law Seminar	Texas Municipal Clerks Association	Training on Election Law and Conducting Elections	01/12/22 - 01/14/22 Denton, TX	\$ 1,099.88				\$ 300.00	\$ 350.00	\$ 284.88	\$ 165.00	
1	Records Management Training	Texas Municipal Clerks Association	Training on Records Management	06/16/22 - 06/17/22 San Anotion, TX	\$ 787.00				\$ 280.00	\$ 300.00	\$ 85.00	\$ 122.00	
1	Municipal Court Clerks Regional Seminar	Texas Municipal Courts Education Center	Course towards Municipal Court Clerk Certification	Date Unknown UNK	\$ 150.00				\$ 150.00	\$ -	\$ -	\$ -	
1	TMCA Advanced Institute Seminar	Texas Municipal Clerks Association	Course towards Municipal Clerk Recertification	10/28/21 - 10/29-21 Galveston, TX	\$ 1,012.24				\$ 300.00	\$ 330.00	\$ 254.24	\$ 128.00	
1	Municipal Judges Training	Texas Municipal Courts Education Center	Municipal Annual required training	Date Unknown Austin, TX	\$ 500.00				\$ 250.00	\$ 250.00	\$ -	\$ -	
1	TMCA Recertification	Texas Municipal Clerks Association	Municipal Clerk Recertification Requirement - every 5 years	10/1/2021	\$ 50.00								
1	Subscriptions & Dues	Texas Municipal Clerks Association	Annual Dues for Professional Membership	12/31/2021	\$ 100.00								
1	Subscriptions & Dues	Hill Country Clerks Regional Chapter	Annual Chapter Dues for Professional Organization	12/31/2021	\$ 50.00								
<b>Total Budget Training/Travel Request:</b>										<b>\$3,749.12</b>			

Notes: I was not sure if these should be listed under supplies or IT. I did speak with Misty and she is aware of the request.

FY22  
BUDGET REQUEST

Item # 1.

Lisa Sullivan	Communications/Marketing
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General Communications/Marketing Items

Item Priority	Item Description	Vendor	Justification	Cost	Details	Notes	Total (\$)	Hot Funds Potential		
								Notes and %	\$	
1	Stock Photos	iStock	I use photos in almost everything we create. I've been using my own account, but the city should have its own.	\$49/month for total of \$588	This is 25 images a month. With auto renewal, any unused is carried over, up to 250 images (suggest we auto renew)	There is also a subscription for \$90/month for total of \$1080 a year. If 25 images turns out to not be enough, we can increas.	\$588	15%. Some of these images would be used on website, branding and tied to tourism.	\$195	
1	CivicPlus Annual Fee	CivicPlus	Our website platform	\$6,625		Just want to make sure it's included in budget	\$6,625	33%. One third of website could be assigned as tourism related.	\$2,210	
1	PODS Annual Donation	Photographers of Dripping Springs	Partnership with the organization to provide photos for our marketing needs	\$300	Donation for their club in return for photos.		\$300	33%. Photos will be used in all areas, many in sections of website targeted to visitors.	\$100	
1	General Promotion	TBD	General budget for Marketing and Communications needs that may arise from branding, etc.	\$5,000	If we want to pay for advertising, banners, shirts, etc., truck decals, giveaways, relating to new brand	This is already in the budget under general promotions. I just want to make sure it is included again in next year	\$5,000	20%. Not sure without knowing exactly what we're using the money for, so estimate.	\$1,000	
1	Mercer Street Banners	Northstar Flags	To refresh and add to our downtown banner displays	\$1,600	This is for 2 sets of 13 banners.	Banners are \$57.50 each plus shipping and tags	\$1,600	50%. It depends on design, but most are targeted towards people visiting DS and Mercer	\$800	
2	TAMIO Conference	TAMIO	Annual TAMIO Conference - Registration and hotel	\$1,200	Registration fee, hotel and travel		\$1,200			
1	Archive Social	ArchiveSocial	Social media record keeping	\$2,388			\$2,388			
2	Hootsuite - gives easy posting on all	Hootsuite	We have accounts galore and it at times can be a little unwieldy. We're also adding instagram and I want to start utilizing twitter more for breaking news.	\$49 a month	This is a program that saves time by scheduling posts across all social networks in just a few clicks. Automatically schedules content and reviews posts in a simple calendar view.	With so many accounts, it helps manage them. This is the program most used by organizations with multiple accounts.	\$588			
<b>Total Communications Budget Request:</b>							\$18,289		<b>Hot Funds %:</b>	\$4,305

FY22  
BUDGET REQUEST

Item # 1.

Name- Shawn Cox Dept/Board- Finance

Training/Travel

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost per Unit	# of Units	Unit Type	Total (\$)	Registration	Hotel	Mileage/Air	Per Diem
3	TCMA Annual Conf. (Finance Dir.)	TML	Professional Development	June 2022; Galveston, TX				\$1,435.35	\$ 300.00	\$ 600.00	\$ 260.85	\$ 274.50
2	Tyler Connect 2022	Tyler Technologies	Incode Training for Penny & Alison	5/15/22-5/18/22; Indianapolis, IN				\$4,304.00	\$ 2,400.00	\$ 600.00	\$ 800.00	\$ 504.00
1	Public Funds Investment Act Training	TML	Required Training (Fin. Dir. + 1)	Dec. 2-3, 2021 San Antonio, TX				\$ 535.76	\$ 370.00		\$ 165.76	
<b>Total Budget Training/Travel Request:</b>										<b>\$ 6,275.11</b>		

Dues, Fees, Subscriptions

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
2	TCMA Annual Membership - S.Cox		Professional Development				\$ 170.00
1	GFOAT Membership - S.Cox		Professional Development				\$ 60.00
3	ICMA Membership - S. Cox		Professional Development				\$ 700.00

Total Budget Dues, Fees, Subscriptions Request: \$ 930.00

Office Equipment

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)

Total Office Equipment Request: \$0

FY21  
STAFF BUDGET REQUEST

Item # 1.

Name-Laura Mueller Dept-City Administration

Training/Travel

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost per Unit	# of Units	Unit Type	Total (\$)	Registration	Hotel	Mileage/Air	Per Diem	
	TML Annual Conference		CLE	Houston, TX Oct 6-8 2021				\$690	\$200 (one day)	\$200 (one ni)	\$215	\$75	
	TCAA		CLE	Texas June 2022				\$900	None	\$500	\$250	\$150	
	Texas Bar Dues	State Bar	Bar License	Due May of each year	\$450	1	annual dues	\$450					
	TCAA Membership	TCAA	Membership	Austin, TX	\$70	1	annual dues	\$70					
<b>Total Budget Training/Travel Request:</b>										\$2,110			

IT Equipment/Software

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	Westlaw-Government	Thomson West	Caselaw search	\$289 per month	12		\$3,468
<b>Total Budget IT/SoftwareRequest:</b>							\$3,468

Office Equipment

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	Law Clerk		Special Projects	\$2,800	1		\$2,800
<b>Total Office Equipment Request:</b>							\$2,800

6 weeks, \$20 an hour, 20 hours a week

FY21  
STAFF BUDGET REQUEST

Item # 1.

Outside Legal Services-Res

Item Priority	Services	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
LM	Litigation-General	BLF	Land Use issues that can lead to litigation	\$300 per hour	15	hours	\$4,500
LM	Litigation-Code Enforcement	BLF	Code Enforcement in the ETJ	\$300 per hour	75	hours	\$22,500
GF	Eminent Domain	BLF	Wastewater Infrastructure	\$200 per hour			
LM	City Attorney Assistance	BLF	Backup for Laura	\$200 per hour	160	hours	\$32,000
MF	Municipal Court-Prosecution	Turner	Municipal Court				
MF	Municipal Court-backup	BLF	Municipal Court backup	\$200 per hour	20		\$4,000
MF	Municipal Court Judge						
GF	Utility Counsel	Tuckfield	Utility Issues				
<b>Total Office Equipment Request:</b>							<b>\$63,000</b>

FY22  
BUDGET REQUEST

Item # 1.

Name- Misty Dean Dept/Board- IT

Training/Travel

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost per Unit	# of Units	Unit Type	Total (\$)	Registration	Hotel	Mileage/Air	Per Diem
	Comptia Network+ Test	Comptia	Test to get certified for network +	https://store.comptia.org/comptia-network-				\$500				
	Membership to IT Directors	TAGITM	Community of city IT professionals					\$200				
	TGITM conference	TAGITM	Community of city IT professionals & training sessions	Apr-22				\$600				
	IT training online	TBD	various topics of IT training available online, could save money on certifications.	Online				\$600				
<b>Total Budget Training/Travel Request:</b>										<b>\$1,900</b>		

IT Equipment/Software

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	After hours server support	Percento	To keep server up & running after hours	\$50 per server x 2 servers= \$100	12	month	\$1,200
	Monthly equipment check	Percento	Tech to	Trip charge of \$80, plus \$95 hourly (4 hours for all locations; DSRP, City Hall, Ranch House, Pool)	12	month	\$6,600
	Password manager	LastPass	Assist with password mangement	\$8	12	month	\$100
	City Hall Server intrusion detection	TBD	Security				\$2,000
<b>Total Budget IT/Software Request:</b>							<b>\$9,900</b>

Office Equipment

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
<b>Total Office Equipment Request:</b>							<b>\$0</b>

FY22  
BUDGET REQUEST

Item # 1.

Name- Kelly Schmidt + Mack Rusick + Melanie Blakely Dept/Board- Parks & Community Services

Training/Travel

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost per Unit	# of Units	Unit Type	Total (\$)	Registration	Hotel	Mileage/Air	Per Diem	
1	Kelly Schmidt Annual Conference	NRPA National Recreation & Park Association	Professional Development + CEUs. Stay abreast of industry best practices-improve department operations.	September 20-22, 2022 Phoenix, AZ	\$2,887	1		\$2,887	\$610.00	\$ 1,500.00	\$ 350.00	\$ 427.07	
3	Kelly Schmidt + Mack Rusick Annual Conference	AOAP Association of Aquatic Professionals		February 7-10, 2022 St. Pete Beach, FL	\$2,657	2		\$5,314	\$380	\$ 1,500.00	\$ 350.00	\$ 427.07	
2	Kelly Schmidt, Mack Rusick & Melanie Blakely Annual Conference	TRAPS Texas Recreation & Park Society		Feb/March - College Station, Texas	\$1,677	3		\$5,031	\$250	\$ 1,000.00	n/a	\$ 427.07	
<b>Total Budget Training/Travel Request:</b>										<b>\$13,232</b>			

IT Equipment/Software/Communications

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
1	Recreation Software for PCS-wide business	CivicRec	Activenet is too antiquated and does not meet our needs				\$17,000
<b>Total Budget IT/Software Request:</b>							<b>\$17,000</b>

Office Equipment

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	Regular Phone		Need centralized number that all PCS staff can answer.	\$100	12	Month	\$1,200
<b>Total Office Equipment Request:</b>							<b>\$1,200</b>

FY22  
BUDGET REQUEST

Item # 1.

Name- Charlie Reed + Johnna Krantz Dept/Board- PCS/Farmers Market Board

Training/Travel

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost per Unit	# of Units	Unit Type	Total (\$)	Registration	Hotel	Mileage/Air	Per Diem
2	FM trainings	FM Coalition/others	professional training	TBD online				\$200				
2	FM visits		learn from other markets	Saturdays/Sundays, as possible	3hrs. Pay (x2 with FM specialist)	6?		\$700-\$1000 + mileage			40-75 miles/trip	
1	Site visits		fulfill our commitment to market rules & integrity	as needed (avg 2-3 hrs/site visit)	hourly pay (x2 with FM Specialist)	20		\$2,000 + mileage			25-75 miles/trip	
									<b>Total Budget Training/Travel Request: \$3,000 +</b>			

IT Equipment/Software

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	New laptop for FM Mgr	?	Current laptop is 6+ yrs old	\$3,000	1		\$3,000
							<b>Total Budget IT/Software Request: \$3,000</b>

Office Equipment

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	Laminator		Market Signage	\$300	1		\$300
							<b>Total Office Equipment Request: \$300</b>



FY22  
BUDGET REQUEST

Item # 1.

Name- Lily Sellers + Ranch Hands + Emily Nelson Dept/Board- Parks & Community Services

Training/Travel

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost per Unit	# of Units	Unit Type	Total (\$)	Registration	Hotel	Mileage/Air	Per Diem
3	Annual Conference	TRAPS	Professional Development / staff morale and engagement	College Station February 2022	1250.00	2	\$2,500	\$2,000	\$1,000.00			
2	Footing Academy	Equine Association		Jan-22						\$1,000	\$400	\$300
1	TRAPS Maintenance Roideo	TRAPS		College Station February 2022	\$25	8	Registration	\$200	\$200	\$1,000	n/a	\$300
	Heavy Equipment Training				\$100	2		\$200				
<b>Total Budget Training/Travel Request:</b>										<b>\$2,400</b>		

IT Equipment/Software/Communications

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)	
3	Server for DSRP	?		\$5,000			\$5,000	See Misty
5	Event Center Software	?	Business Operations	\$6,000.00			\$6,000	
6	Security Cameras	ADT?	Business Operations & Loss Prevention					See Craig
4	Contracted Printer/Copier	?	Business Operations	\$500.00	12	mo	\$6,000	See Misty
2	AV System Tower Maintennce Contract	?	Business Operations					See Misty
1	AV & Internet Equipment Replacement	TBD	Business Operations & Public Emerergency Service Response Capability	\$175,000.00				See Misty
<b>Total Budget IT/Software Request:</b>								<b>\$12,000</b>

Office Equipment

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	Duraphone Replacement			\$400	3		\$1,200
<b>Total Office Equipment Request:</b>							<b>\$1,200</b>

FY22  
BUDGET REQUEST

Item # 1.

Name- Sarah Cole	Dept/Board- BLDG
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**Training/Travel**

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost per Unit	# of Units	Unit Type	Total (\$)	Registration	Hotel	Mileage/Air	Per Diem
	Building Professional Institute of Central Texas- Steve & Sarah	Building Officials Association of Texas	CEU and ongoing code knowledge	October 4-6, 2021	\$500			\$1,000.00		N/A		
	Building Official Association of Texas Conference	Building Official Association of Texas		Not yet determined for 2022	\$325			\$1,000.00	\$325.00	about \$145/night - 3 nights, 4 days		
	ICC Webinars & Courses-Megan	ICC Learning Center	CEU for maintain permit tech cert.		\$500			\$500.00				
	ICC Permit Tech Course-Brandon	ICC Learning Center	CEU for maintain permit tech cert.		\$500			\$500.00				
	Training - Inspector Position	ICC Learning Center	CEU for maintaining certifications for possible new inspector		\$500			\$500.00				
	2015 Building Codes and Standards Study Guide-Sarah	ICC Learning Center	for position		\$69			\$69.00				
	ICC Management Module Exam - Sarah	ICC Learning Center	for position		\$145			\$145.00				
	ICC Governmental Membership	ICCSafe.org	Building Benefits for training, exams, and access to code publications and interpretations.		\$145 annually			\$145.00				
<b>Total Budget Training/Travel Request:</b>										<b>\$3,859</b>		

**IT Equipment/Software**

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	Laptop & Docking Station-Sarah			\$3,400	1		\$3,400
	Cat6 Cable Office Drop-Brandon			\$200	1		\$200
	Dual Monitor setup-Brandon			\$1,000	1		\$1,000
	Tablet/Ipad with Internet-New Inspector			\$3,600	1		\$3,600
	Computer Licensing-New Inspector			\$1,000	1		\$1,000
	Cell Phone with data-New Inspector			\$861	\$1		\$861
<b>Total Budget IT/Software Request:</b>							<b>\$10,061</b>

FY22  
BUDGET REQUEST

Item # 1.

**Office Equipment**

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	Flashlight	Home Depot	Inspection Tools	\$40	2		\$80
	AFCI/GFCI tester			\$40	2		\$80
	Voltage Indicator			\$26	2		\$52
	Screwdriver			\$20	2		\$40
	Measuring tape			\$30	2		\$60
	Tool case/vest			\$45	2		\$90
	Torpedo level			\$44	2		\$88
	Truck	TBD	For Additional Inspector	\$20,000	1		\$35,000
	Staff Apparel for each employee	Monogramming Etc	Uniform-City identification in field	\$200	5		\$1,000
<b>Total Office Equipment Request:</b>							<b>\$36,490</b>



### Additional Building Department Personnel FY 22

<b>Additional Staff Requested</b>	1 Person
<b>Job Title for New Staff Member</b>	RESIDENTIAL BUILDING INSPECTOR
<b>Experience</b>	2-4 Years Minimum
<b>Main Responsibilities</b>	Reduce monetary expenses for Bureau Veritas for inspections. Conduct residential inspections via <i>Inspection Anywhere</i> .
<b>Salary Range (Depending on Experience)</b>	40K-65K (Exempt)
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Improve customer service with contractors/developers.</li> <li>Ability to utilize <i>MyPermitNow</i> to the fullest of its value and functions. (i.e. inspection module)</li> <li>Improve Code Enforcement efforts.</li> <li>Face to face interaction with staff and customers.</li> <li>Eliminate time spent mediating between contractor and Bureau Veritas.</li> <li>Better organization of inspection reports.</li> </ul>

**INITIAL EXPENSES:**

- |                                   |          |
|-----------------------------------|----------|
| 1. Vehicle                        | \$20,000 |
| 2. Tablet/iPad with Internet      | \$1,200  |
| 3. Desktop Computer/Licensing     | \$1,200  |
| 4. Cell Phone(ANNUAL)             | \$1,200  |
| 5. City Shirts/Jackets/Hats/Boots | \$200    |
| 6. Inspector Tools                | \$245    |

**TOTAL UP-FRONT EXPENSES:                    \$24,045**

**PROJECTED TIMELINE:**

1. Post RESIDENTIAL BUILDING INSPECTOR Job Description for employment by July/August 2021
2. Hire for RESIDENTIAL BUILDING INSPECTOR by beginning of FY 22 (October 1, 2021)
3. Current Residential Inspector expected to start inspections by beginning of FY 22 (October 1, 2021)

This will immediately reduce the expense for Bureau Veritas going into FY 22. The current Inspector will start inspections for 1 residential subdivision exclusively, while the second Inspector will work on 2-3 residential subdivisions exclusively.

**BUILDING DEPARTMENT EMPLOYEE COMPARISON (BASED ON 2020 CALENDAR YEAR RESIDENTIAL PERMITTING VOLUME)**

Item # 1.

Municipality	In-House/3rd Party	Residential Permitting Volume		Employees in the Building Department					TOTAL
		New SFR Permits Annually	All Residential Permits Annually	Building Official(s)	Building Inspector(s)	Plan Reviewer(s)	Permit Technician(s)	Other office staff	
Kyle	Both	PIR -10 day	1233	1	4	2	2	0	9
Buda	IH	NA	137	1	2	1	1	2	7
San Marcos	IH	728	4067	1	3	1	3	0	8
Bee Cave	IH	65	200	1	2	1	1	0	5
Georgetown	IH	1865	5000	2	8	3	3	0	16
Marble Falls	IH	28	201	1	1	0	1	1	4
Horseshoe Bay	3rd	85	85	0	0	0	3	4	7
Taylor	3rd	177	937	2	2	1	0	3	8
Leander	Both	2011	6969	1	8	3	3	0	15
Liberty Hill	IH	1258	2181	1	3	0	1	0	5
Burnet	3rd	NA	90	0	0	0	1	2	3
Dripping Springs	IH	790	931	1	1	1	1	0	4

**AVERAGE SALARY & BENEFIT EXPENSES:**

	\$50,000	\$55,000	\$60,000
FICA	\$3,100.00	\$3,410.00	\$3,720.00
MED	\$725.00	\$797.50	\$870.00
SUTA	\$144.00	\$144.00	\$144.00
Medical	\$6,847.44	\$6,847.44	\$6,847.44
Dental	\$451.68	\$451.68	\$451.68
AD&D	\$140.40	\$154.44	\$168.48
Retirement 10-12	\$760.00	\$836.00	\$912.00
Retirement 1-9	\$2,250.00	\$2,475.00	\$2,700.00
<b>TOTAL</b>	<b>\$64,418.52</b>	<b>\$70,116.06</b>	<b>\$75,816.60</b>

**SALARY RESEARCH FROM ADJACENT CITIES:**

MUNICIPALITY	ENTRY	MID	MAX	NOTES
KYLE	\$42,300.72	\$54,991.65	\$67,681.95	
BUDA-BLDG INSPECTOR	\$43,576.00	\$54,470.00	\$63,364.00	BASE LEVEL
BUDA – COMBO INSPECTOR	\$48,776.00	\$54,970.00	\$73,164.00	MORE EXPERIENCE
SAN MARCOS	\$43,888.00	\$54,870.00	\$65,852.00	
AUSTIN-INSPECTOR A	\$41,017.60	\$ 52,312.00	\$ 73,590.40	BASE LEVEL
AUSTIN-INSPECTOR B	\$ 47,486.40	\$ 60,548.80	\$84,905.60	MORE EXPERIENCE
AUSTIN-INSPECTOR C	\$51,883.60	\$ 67,392.00	\$95,451.20	MOST EXPERIENCE
<b>AVERAGE:</b>	<b>\$45,516.19</b>	<b>\$57,079.21</b>	<b>\$74,858.39</b>	

**PLANNING DEPARTMENT BUDGET: FY 2022 TOTAL \$ 283,007.25**

Item # 1.

**Training/Travel**

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost Per Unit	# of Units	Unit Type	Sub-Total	Hotel	Mileage/Air	Per Diem	Total Cost
3	TXAPA Annual Conference	Texas American Planning Association	Learn about current planning practices	This number is based on last years number, this conference is TBD	\$ 495.00	2		\$ 990.00	\$ 1,200.00	\$ 663.55	\$ 120.00	\$ 5,947.10
4	UT Land Use Conference	UT Law	Legislative Updates Regarding Land Use	April, Austin TX	\$ 575.00	2		\$ 1,150.00		\$ 27.72		\$ 2,355.43
5	UT Land Use Conference (Nuts & Bolts of Platting)	UT Law	Legislative Updates Regarding Land Use	April, Austin TX	\$ 125.00	1		\$ 125.00		\$ 27.72		\$ 152.72
6	Planetizen Online Courses	Planetizen	Learn about current planning practices	Online	\$199 Annual	1		\$199				\$ 199.00
7	Floodplain Manager Certification	TFMA	Floodplain manager to assist in review	Online	\$ 200.00	1		\$200				\$ 200.00
2	APA Membership	American Planning Association	Learn about current planning practices	Online	\$ 245.00	1		\$245				\$ 245.00
1	APA Certification	American Planning Association	Planning Certification		\$ 710.00	1		\$710				\$ 710.00
<b>Total Travel &amp; Training Budget:</b>											<b>\$ 9,809.25</b>	

**Equipment/Software/Other**

Item Priority	Item Description	Vendor	Justification	Cost Per Unit	Units	Type	Total
1	Comprehensive Plan, Future Land Use Plan & Map	TBD	Provide Guidance in regards to zoning changes and long range planning.	\$250,000	1		\$250,000
2	Intern		To help with daily planning functions	\$11/hour (30 Hours/Week)- \$4950 per week for 15 weeks	2		\$9,900
3	Stand up desk	VeriDesk	Health Benefits	\$495	3		\$1,485
4	Laptop		Planning Assistant 1	\$3,000	1		\$3,000
5	Laptop		Planning Assistant 2	\$3,000	1		\$3,000
6	Arc GIS - Standard	ESRI	Obtain another software license, to allow more staff to make maps for various projects	\$5,813	1		\$5,813

**Total Equipment/Software/Other Request: \$273,198**

FY22  
STAFF BUDGET REQUEST

Item # 1.

Name- Craig Rice Dept- Maintenance Department

Training/Travel

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost per Unit	# of Units	Unit Type	Total (\$)	Registration	Hotel	Mileage/Air	Per Diem
1	APWA Conference	American Public Works Association	Professional Education: Fleet Maintenance, Road and Pavement management	Date: TBD Location: (Tent) Charlotte, NC	\$130	1	Person	\$2,330	\$1,200.00	\$150/nt (5 nights)	\$400/rnd trp	TBD
3	Central Region TRAPS Maintenance Rodeo	Texas Recreation and Park Society	Hands-on experience and in-person demonstrations of maintenance practices in parks and recreation equipment.	Date and Location: (TBD) Location has not been advertised. No lodging needed, travel will be done through City vehicles	\$10	6	Person	\$60				
4	Central Region TRAPS conference	Texas Recreation and Parks Society	Professional Education and sessions for CEUs for CPSI certification	Date and Location: (TBD) Location has not been advertised. No lodging needed, travel will be done through City vehicles	\$55	3	Person	\$165				
5	OSHA 10Hr General Industry Training		Improve safe work practices for City maintenance employees	Date and Location: (TBD) Location has not been advertised. Course can be completed on-line	\$89	1	Person	\$89				
6	Certified Playground Inspector license renewal	NRPA	Renew CPSI license that will expire	TBD	\$250	1	Person	\$250				
7	Pest/Herbicide License	Texas Department of Apriculture	Requirement for staff to apply pesticides and herbicides	TBD	\$114	2	Person	\$228				

Total Budget Training/Travel Request: \$3,122

Budget for FY21 \$ 2,534

IT Equipment/Software

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
1	Public Works Work Order System Module	SCPDC	Provides ability to create, monitor, and track all work throughout the City	\$350	\$12	Mnth	\$4,200
2	Facilities Maintenance Module	SCPDC	Ability to track all City building maintenance	\$200	\$12	Mnth	\$2,400
3	Fleet GPS service	SCPDC	Monitoring fleet usage, miles, and maintenance	\$30	\$6	Vhcle	\$1,800



FY22  
STAFF BUDGET REQUEST

Item # 1.

4	On-Call Cell Phone		Cell phone for staff scheduled for on call. This eliminates the staff having to use their personal phones for calls after hours.	\$601	\$1	Ea	<b>\$601</b>
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**Total Budget IT/SoftwareRequest: \$9,001**

**Office Equipment**

Budget for FY21 \$ 8,400

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)

**Total Office Equipment Request: \$0**

**Fleet Acquisition**

Budget for FY21 \$ -

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
1	Maintenance Vehicle - 3/4 ton 4x4 crew cab pick-up with utility bed	TBD	Maintenance Vehicle for maintenance and construction inspections, pre-construction meetings and work order assessments . Provides capability for the Maintenance Director to respond as needed during inclement weather. Emergency management	\$68,000	1	Vhcl	<b>\$68,000</b>

**Total Fleet Acquisition Request: \$68,000**

**Fleet Maint.**

Budget for FY21 \$ -

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
1	Gas	TBD	Gas for vehicles	\$800/month	8	Vhcl	<b>\$9,600</b>
2	Preventative Maint.	TBD	General preventative maintenance for oil changes, air and fuel filter replacements, etc.				<b>\$8,500</b>
3	Corrective Maint.	TBD	Tire repair/replacement, vehicle damage repair, part failure replacement				<b>\$5,000</b>

FY22  
STAFF BUDGET REQUEST

Item # 1.

4	Light Bar	Grainger	Caution and hazard lights for staff to utilize when conducting maintenance on roadsides and high traffic areas. Provides awareness to oncoming traffic.	1650.00/unit	4	Vhcl	\$6,600

**Total Fleet Maint. Request:** \$29,700

**Maint. Equip**

Budget for FY21 \$ 13,350

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
1	Tools	TBD	Broken/missing tool replacement, acquisition of tools for better efficiency, fully equipt fleet vehicles				\$4,500
2	Equipment Rental	TBD	Temporary use of equipment for nonroutine maintenance				\$1,000
3	Skid Steer	Bobcat	Use for corrective and preventative maintenance needs in parks and ROW's. Allows for better effiicntcy and coordination of projects without the need to rent equipment or schedule skid steer from DSRP.	\$38,278			\$38,278
4	MT 85 Attachments	Bobcat	Pallet fork teeth and auger drive unit. Attachements are needed through various types of maintenance that are needed or rented throughout the year	\$1,750			\$1,750

Skid Steer rental ranges from \$200-\$250/day. Additional employee time is taken when renting equipment for pick-up and and return.

FY22  
STAFF BUDGET REQUEST

Item # 1.

5	Vehcile tire socks/chains		Recommendation from Emergancy Management coordinator after ice	\$100	\$6	Ea	\$600
6	Generator	Home Depot	Needed for maintenance projects and work orders where electriciity is not available	\$950			\$950
2	Utility Bed	TBD	Replacement for regular bed on Maintenance fleet vehicle. Allows to store additional tools and equipment in fleet vehicles.	\$800	\$1	Ea	\$800

**Total Maint. Equipment Request:** \$47,878

**Maint. Supplies**

Budget for FY21 \$ 9,000

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
1	Personal Protective Equipment	Home Depot	Supplies for staff safety - eye protection, hearing protection, gloves, etc.				\$600
2	Misc.	TBD	Tape, zip ties, cleaning supplies, WD-40, A/C filters, etc.				\$4,000
3							

**Total Maint. Supplies Request:** \$4,600

**General Park Supplies**

Budget for FY21 \$ 4,525

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
1	Cleaning and toiletry supplies	TBD	Cleaning supplies, toilet paper, soap, trash bags etc.				\$4,500
2	Pesticide and Herbicide	TBD					\$ 500

**Total General Park Supplies Request:** \$5,000

**Steph. Maint.**

Budget for FY21 \$ 4,500

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
1	Maint. and repairs	TBD	preventative and corrective mainteance				\$5,000

**Total Steph. Maint. Request:** \$5,000

**Office Maint./Repairs**

Budget for FY21 \$ 5,000

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
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FY22  
STAFF BUDGET REQUEST

Item # 1.

1	Electrical/Plumbing Repair	TBD		\$1,500			\$1,500
2	Office Cleaning	Ariana Arellano	City Hall cleaning	\$180			\$9,360
3	Landscaping Materials	Home Depot	Tree and flower bed beautification				\$200

**Total Office Maint./Repairs Request:** \$11,060

**Equip. Maint.**

Budget for FY21 \$ 11,060

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	Preventative Maint.	TBD	Tune up parts, oil, mower blades, etc.				\$1,500
	Gas/Oil	TBD	Fuel for equipment to mow City properties and ROW's				\$1,000
	Corrective Maintenance	TBD	Equipment/part repair and replacement				\$1,000

**Total Equip. Maint. Request:** \$3,500

**Uniforms**

Budget for FY21 \$ 1,675

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
1	Uniforms	Monogramming Etc.	Uniform replacement/new employee uniforms: Shirts, pants, boots	\$620	7	Person	\$4,340
2	Boot replacement	TBD	Boot stipend to replace boots	\$180	6	Person	\$1,080

**Total Uniforms Request:** \$5,420

**Street Maint.**

Budget for FY21 \$ 1,575

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
1	Street Signs and supplies	Safelane Traffic Supply	Sign installation/replacement	\$25-\$45		Ea	\$750
2	Asphalt Cold Mix	Atlas Asphalt Inc.	Pot Hole and Road repair	\$700	5	Pallet	\$3,500
3	Road Repair	TBD	Road Repair throughout the City Limits. Crack sealer, paint and striping, etc.				\$150,000
4	Misc.	TBD	ROW maintenance, street light repair, guardrail repair and replacement, maintenance supplies, etc.				\$30,000

**Total Street Maint. Request:** \$184,250

FY22  
STAFF BUDGET REQUEST

Item # 1.

Street Improvements								Budget for FY21	\$ 275,600
Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)		
1	Street Improvements	TBD	Chip seal, reconstruction overlay.				\$300,000		
								<b>Total Stephenson Lawn Maint. Request:</b>	\$300,000
Stephenson Lawn Maint.								Budget for FY21	\$ 250,000
Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)		
	Oak Tree care	TBD	Tree trimming				\$500		
								<b>Total Stephenson Lawn Maint. Request:</b>	\$500
City Hall Lawn Maint.								Budget for FY21	\$ 500
Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)		
	Plant and Tree bed maintenance	Home Depot	Bed mulching, plant care, landscaping				\$300		
	Oak Tree care	TBD	Tree trimming				\$1,000		
								<b>Total City Hall Lawn Maint. Request:</b>	\$1,300
								Budget for FY21	\$ 1,300

**Public Works Budget**

**Training and Licenses**

Inspections	\$500.00
Water	\$611.00
Wastewater	\$3,611.00

**Uniforms**

Construction Inspector	\$700.00
PW Coordinator	\$300.00

**IT**

Phones	\$1,300.00
Computers	\$3,240.00

## **TRANSPORTATION COMMITTEE**

### **2021-2022 BUDGET REQUEST**

#### **1. Transportation Symposium - \$20,000**

The Transportation Committee will conduct a Transportation Symposium once in-person meeting resumes. The symposium will discuss key transportation issues in the City of Dripping Springs. These issues include the widening of US 290 and construction of alternate or bypass routes around the community. Key attendees include City, TxDOT, Hays County, CAMPO and political leaders. This fee assumes preparation time and conducting of two symposium dates along with additional one on one meetings, as required. This item was budgeted for in FY21 and was not used due to the lack of in-person meetings.

#### **2. Rob Shelton Sidewalk Project - \$160,000**

This estimated fee is the FY22 contribution to the City's portion of the TxDOT sidewalk grant for Rob Shelton. The fees included are for engineering, and construction administration.

#### **3. Roger Hanks Parkway - \$50,000**

This budget is to cover expenses related to design and construction of the improvements and extension of Roger Hanks Parkway. Design is anticipated to be started in FY21 and completed in FY22. Construction is anticipated to begin in FY22.

#### **4. Misc. HDR Consulting/Engineering - \$75,000**

This budget is to cover expenses incurred by the City's traffic consultant, HDR, on other matters that come to the attention of the Transportation Committee. Examples tasks include traffic engineering design, consultation on traffic-related issues and small studies. Review of Traffic Impact Analysis, which will be reimbursable by developers, for developments are included in this task. An additional \$10,000 was added for FY22 to cover anticipated costs for signal warrant studies.

#### **5. Middle School Sidewalk Design - \$140,000**

This estimated fee is the FY22 contribution to the City's portion of the TxDOT sidewalk grant for the Middle School sidewalks. This fee will cover surveying, environmental, PS&E, and TxDOT administrative fees.

#### **6. Founders Park Signal - \$30,000**

This fee is to cover preliminary engineering for the installation of a traffic signal at Founders Park Rd. and RR 12. This amount was budgeted for FY21 and not used.

**7. Roger Hanks Intersection Improvements - \$300,000**

This fee is to cover design and construction of the improvements at the intersection of Roger Hanks Pkwy. and Shane Lane. This intersection improvement is the City's responsibility in the construction of the Roger Hanks extension that will be built with the Heritage subdivision.

**Total Requested Budget = \$775,000**



FY21  
STAFF BUDGET REQUEST

Item # 1.

Name- Roman Baligad Dept- Emergency Management

Training/Travel

Item Priority	Item Description	Vendor	Justification	Date/Location	Cost per Unit	# of Units	Unit Type	Total (\$)	Registration	Hotel	Mileage/Air	Per Diem
	TX EM Conference	TDEM		May 2022/ San Antonio				\$ 975.00	\$200.00	\$500.00	\$100.00	\$ 175.00
	Misc FEMA/State	FEMA						\$1,000.00				
<b>Total Budget Training/Travel Request:</b>									<b>\$ 1,975.00</b>			

IT Equipment/Software

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	VOIP phone system for emergency phone number		Hotline number for emergency information during an event	\$50	1	Year	\$600
<b>Total Budget IT/SoftwareRequest:</b>							<b>\$600</b>

Maintenance

Item Priority	Item Description	Vendor	Justification	Cost per Unit	# of Units	Unit Type	Total (\$)
	CH Fire Alarm Monitoring and testing	Cothrons Security		\$611	1		\$611
	Streaming Service	Fubu	News and weather channels	\$80	12		\$960
	AED Servicing		City owned AED's	\$1,507	1		\$1,507
	Public Realtions materials			\$2,000	1		\$2,000
	Emergency Generator Maintenance		DSRP Emergnecy generator	\$2,000	1		\$2,000
	Motorola Radio		Emergeny Communication	\$390	1		\$390
	LCRA Radio Service		Emergeny Communication	\$479	1		\$479
	Portable Satelite Internet Service		Emergeny Communication	\$945	1		\$945
	DSRP Ethernet		Emergeny Communication	\$708	1		\$708
	DSISD Radio Service		Emergeny Communication	\$1,728	1		\$1,728
<b>Total Maintenance Request:</b>							<b>\$11,328</b>

FY21  
STAFF BUDGET REQUEST

Item # 1.

**New & Replacement Purchases**

Uniforms						<b>\$2,020</b>
- EM Coordinator Shirts	\$70	2	\$140			
- EM Commissioner Shirts	\$70	10	\$700			
- new logo digitized	\$65	1	\$65			
- blank patches	\$1	100	\$115			
- embroidery for patches	\$20	50	\$1,000			
Portable emergency generators			\$1,000	2		<b>\$2,000</b>
Storage unit rental for EM supplies and equipment			\$150	12		<b>\$1,800</b>
UPS Replacement Batteries			\$100	2		<b>\$200</b>
Diesel fuel storage tank lease and fuel at DSRP			\$5,000	1		<b>\$5,000</b>
Unleaded fuel storage tank lease and fuel at DSRP			\$5,000	1		<b>\$5,000</b>
Generator for City Hall with transfer switch and wiring			\$25,000	1		<b>\$25,000</b>
4X4 Truck for EM Coordinator			\$47,000	1		<b>\$47,000</b>
Mast for Amateur (HAM) radio, (1 permanent, 1 portable) at DSRP			\$8,000	1		<b>\$8,000</b>

<b>Total New &amp; Replacement Purchases Request:</b>	<b>\$96,020</b>
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**Total Emergency Management Budget Request \$ 109,923**



# DSRP

**Dripping Springs Ranch Park**  
Proposed FY2022 Operating Budget 10/01/2021 - 09/30/2022  
Dripping Springs Ranch Park Operating Fund

Item # 1.

	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2021</b>	<b>FY2022</b>	<b>NOTES</b>
Balance Forward			\$ 9,321.61		??????	
<b>REVENUE</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>3.31.2021</b>	<b>FY2022</b>	Used Previous Data
<b>Transfers</b>	\$ 177,772.29	\$ 140,554.62	\$ 186,321.83	\$ 92,679.02	\$ 752,151.53	
<b>TXF from Ag Facility</b>	\$ 10,430.00	\$ 12,180.00	\$ 25,760.00	\$ 15,750.00	\$ 7,000.00	Shawn?????? Verify Please
<b>TXF from HOT</b>	\$ 146,182.46	\$ 67,138.76	\$ 67,275.62		\$ 266,250.00	
<b>TXF for RV/ Parking Lot HOT</b>			\$ 50,000.00	\$ 33,642.81	\$ -	
<b>TXF for Drainage &amp; Road Improvements HOT</b>					\$ 285,000.00	
<b>TXF from General Fund</b>	\$ 21,159.83	\$ 61,235.86	\$ 43,286.21	\$ 43,286.21	\$ 193,901.53	
<b>TXF from Landscape Fund</b>	\$ -	\$ -	\$ -		\$ -	
<b>General Donations</b>	\$ 1,415.42	\$ 6.00	\$ -	\$ 43.11	\$ -	
<b>Co-Sponsored Events</b>	\$ 6,730.48	\$ -	\$ -	\$ 7,900.00	\$ 12,025.00	
<i>DS Fair and Rodeo</i>	\$ 6,730.48		\$ -	\$ 7,900.00	\$ 7,900.00	
<i>D Bar S Roping Club</i>					\$ 1,950.00	75% (39 weeks)
<i>Texas Hill Country Barrel Racing Association</i>					\$ 2,175.00	75% (39 weeks)
<b>DSRP Sponsorship Opportunities</b>	\$ 2,500.00	\$ 300.00	\$ -	\$ 6,675.00	\$ 22,750.00	
<i>DSRP General Sponsorship</i>	\$ 2,500.00	\$ 300.00		\$ 6,675.00	\$ 2,500.00	
<i>VIP Box Annual Sponsorship</i>					\$ 9,750.00	50%
<i>Arena Sponsorship (Signage)</i>					\$ 10,500.00	7 Arena Sponsors @ \$1500.00
<b>DSRP Events</b>	\$ 81,609.00	\$ 61,125.50	\$ 89,000.00	\$ 17,130.91	\$ 84,000.00	
<i>Riding Series</i>	\$ 81,609.00	\$ 61,125.00	\$ 89,000.00	\$ 17,130.91	\$ 82,000.00	Used Previous Data
<i>Community Events (Spring &amp; Fall Event)</i>					\$ 2,000.00	2 Events @ \$1,000.00
<b>DSRP Education &amp; Programming</b>	\$ -	\$ -	\$ 48,825.00	\$ -	\$ 79,750.00	
<i>Coyote Kids Nature Camp-\$ 46,475.00</i>					\$ 70,400.00	(\$160x40) x 11
<i>Tween Scene -\$1,100.00</i>					\$ 1,100.00	
<i>Tot Time-\$250.00</i>					\$ 250.00	
<i>Basic Horsemanship Clinics-\$4,000.00</i>					\$ 4,000.00	2-4 Clinics. 10 kids @ \$200= 2,000.00
<i>Pony Club</i>					\$ 3,000.00	
<i>Misc. Clinics-tbd</i>					\$ 1,000.00	Emily's ideas: Cooking, Gardening, Etc.
<b>Main Event Center &amp; Park Fees</b>	\$ 152,984.95	\$ 57,403.66	\$ 130,000.00	\$ 31,507.00	\$ 123,700.00	
<i>Event Facility Rental (Entire Park &amp; Event Ctr.) - \$18,000.00</i>	\$ 41,223.00	\$ 3,250.00	\$ 112,000.00	\$ 450.00	\$ 18,000.00	
<i>Main Indoor Arena Rental - \$40,000.00</i>	\$ 39,249.66	\$ 20,497.81	\$ -	\$ 9,600.00	\$ 40,000.00	
<i>Special Event Room Rental (Large) - \$20,000.00</i>	\$ 45,116.25	\$ 10,362.50	\$ -	\$ (1,400.00)	\$ 20,000.00	
<i>Main Concessions Stand - \$5,000.00</i>	\$ 1,350.00	\$ 1,057.03	\$ -	\$ 2,500.00	\$ 5,000.00	
<i>VIP Box Rentals \$500.00</i>			\$ -		\$ 500.00	
<i>Outdoor Arena - \$5,000.00</i>	\$ 2,100.00	\$ 850.00	\$ -	\$ 2,850.00	\$ 5,000.00	
<i>Field Rental + Ranch House Grounds- \$3,000.00</i>	\$ 2,985.25	\$ 1,396.25	\$ -	\$ 1,725.00	\$ 3,000.00	4 Fields + RH Grounds total, may be for parking or event use.
<b>Livestock Addition Fees (40% paid to HCLE)</b>			\$ -		\$ 13,200.00	\$22,000 - \$8800 (40% = 8800 to HCLE)
<i>*Special Event Room Rental (Small) - Addition - \$12,000.00</i>		\$ 4,800.00	\$ -	\$ 2,700.00	\$ 12,000.00	
<i>*Small Indoor Arena - Addition - \$5,000.00</i>		\$ 2,300.00	\$ -	\$ 1,912.00	\$ 5,000.00	
<i>*Concession Stand- Addition - \$5,000.00</i>		\$ 800.00	\$ -	\$ 650.00	\$ 5,000.00	
<b>Security Deposits &amp; Other Liabilities</b>			\$ -			
<b>RV Site Fee</b>	\$ 20,950.79	\$ 12,090.07	\$ 18,000.00	\$ 10,520.00	\$ 18,000.00	Keeping it the same from previous years
<i>\$18,000.00</i>						
<b>Camping Site Fee</b>						

	\$1,000.00	\$ 10.00				\$ 1,000.00	Estimation: 100 campers @ \$10-\$1,000.00
<b>Small Barn Layover &amp; Boarding</b>			\$ -			\$ 7,200.00	Item # 1. 4 horses @ \$150.00/month
Small Barn Boarding-\$7,200.00						\$ 7,200.00	
Layover Stalling (Paddocks)-tbd							
<b>Livestock Pen Rentals</b>	\$ 21,140.09	\$ 19,886.07	\$ 22,000.00	\$ 17,209.99	\$ 25,000.00		New item
Horse Stall Rentals-\$22,000.00	\$ 21,140.09	\$ 19,886.07	\$ 22,000.00	\$ 17,209.99	\$ 22,000.00		Used Previous Data
Hog/Pig Pen Rentals-\$2,000.00			\$ -		\$ 2,000.00		\$550/per show x 4 shows
Cattle Panel Rentals-\$1,000.00			\$ -		\$ 1,000.00		General Estimation
<b>Equipment Rental</b>	\$ 10,353.24	\$ 4,545.25	\$ 5,000.00	\$ 803.00	\$ 5,000.00		No data from previous year. Keeping it the same
Heavy Equipment Rental	\$ 6,353.24	\$ 4,545.25	\$ 5,000.00	\$ 803.00	\$ 5,000.00		
*Table Rentals					\$ -		Will be included in room rental- package
*Chair Rentals					\$ -		
Electrical & Extension Cords					\$ -		
Portable Bleacher Rentals	\$ 4,000.00				\$ -		
<b>Merchandise Sales</b>	\$ 7,973.28	\$ 10,058.37	\$ 15,000.00	\$ 14,231.13	\$ 16,400.00		
Shavings - \$ 15,000.00	\$ 7,973.28	\$ 10,058.37	\$ 15,000.00	\$ 13,328.50	\$ 15,000.00		Used Previous Data
Retail: DSRP Hats, Tees-\$500.00					\$ 500.00		Added for 2021-2022. Estimation
Sales Tax \$900.00				\$ 902.63	\$ 1,800.00		Used Previous Data
<b>Riding Permits</b>	\$ 12,155.00	\$ 9,903.56	\$ 10,000.00	\$ 6,807.05	\$ 10,000.00		Estimation & Previous Data
Annual Park Pass - \$4,500.00					\$ 4,500.00		
Annual Park Pass - \$4,500.00					\$ 4,500.00		
Day Pass - Indoor - \$500.00	\$ 12,155.00	\$ 9,903.56	\$ 10,000.00	\$ 6,807.05	\$ 500.00		
Day Pass - Outdoor - \$500.00					\$ 500.00		
<b>MISC.</b>	\$ 14,744.54	\$ 22,647.55	\$ 16,000.00	\$ 9,664.72	\$ 6,000.00		Used Previous Data.
<b>Staff Fees for Events</b>	\$ 2,779.22	\$ 1,186.25	\$ 3,000.00	\$ 2,483.40	\$ 3,000.00		
<b>Misc Fees</b>	\$ 2,776.21	\$ 850.00	\$ 1,000.00	\$ 1,195.00	\$ 1,000.00		
<b>Cleaning Fees</b>	\$ 4,705.28	\$ 8,789.19	\$ 10,000.00	\$ 2,050.00	\$ 25,000.00		
<b>Other Income</b>	\$ 3,195.00	\$ 10,948.78	\$ 1,000.00	\$ 3,695.00	\$ 3,000.00		
<b>Interest Income</b>	\$ 1,288.83	\$ 873.33	\$ 1,000.00	\$ 241.32	\$ 600.00		
<b>Total Revenue</b>	\$ 489,378.29	\$ 326,430.58	\$ 531,468.44	\$ 204,892.25	\$ 1,143,976.53		
<b>EXPENDITURES</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>3.31.2021</b>	<b>FY2022</b>		
<b>Advertising</b>	\$ 150.00	\$ 529.00	\$ 700.00	\$ -	\$ 6,250.00		Estimation based of previous years
Social Media Marketing (Boosts, etc.)			\$ -	\$ -			
Print Marketing (Sandwich Boards, Event Signage)-\$1,250.00		\$ 529.00	\$ 700.00	\$ -	\$ 1,250.00		
DSRP-Professional Photo Shoot for Brochures-\$3,500.00			\$ -	\$ -	\$ 3,500.00		New for this year - Talk to Lisa???
Event Signage -\$1,500.00				\$ -	\$ 1,500.00		Banners & Sandwich Board Signs
<b>Event Center Professional Memberships</b>			\$ -		\$ 777.50		
The League of Agriculture & Equine Centers			\$ -		\$ 290.00		
American Quarter Horse Association Membership (SHOT Show)			\$ -		\$ 150.00		
National Recreation & Parks Association (4x Memberships)			\$ -		\$ 337.50		
<b>Staff Development, Training and Education</b>	\$ 985.00	\$ 4,544.63	\$ 5,000.00	\$ 226.58	\$ 400.00		
The League of Agriculture Conference		\$ 4,544.63					2022-Austin, Williamson County Expo Center
Footing Academy Training & Certification	\$ 985.00		\$ 3,000.00				
NRPA Conference							
TRAPS Maintenance Rodeo			\$ 250.00	\$ 226.58			8 People to Attend (Purcell Electric will Sponsor attendance)
TRAPS Annual Conference			\$ 1,350.00				
Heavy Equipment Training & Certification			\$ 400.00		\$ 400.00		2 people x 2 certifications

Dues, Fees and Subscriptions	\$ 1,763.30	\$ 2,119.43	\$ 5,983.44	\$ 3,037.99	\$ 6,384.44	
General -	\$ 870.00	\$ 1,072.00	\$ 1,000.00	\$ 745.25	\$ 1,000.00	Same number from previous budget
Bank Fees - \$600.00	\$ 893.30	\$ 1,047.43	\$ 600.00	\$ 2,292.74	\$ 600.00	Same number from previous budget
Activenet Fees - 1.2854% - \$4383.44			\$ 4,383.44		\$ 4,384.44	Same number from previous budget
Online Job Postings (Facebook, Indeed)-\$400.00					\$ 400.00	Added for this year. Estimation off 20/21
<b>DSRP On-(Call Staff Expense?)</b>	<b>\$ 9,800.00</b>	<b>\$ 7,200.00</b>	<b>\$ 10,400.00</b>	<b>\$ 5,000.00</b>	<b>\$ 10,400.00</b>	
\$10,400.00	\$ 9,800.00	\$ 7,200.00	\$ 10,400.00	\$ 5,000.00	\$ 10,400.00	Used Previous Data
<b>IMPROVEMENTS</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>3.31.2021</b>	<b>FY2022</b>	
<b>DSRP Event Center Improvements</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,500.00</b>	"Big Ticket" Items-Per Kelly
FY 2022-Ticket + Show Office+ Office Renovatio Phase I - \$16,000			\$ 16,000.00			Previously Approved rolled over from 2021
Storage Barn/Expansion (Panels & Equipment Storage)			\$ 65,000.00			Previously Approved. Placeholder. Pricing per Terry Polk.
Event Center Air Circulation Improvement, Large Ventilation Fans			\$ 60,000.00			Previously Approved. Placeholder. Pricing per Terry Polk.
Install Fans over Stall Area & New Expansion						Quote Requested
Wayfinding Signage \$50,000						See Signge Standards Plan
Bleacher Expansion- \$57,222.00						See quote: H2I Group
Outdoor Arena Improvements (Cover, Lighting)-\$850,00.00						Placeholder. Covered Areas Scott Arnold 281-889-9758 arnold.dressage@gmail.com (220x320-Allows for Bleachers)
Outdoor Arena Improvements(Cattle Shoots, Holding Area , Round Pen)-\$500,00.00						Placeholder.
Roll Off Dumpster Area (concrete, large doors)\$25,000.00						Placeholder. Chad is trying to include this in the road improvement project.
Close in 2 Bays of Vendor Hall on West Side (Security & Storage) - \$125,00.00						Placeholder. Per Terry Polk
Front Entry Security Gate-\$250,000.00						Placeholder. Need to design before getting quote. See Ideas.
Perimeter & Entrance Fencing (RR12 & Event Ctr. Drive)					\$ 24,500.00	See Quote-Tatsh Fencing
Stall Indentification Project (Stall Card Holder & Stall # Plate)					\$ 2,000.00	See Informative Email
Climate Control-Livestock Addition Arena Area -\$500,000-600,000.00						Placeholder-Estimated by HCLE President, Jeff Dodd. He is getting pricing for us.
<b>DSRP Improvements</b>	<b>\$ 190,153.33</b>	<b>\$ 100,957.04</b>	<b>\$ 106,000.00</b>	<b>\$ 18,330.00</b>	<b>\$ 285,000.00</b>	Some of these projects have been approved, but not finished. So I included them.
FY 2020 - General Improvements \$79,957.04		\$ 79,957.04				Previously Approved. Not completed.
FY 2020 - Drainage Repair \$110,000		\$ 21,000.00				Previously Approved. Not completed.
FY 2021-Arena Audio Equipment - \$20,000						<b>In Progress</b>
FY 2022 - Drainage Repair Phase 1					\$ 125,000.00	Required upstream drainage improvements including drainage channel restoration west of the event center, box culverts to direct flow across Ranch House Road and grading of a drainage channel downstream of the box culverts to get the storm flow to the creek.
FY 2022 - Drainage Repair Phase 2					\$ 85,000.00	Rebuilding and repaving Ranch House Road from the Event Center Parking Lot to the Low Water Crossing
FY 2022 - Drainage Repair Phase 3 - \$75,000					\$ 75,000.00	Rebuilding and repaving Ranch House Road from the Low Water Crossing to the Ranch House including parking improvements at the Ranch House.
<b>MAINTENANCE</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>3.31.2021</b>	<b>FY2022</b>	
<b>Event Center General Maintenance and Repair</b>	<b>\$ 53,322.48</b>	<b>\$ 11,953.54</b>	<b>\$ 60,000.00</b>	<b>\$ 8,166.08</b>	<b>\$ 102,000.00</b>	
General - \$20,000	\$ 53,322.48	\$ 11,953.54	\$ 60,000.00	\$ 8,166.08	\$ 20,000.00	Previous Data
Fire Alarm System Replacement					\$ 50,000.00	Ask Roman -
Arena Footing Annual Replacement ( Arena Footing Maintenance) - \$10,000					\$ 10,000.00	Previous Data
Replacement of 2 AC's Annually-tbd \$50,000						Quotes have been requested-Daikin
Sealing Floor in Small Event Room-tbd					\$ 22,000.00	Quotes have been requested-Brian Wilkes
<b>Stall Cleaning &amp; Repair</b>	<b>\$ 2,048.50</b>	<b>\$ 600.00</b>	<b>\$ 2,000.00</b>	<b>\$ -</b>	<b>\$ 2,000.00</b>	
Replacing Damaged Wood-Phase 1-\$2,000.00						\$75.00 x 10 Sheets, hardware
Cleaning & Sanitizing Stall Areas-2x year-tbd		\$ 600.00	\$ 2,000.00	\$ -	\$ 2,000.00	Quote has been requested-symbiotic
<b>Small Barn Maintenance</b>	<b>\$ -</b>				<b>\$ -</b>	
Repair of Steer Holding Pens -\$2,000.00						

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<i>Estimated Cost of Maintenance (fixtures, plumbing, electrical, fencing, base material)-\$2,500.00</i>						Projected Revenue: \$7,500.00 There are maintenance projects that need attention.
<b>Ranch House Maintenance</b>	\$ -		\$ 14,850.00	\$ 15,169.27	\$ 1,000.00	<b>Item # 1.</b>
<i>General House Maintenance</i>			\$ 14,850.00	\$ 15,169.27	\$ 1,000.00	
<b>Grounds Maintenance</b>	\$ 17,170.69	\$ 15,450.00	\$ 10,230.00	\$ 6,350.00	\$ 40,916.16	
Lawn Maintenance	\$ 15,200.00	\$ 15,450.00	\$ 10,230.00	\$ 6,350.00		
<i>Annual Maintenance Contract-\$40,916.16</i>					\$ 40,916.16	Used Previous data. Craig is getting updated quote - Questioning expense
Trail Maintenance	\$ 1,970.69		-			
<i>Estimated \$2,000.00</i>						Estimated off previous data
<b>Maintenance Contracts</b>					\$ 1,744.92	
Fire Alarm System						
<i>Pinnacle Fire Prevention-Annual Maintenance Contract-\$</i>						Quote Requested-Pinnacle Fire-Nick & Cothrons Security
A/C Units-Event Center						
<i>Annual Service &amp; Repair Contract - \$1,744.92</i>					\$ 1,744.92	Daikin Quote on file
<b>Janitorial Services</b>					\$ 40,084.00	
<i>Weekly Custodial</i>					\$ 15,084.00	2x Week Deep Cleaning of Facility: Lobby, Offices, Concession Kitchen, All Bathrooms
<i>Event Custodial Services</i>					\$ 25,000.00	As Needed, per rental. Fee Passed through to rental clients. See Emily Email
<b>EQUIPMENT</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>3.31.2021</b>	<b>FY2022</b>	
<b>Ranch Equipment</b>	\$ 67,864.42	\$ 66,150.61	\$ 72,600.00	\$ 8,309.77	\$ 58,422.00	
<i>Equipment General</i>		\$ 47,101.76	\$ 10,300.00			
<i>Equipment General - 2nd Floor Scrubber for new addition\$7500</i>	\$ 50,285.72		\$ 36,300.00			Bull dog Quote on file
<i>2 Porta Cools Need @ \$2600</i>					\$ 2,600.00	1 Requested at \$2600
<i>Large Fans for Vendor Hall, concession area, barn area, bleacher area</i>					\$ 4,200.00	6 at \$700 each
<i>2nd Little Wonder stall vaccum</i>					\$ 18,622.00	Quote Requested-Leonard
<i>Small Tractor-Pull the Little Wonder</i>						Quote Requested-Leonard
<i>UTV-QUAD Replace Kioti-\$15,000.00</i>					\$ 15,000.00	Quote Requested-Leonard - Sell Kioti
<i>Panel Racks</i>						Safety Issue. Must be custom made. Have not been able to locate where to get these made. May have to be custom.
<i>Motorized Pallet Jack-\$2,599.00</i>						Requested per Nick
<i>Equipment Maintenance-\$25,000.00</i>	\$ 17,578.70	\$ 17,252.17	\$ 25,000.00	\$ 8,434.77	\$ 16,000.00	Tractors, Off road vehicles, drags, etc.
<i>Equipment Rentals for Maintenance- \$1,000.00</i>		\$ 1,796.68	\$ 1,000.00	\$ (125.00)	\$ 2,000.00	Lift-Power washing, tiller for roping boxes
<b>*AV Equipment</b>	\$ -	\$ -	\$ -	\$ -	\$ 86,500.00	
<i>AV Replacement (Event Center &amp; Arena)- \$85,000.00</i>					\$ 85,000.00	Misti Quoting-TRUE NORTH CG Quote
<i>AV System/Tower Maintenance Contract</i>						Misti Quoting
<i>AV Maintenance Supplies (Cords, etc.)</i>					\$ 500.00	Misti Quoting
<i>Microphones (Replacement, Repairs)- \$1,000.00</i>					\$ 1,000.00	
<b>VEHICLE FLEET</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>3.31.2021</b>	<b>FY2022</b>	
<b>Fleet Acquisition</b>	\$ -		\$ 42,568.00	\$ -	\$ 42,568.00	
			\$ 42,568.00			
<b>Fleet Maintenance - (1 truck - Gas, oil, vehicle repair)</b>	\$ 7,249.90	\$ 406.77	\$ 2,500.00	\$ 254.40	\$ 2,500.00	
General Fleet Maintenance	\$ 7,249.90	\$ 406.77	\$ 2,500.00	\$ 254.40		
<b>SPONSORED EVENTS &amp; PROGRAMMING</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>3.31.2021</b>	<b>FY2022</b>	
<b>Co-Sponsored Event &amp; Partnerships</b>	\$ 94.14	\$ 50.00	\$ 10,000.00		\$ 10,050.00	
<i>DSRP Fair &amp; Rodeo -\$10,000</i>	\$ 94.14	\$ 50.00			\$ 10,000.00	
<i>D Bar S Team Roping Club-\$25.00</i>					\$ 25.00	
<i>Texas Hill Country Barrel Racing Association-\$25.00</i>					\$ 25.00	
<b>*DSRP Sponsorship Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ 2,050.00	
<i>VIP Booths, Arena Signage (Banners, etc.)-\$1,500.00</i>					\$ 1,500.00	
<i>Misc. (flyers, thank you cards, etc.)-\$500.00</i>					\$ 550.00	

<b>DSRP Events</b>	\$ 50,752.08	\$ 32,541.90	\$ 39,000.00	\$ 10,711.57	\$ 40,400.00	
<b>Riding Series</b>	\$ 50,752.08	\$ 32,541.90	\$ 39,000.00	\$ 10,711.57	\$ 39,700.00	Revenue : \$82,000.00 (\$39,000= Expenses)
<i>Dressage Shows</i>						
<i>Hunter Jumper Shows</i>						
<i>Play Day Events</i>						
<i>Shot Show</i>						
<b>Community Events</b>						
<i>Spring/Fall Event</i>					\$ 700.00	Revenue: \$2,000.00 (35% Expenses)
<b>DSRP Education &amp; Programming</b>	\$ -	\$ -	\$ 24,960.00	\$ -	\$ 38,910.00	
<i>Coyote Kids Nature Camp Supplies</i>					\$ 8,250.00	11 weeks @ \$15per kid/per week includes t-shirt.
<i>Coyote Kids Nature Camp Staff</i>			\$ 24,960.00		\$ 24,960.00	
<i>Basic Horsemanship/Pony Club Clinics</i>					\$ 3,200.00	\$4,000.00 (80%=Instructor, Horses, Expenses), 20% CODS
<i>Misc. Programming-tdb</i>					\$ 2,500.00	Submitted by Emily
<b>SUPPLIES</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>03.31.2021</b>	<b>FY2022</b>	
<b>DSRP Event Center Postage</b>		\$ 5.99	\$ 100.00		\$ 100.00	
<b>Network, Communications, IT/Office Equipment</b>	\$ 2,700.35	\$ 6,863.91	\$ 12,000.00	\$ 745.25	\$ 178,304.00	
<i>Security Cameras (Loss Prevention)</i>						Craig Quoting
<i>Facility WiFi Replacement + Networking -\$175,000.00</i>					\$ 175,000.00	Misti Quoted-TNCG Quote
<i>Contracted Printer/Copier</i>						Misti Quoting
<i>Event Center Software \$6,000.00</i>						Placeholder
<i>Productive Parks Software</i>					\$ 2,104.00	
<i>DSRP Server- \$5000.00</i>						Per Misti
<i>Duraphones (Replacement, Repairs)-\$1,200.00 or cell phones</i>					\$ 1,200.00	Duraphones 3 Phones @ \$400.00 (\$2088 for cell 1st year)
<b>General Supplies</b>	\$ 20,630.47	\$ 19,292.53	\$ 30,000.00	\$ 7,108.87	\$ 38,400.00	Cleaning Supplies,Paper Goods, Rags, Gloves
<i>Consumable Supplies</i>	\$ 20,630.47	\$ 19,292.53	\$ 30,000.00	\$ 7,042.06	\$ 22,000.00	
<i>Consumable Supply Provider Contract</i>					\$ 14,400.00	Cintas Contract
<i>Water</i>					\$ 1,000.00	
<i>Ranch House Supplies</i>				\$ 66.81	\$ 1,000.00	
<b>Ranch House Furnishings &amp; Equipment Supplies</b>	\$ -	\$ -	\$ 250.00	\$ 69.99	\$ -	
<i>House Printer</i>			\$ 250.00	\$ 69.99		
<b>Rental Products</b>	\$ 368.50				\$ -	
<i>Tables &amp; Chairs (Large Event Room)-\$10,148.79</i>	\$ 368.50					Per Emily-Quote Event Stable. Move Rectangle tables to Small room. These would be for large. Includes Dollies
<b>Office Equipment &amp; Supplies</b>	\$ 1,768.82	\$ 6,216.00	\$ 5,100.00	\$ 4,566.24	\$ 6,000.00	
<i>Event, Sandwich Board &amp; Policy Signage-\$6,000.00</i>		\$ 6,216.00	\$ 5,100.00	\$ 4,566.24	\$ 6,000.00	Increase 20%
<b>Merchandise Sales &amp; Supplies</b>	\$ 9,243.00	\$ 9,594.00	\$ 7,000.00	\$ 5,699.63	\$ 8,402.63	Shavings
<i>Shavings-\$7,000.00</i>	\$ 9,243.00	\$ 9,594.00		\$ 4,797.00	\$ 7,000.00	? -May go up. Selling more shavings. Improved Loss prevention
<i>Retail: DSRP Hats, Tees-\$500.00</i>					\$ 500.00	Estimation: \$500.00
<i>Sales Tax</i>				\$ 902.63	\$ 902.63	
<b>Other Expenses</b>	\$ 1,294.12	\$ 299.07	\$ 20,500.00	\$ 64.10	\$ 2,000.00	
<i>Previously-\$20,500.00</i>		\$ 299.07	\$ 20,500.00	\$ 64.10	\$ 2,000.00	
<b>*Emergency Supplies</b>	\$ -		\$ -	\$ -	\$ 83,100.00	Per Roman
<i>Crowd Stanchions</i>					\$ 5,000.00	Uline 40-\$4560 + freight
<i>Flashlights &amp; Headlamps</i>					\$ 200.00	Amazon
<i>Portable Lights-2x</i>					\$ 13,000.00	Electric Generators Direct 2@\$6,000.00 + Freight
<i>Cots &amp; Blankets (10 Volunteers/Staff)</i>					\$ 1,500.00	10x Staff \$1500.00
<i>Solar Chargers</i>					\$ 200.00	4 @ \$50.00
<i>Portable Heaters</i>					\$ 1,000.00	Not sure what type to order
<i>Water Truck</i>					\$ 60,000.00	
<i>Livestock Water Supplies (Large Troughs, Buckets, Chains)</i>					\$ 2,200.00	\$2x \$500.00 Trough, 100 @ \$12 Buckets

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UTILITIES	FY2019	FY2020	FY2021	03.31.2021	FY2022	Increased 3%
<b>Utilities Total</b>	<b>\$ 76,706.89</b>	<b>\$ 66,828.53</b>	<b>\$ 76,080.00</b>	<b>\$ 38,414.99</b>	<b>\$ 90,325.80</b>	
Natural Gas/Propane	\$ 2,166.89	\$ 1,819.01	\$ 3,000.00	\$ 916.30	\$ 2,500.00	
Electric (Pedernales Electric)	\$ 57,364.73	\$ 55,055.38	\$ 60,000.00	\$ 28,497.54	\$ 60,000.00	
On call Phone-\$2,000.00	\$ 1,367.20		\$ 2,000.00	\$ -	\$ 2,060.00	
Water-\$10,000.00	\$ 10,652.72	\$ 7,894.14	\$ 10,000.00	\$ 3,084.15	\$ 10,300.00	
Fire Alarm-\$1080.00	\$ 1,740.00	\$ 1,280.00	\$ 1,080.00	\$ 5,527.00	\$ 1,112.40	
Phone & Internet	\$ 2,700.35				\$ 8,400.00	Misti?
Portable Toilets-\$5,780.00	\$ 715.00	\$ 780.00	\$ -	\$ 390.00	\$ 5,953.40	
<b>MISC</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>03.31.2021</b>	<b>FY2022</b>	
Mileage	\$ 1,226.77	\$ 340.50	\$ 500.00	\$ -	\$ 500.00	
TX to General Fund	\$ -	\$ 15,500.00	\$ -	\$ -	\$ -	
TXF HCLE ( Hays County Livestock Exposition Board)	\$ -	\$ 2,280.00	\$ 13,200.00	\$ -	\$ 13,200.00	
Contingencies (Emergency)	\$ 50,000.00	\$ 13,168.00	\$ 50,000.00	\$ -	\$ 50,000.00	
<b>Total Expenditures</b>	<b>\$ 565,292.76</b>	<b>\$ 382,891.45</b>	<b>\$ 621,521.44</b>	<b>\$ 132,224.73</b>	<b>\$ 1,192,089.45</b>	
Total Revenue	\$ 489,378.29	\$ 326,430.58	\$ 531,468.44	\$ 204,892.25	\$ 1,143,976.53	
Total Expenses	\$ 565,292.76	\$ 382,891.45	\$ 621,521.44	\$ 132,224.73	\$ 1,192,089.45	
Balance Forward   (Defecit)	\$ (75,914.47)	\$ (56,460.87)	\$ (90,053.00)	\$ 72,667.52	\$ (48,112.92)	193901.53

Item # 1.



# Wastewater

**Estimated Wastewater Engineering Related Budget Items for 2022**  
**October 1, 2021 - September 31, 2022**  
**City of Dripping Springs**

<b>CMA Job #</b>	<b>Item</b>	<b>Estimated Cost</b>
1431-001	Miscellaneous Construction Phase Services	\$ 5,000
1431-001	Miscellaneous Wastewater Planning Consulting	\$ 15,000
1691-001	Founder's Ridge Construction Phase Services	\$ 2,000
1697-001	Arrowhead Plan Review and Construction Phase Services	\$ 30,000
1699-001	Westwood/Scenic Greens PID WWTP and Plan Review and Planning	\$ 10,000
1732-001	TLAP Amendment Application No. 2	\$ 30,000
1734-001	Heritage PID Plan Review and Construction Phase Services	\$ 40,000
1743-001	Double L Ranch Planning	\$ 30,000
1842-001	Cannon Tract	\$ 15,000
1873-001	Howard Ranch Treated Effluent Fill Station Design and Construction Phase Services	\$ 30,000
1881-001	2nd Amendment to CIP	\$ 12,500
1900-001	Driftwood Ranch 522 Plan Review and Construction Phase Services	\$ 45,000
1913-001	Big Sky - Plan Review and Construction Phase Services	\$ 50,000
1917-001	Driftwood Creek Plan Review and Construction Phase Services	\$ 45,000
1923-001	TWDB South Regional WW System Expansion Project Management	\$ 30,000
1930-002	Caliterra Plan Review and Construction Phase Services	\$ 35,000
1950-001	TWDB West Interceptor, South Collector, LS and FM and TE Line	\$ 215,000
1951-001	TWDB East Interceptor	\$ 300,000
1952-001	TWDB Effluent Holding Pond	\$ 150,000
1953-001	TWDB WWTP Design Assistance (Influent LS and Reclaimed Water Pump Station)	\$ 15,000
1971-001	Wastewater Planning (SewerCAD)	\$ 15,000
1982-001	Water Planning	\$ 15,000
1989-001	RR 12/ FM 150 Utility Relocate (Reimbursed by Hays County)	\$ 60,000
	HDR	\$ 150,000
	Horizon	\$ 20,000
	Carollo	\$ 500,000
	SAM	\$ 50,000
	Terracon	\$ 40,000
	<b>Total 2022</b>	<b>\$ 1,954,500</b>

Notes: 1 - Reimbursed by Developer  
2 - TWDB Funded

**Estimated Wastewater Capital Budget Items for 2022**  
**October 1, 2021 - September 31, 2022**  
**City of Dripping Springs**

<b>CMA Job #</b>	<b>Item</b>	<b>Estimated Cost</b>
	Howard Ranch Treated Effluent Fill Station Construction	\$ 125,000
	TWDB West Interceptor	\$ 2,000,000
	TWDB South Collector, LS and FM and TE Line	\$ 1,500,000
	TWDB East Interceptor	\$ 25,000
	TWDB Effluent Holding Pond	\$ 1,500,000
	TWDB WWTP	\$ 25,000
	<b>Total 2022</b>	<b>\$ 5,175,000</b>

Notes: 1 - Reimbursed by Developer  
2 - TWDB Funded



**PROCLAMATION  
OF THE CITY OF DRIPPING SPRINGS  
PROCLAIMING JUNE 9, 2021, AS**

**“Juneteenth Freedom Day”**

**WHEREAS,** After the Texas Revolution ended in 1836, the Constitution of the Republic of Texas legalized slavery and forbade any slave owner from freeing slaves, so by 1860, approximately 30.2 percent of the total Texas population were slaves; and

**WHEREAS,** Researchers estimate that between 1850 and 1865, roughly 10,000 enslaved people escaped bondage by crossing the Rio Grande River to Mexico, at times with the help of poor Tejanos; and

**WHEREAS,** On January 1st, 1863, President Abraham Lincoln issued the Emancipation Proclamation, which freed slaves throughout the United States, yet slavery continued in Texas for 2.5 more years; and

**WHEREAS,** On June 19, 1865, federal authority was established in Texas when General Gordon Granger arrived in Galveston and proclaimed the end of slavery for 250,000 African Americans, as well as the end of the Confederacy; and

**WHEREAS,** Twenty-seven racist Jim Crow laws were passed in the Lone Star State between 1866 and 1958, and although African Americans were legally allowed to vote by 1870, their attempts to vote were often obstructed and suppressed by violence; and

**WHEREAS,** Thanks to the efforts of State Representative Al Edwards, the Juneteenth Emancipation Day was declared an official state holiday in Texas by Governor William P. Clements on June 13, 1979; and

**WHEREAS,** Hays County pioneers like Nelvia Odoms Burluson, who in 1980 was presented the Juneteenth proclamation for the City of San Marcos; helped keep the spirit of Juneteenth community service alive; and

**WHEREAS,** For over a decade, 94-year-old Texan Opal Lee has led a tireless campaign to make Juneteenth a national holiday; and

**WHEREAS,** During this period of national reckoning, Juneteenth offers a time for reflection, rejoicing, and healing, by remembering those rendered invisible, including the 12 enslaved individuals originally brought from the Mississippi Moss plantation in 1853-1854, who were among 37 slaves documented in our region by 1860, and with whose labor the first homes of Dripping Springs were built.

**NOW THEREFORE, BE IT PROCLAIMED BY THE CITY OF DRIPPING SPRINGS COUNCIL THAT:**

1. Saturday the 19th day of June 2021 shall be celebrated as “Juneteenth Freedom Day” in the City of Dripping Springs; and
2. The City Council invites everyone to honor this significant date - the oldest known celebration of the end of slavery in our nation - in recognition of a period in our history that shaped and continues to influence our society today.

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



# City of Dripping Springs

Post Office Box 384  
511 Mercer Street  
Dripping Springs, Texas 78620

## Agenda Item Report from: Laura Mueller – City Attorney

Council Meeting Date:	June 15, 2021
Agenda Item Wording:	<b>Approval of a Resolution of the City of Dripping Springs Consenting to the Issuance of Road Bonds by Headwaters Municipal Utility District of Hays County.</b> Applicant: Tony Corbett, McClean & Howard, L.L.C.
Agenda Item Requestor:	Applicant: Tony Corbett, McClean & Howard, L.L.C
<p><b>Summary/Background:</b></p> <p>Headwaters is a Municipal Utility District to which the City consented to the creation. The majority of the MUD is in the ETJ but the commercial portion of the district is in the City Limits. The MUD is required to get the City’s consent to all bond issuances, although the City has narrow discretion in denying the issuance.</p> <p><b>Resolution</b></p> <p>Consents to the issuance of its fifth series of road bonds in a principal amount not to exceed \$5,805,000. 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”) and \$3,740,000 Unlimited Tax Road Bonds, Series 2020A (the “Series 2020A Bonds”).</p> <p>The City’s financial advisor, Chris Lane, reviewed the bonds and she noted that: The District is about 63% developed with 341 completed homes (326 occupied; 15 for sale; 80 under construction; 21 vacant lots; 168 MF Apartment for 160 leased). Home prices range from \$370,000 to \$720,000. Estimated population is 1,141. The tax rate is \$0.90 cents and the principal tax payers are the developer and home builders which is approximately 40% of the value. They have also applied for a bond rating for this issuance.</p> <p>The City may only disapprove of bonds if the landowners or the District are in material breach of the Consent Agreement.</p>	

<b>Commission Recommendations:</b>	N/A
<b>Actions by Other Jurisdictions/Entities:</b>	N/A
<b>Previous Action:</b>	The City Consented to the Creation of the MUD in 2005 and consented to two other amendments to the Agreement. The City has consent to previous bond issuances.
<b>Recommended P&amp;Z Action:</b>	Staff recommends approval.
<b>Alternatives/Options:</b>	N/A
<b>Attachments:</b>	Third Amendment, Original Agreement, Two approved amendments.
<b>Related Documents at City Hall:</b>	N/A
<b>Public Notice Process:</b>	N/A
<b>Public Comments:</b>	N/A
<b>Next Step/Schedule:</b>	Once approved, the bonds will be issued.

**CITY OF DRIPPING SPRINGS**

**RESOLUTION 2021-R\_\_\_\_\_**

A RESOLUTION OF THE CITY OF DRIPPING SPRINGS CONSENTING TO  
THE ISSUANCE OF ROAD 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;

**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");

**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;

**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;

**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;

**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") and \$3,740,000 Unlimited Tax Road Bonds, Series 2020A (the "Series 2020A Bonds"), pursuant to the authority of the election held on November 3, 2015 as described in the paragraph above;

**WHEREAS**, the District now desires to proceed with the issuance of its fifth series of road bonds in a principal amount not to exceed \$5,805,000 (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 par amount not to exceed \$5,805,000.
3. This Resolution shall be effective upon the date of its approval.

**PASSED & APPROVED this, the 15<sup>th</sup> day of June 2021, by the City Council of Dripping Springs, Texas.**

**CITY OF DRIPPING SPRINGS:**

---

Bill Foulds, Jr. Mayor

**ATTEST:**

---

Andrea Cunningham, City Secretary



**AGREEMENT CONCERNING CREATION AND OPERATION  
OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT**

THE STATE OF TEXAS     §  
  §  
COUNTY OF HAYS         §

This Agreement Concerning Creation and Operation of Headwaters Municipal Utility District (the "Agreement") is made and entered into by and among the City of Dripping Springs, Texas (the "City"), a general law city situated in Hays County, Texas, acting herein by and through its undersigned duly authorized Mayor, as authorized by specific action of its City Council; Townes Family Trust (the "Trust") and Headwaters Development Company, a Texas Corporation (collectively, "Landowners"); and Headwaters Municipal Utility District, a municipal utility district to be created and operated pursuant to Chapters 49 and 54 of the Texas Water Code, who, after its creation and organization, will join in this Agreement for the purposes specified below; and is as follows:

**RECITALS**

- A. Landowners are the current owners of approximately 1509.68 acres, as described on Exhibit A (the "Property"). The Property lies entirely within the City's extraterritorial jurisdiction ("ETJ"). Landowners have petitioned to obtain the consent of the City for creation of a district to be known as the Headwaters Municipal Utility District over the Property. The resulting district, created with that name or such similar name as may be required by the Texas Commission on Environmental Quality ("Commission"), is referred to below as the "District."
- B. The City and Landowners have reached agreement concerning the creation of the District, including the terms under which the City will consent to creation of the District and to the inclusion of the Property within the District, and wish to set forth their agreement in writing herein.
- C. Pursuant to Section 42.042 of the Texas Local Government Code and Section 54.016, Texas Water Code, the City has consented, subject to the terms and conditions of this Agreement, to the creation of the District by Resolution adopted on January 11, 2005, in an open and duly posted public meeting of the City (the "Resolution").
- D. The District will be created by order of the Commission and will operate pursuant to Chapters 49 and 54, Texas Water Code; however, it is an essential element of the granting of the City's Consent that the contemplated District will approve this Agreement and become a party to it after creation of the District as provided herein.
- E. For and in consideration of the premises and the mutual agreements, covenants and conditions hereinafter set forth, the parties hereto hereby contract and agree as follows:

**ARTICLE I**

**CONSENT TO CREATION AND REORGANIZATION  
OF DISTRICT BOUNDARIES**

The City consents to creation of the District over the boundaries described earlier as the Property.

**ARTICLE II**

**THE DEVELOPMENT AGREEMENT**

Landowners and City have entered into a separate agreement titled "The Headwaters at Barton Creek Development Agreement," Drippings Springs City Secretary Contract No. \_\_\_\_\_, (the "Development Agreement.") regarding the proposed development within the District (the "Project"), which provides for orderly development of the Project, which may include mixed use development, including but not limited to, single family residential homes and commercial development. A copy of the Development Agreement is attached hereto as **Exhibit B**.

**ARTICLE III**

**ISSUANCE OF BONDS BY DISTRICTS**

A. The District may issue bonds as permitted by law and as allowed by the City pursuant to this Agreement.

B. Pursuant to Section 54.016, the parties agree that the purposes for which the District's bonds, or other lawful obligations to be issued by the District, may be issued are limited to the purposes of purchase, conservation, construction, acquisition, repair, extension and improvement of land, easements, works, improvements, facilities, plants, equipment and appliances, and associated professional and licensing or permitting fees and the refunding of such bonds, necessary.

1. To provide a water supply for municipal uses, domestic uses and commercial purposes;
2. To collect, transport, process, dispose of and control all domestic, commercial, industrial or communal wastes, whether in fluid, solid or composite state;
3. To gather, conduct, divert and control local storm water or other local harmful excesses of water in the District, related water quality facilities, and/or the payment of organization expenses, operation expenses during construction, and interest during construction;

4. To provide open space, conservation land, mitigation land, easements, parks and other recreational facilities as may be consistent with City ordinances and authorized pursuant to Chapters 49 and 54 of the Texas Water Code; and

5. To provide any other facilities, amenities and/or improvements that benefit the Property within the District, that are consistent with City ordinances, and that qualify for developer reimbursement pursuant to rules promulgated by the Commission.

C. The District agrees that it shall issue bonds only in the maximum amount of \$40,000,000 for the purpose of providing for construction or acquisition of water, sanitary sewer, fire protection or drainage facilities, or contract rights therefore and the purposes set out in Article III (the "Facilities"), and in the manner provided by the Commission and as permitted herein. The District shall submit to the City Administrator for City staff review a copy of the bond application, including the engineering report, at the time the District submits the same to the Commission. All bonds of the District shall be approved by the City Council prior to issuance. However, all bonds shall be deemed approved unless the City Council acts to expressly disapprove of the bonds within sixty (60) days after submission of the complete bond application to the City. Such disapproval shall only be in the event that either the landowners or the District is in material breach of this Agreement or the Development Agreement. Issuance of bonds is also contingent upon fees in escrow accounts being current.

D. The District further agrees to the following restrictions on the sale of, and on the terms and provisions of, District bonds, warrants or other obligations and notes (the "District Bonds") that are issued to provide service to the Property, so long as the restrictions do not generally render the bonds and notes unmarketable. The City may obtain the recommendation of the City's Financial Advisor, that the sale and amount of each particular bond issue is feasible and prudent based upon a number of considerations including, but not limited to any overlapping tax rates, the number of homes occupied, taxpayer concentrations and ratio of debt to assessed valuation within the District, and compliance with Commission rules. Further, unless the following conditions are waived by the City based on the advice of its Financial Advisor, the parties agree that the District Bonds:

1. are limited to a maximum maturity of 25 years;
2. may not have interest rates that exceed 2% above the weekly tax exempt Bond Buyer Index for 25 year revenue bonds;
3. may not be issued if the District's debt to certified taxable assessed valuation, as determined by the records of the Hays County Appraisal District, will exceed 25 percent upon issuance;
4. must have amortization that results in approximately level debt service payments considering all bond issues, except for an initial period of interest only payments; and
5. shall contain call redemption features.
6. may be refunded and additional bonds may be issued as refunding bonds.

E. One of the purposes of this Agreement is to authorize the District and the City, pursuant to the provisions of Section 54.016 of the Texas Water Code that allow a district and a city to contract regarding annexation, to enter into a binding contract regarding the terms and conditions of annexation of areas within the District by the City. The parties acknowledge that the City may annex area within the District in the future and the terms and conditions of the parties' agreement regarding annexation are contained within the Development Agreement. Accordingly, the Parties agree as follows:

1. If the City annexes the entire area in the District, the City will succeed to all the powers, duties, assets and obligations of the District, including but not limited to any rights and obligations under valid and duly-authorized contracts entered into by the District prior to the first notice of annexation (e.g., developer reimbursement agreement). The District will not enter into any developer reimbursement agreements or agreements for new projects or extraordinary expenses, except as necessary for continued operation and maintenance of existing District Facilities, after publication of the first notice of proposed annexation. The District further agrees that any agreements with the District in violation of this requirement shall be void.

2. Alternatively, subject to the terms of the Development Agreement, the City may exercise any options available under Chapter 43 of the Texas Local Government Code, or similar annexation laws of the State of Texas, that are in effect with regard to the provision of water and/or sewer service to areas within Municipal Utility Districts that are annexed by cities.

3. After annexation, the City may set rates for water and/or sewer services for property that was within the District at the time of annexation which may include a surcharge in addition to the rates charged to other ratepayers of the City for the purpose of wholly or partially compensating the City for the assumption of the District's obligations. Such additional surcharges shall be calculated solely to recover those District debts and other obligations assumed by the City upon annexation which are not covered by any increase in the City's ad valorem tax revenue arising out of the annexation. The surcharge may continue for thirty (30) years after the initial District debt is issued or until the bonded indebtedness of the District has been retired, whichever occurs last, but in no case for a longer period of time than is necessary to wholly compensate the City for its assumption of the obligations of the District. The District shall comply with all of the requirements of Section 54.016(h), or such similar laws as may be in effect, regarding filing with the county clerk a duly affirmed and acknowledged statement which includes certain notice information to purchasers of property regarding the City's right to collect this surcharge.

F. The District may negotiate and enter into developer reimbursement agreements, provided that the District will give the City the opportunity to review and provide comments to the District on such developer reimbursement agreements.

G. The District, after its creation, shall proceed to obtain the necessary authorization for and to issue District bonds for the financing of the acquisition or construction of the Facilities

to the extent and as permitted by laws applicable to the District. The City hereby consents to the issuance of the District's bonds to the extent, for the purposes, and in the manner described in this Agreement.

#### ARTICLE IV

#### CONSTRUCTION AND ACQUISITION OF FACILITIES

A. Landowners and the District shall cause the Facilities to be designed and constructed or acquired within or for the District in accordance with the plans prepared by the engineer for Landowners or the District, and approved as hereinafter provided.

B. The City has applied for and intends to obtain a Certificate of Convenience and Necessity ("CCN") from the Commission to become the retail provider of potable water to the Project. As allowed by law, including section 402.014 of the Local Government Code, the District will construct the water distribution system for the City to serve the District. The City and the District will set forth the terms under which the District will be the City's operations and maintenance contractor related to the City's provision of retail water service to the Property pursuant to the CCN in a separate interlocal agreement, to be attached hereto as **Exhibit B** (the "O&M Agreement").

C. The Landowners and the District will construct all facilities and infrastructure to serve the land within the District in accordance with plans and specifications that have been approved by the City, pursuant to City ordinance, as amended from time to time including those pertaining to utility design, construction and installation requirements. The City shall have the right to inspect, at reasonable times, all facilities being constructed by the Landowners or the District. The City agrees to timely review all plans and specifications provided by the Landowners or the District in a timely manner and pursuant to the procedures set forth in City ordinances and guidelines; not to unreasonably withhold its approval of such plans and specifications; and to conduct its inspections of ongoing construction in a manner that minimizes interference with such construction. Construction or acquisition of any of the Facilities within or for the District shall not commence unless the plans and specifications for them have been reviewed and approved by the City and any other governmental entities having governmental jurisdiction or contractual rights to do so. No additional fees for the foregoing inspections and reviews by the City will be charged pursuant to this Agreement; the parties intend that all such fees are to be assessed and paid pursuant to the Development Agreement and the O&M Agreement.

#### ARTICLE V

#### OPERATION AND MAINTENANCE OF THE DISTRICT FACILITIES

A. Subject to the terms of the O&M Agreement, the District may operate and maintain the Facilities serving the District or the District may contract in any manner allowed by law for the operation and maintenance of same. All water and sanitary sewer connections within the District shall be inspected by the District for compliance with the requirements of the Uniform Plumbing Code or its successor regulations and the City's local amendments thereto,

the water and sanitary sewer service detail promulgated by the City and the requirements of the Commission.

B. Every year, the District shall file with the City Administrator a copy of its annual audit and a copy of its proposed budget for the following year showing expenses, income and revenue.

#### **ARTICLE VI**

##### **AREA OF, AND LIMITATIONS ON, SERVICE**

Unless the prior approval of the City Council of the City is obtained, the District shall not: (1) construct, acquire or install Facilities to serve areas outside the District; (2) sell or deliver water or wastewater service to areas outside the District; or (3) annex any additional lands to the District. Any land for which annexation to the District or out-of-district service is hereafter requested and approved shall be subject to the terms of this Agreement.

#### **ARTICLE VII**

##### **ANNEXATION OF THE DISTRICT BY THE CITY**

A. The parties hereto acknowledge and agree that the Property lies, and will continue to lie, wholly within the ETJ of the City; is not bordered by another city, town, or village; and is not currently anticipated to be scheduled for annexation by the City in accordance with any annexation plan of the City. The parties further acknowledge that the creation of the District, and the City's consent thereto, are for the purpose of promoting the orderly development and extension of City services to the Property.

B. In furtherance of the purposes of this Agreement, the District and Landowners, and their respective successors and assigns, covenant and agree to the extent allowed by law that, except upon written consent of the City Council of the City or as otherwise set forth in Subsection C. below they will not: (1) seek or support any effort to incorporate any of the Property, or any part thereof; or (2) sign, join in, associate with or direct to be signed any petition seeking to incorporate any of the Property or to include any of the Property within the boundaries of any other district, incorporated entity, or political subdivision of the State of Texas.

#### **ARTICLE XI**

##### **SEVERABILITY AND ENFORCEABILITY**

The provisions of this Agreement are severable and, in the event any word, phrase, clause, sentence, paragraph, section or other provision of this Agreement, or the application thereof to any person or circumstance, shall ever be held or determined to be invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall remain in full force and effect and the application thereof to any other person or circumstance shall not be affected thereby.

**ARTICLE XII**

**ASSIGNMENT OF AGREEMENT**

Neither the District nor the City shall assign this Agreement without written consent of each of the other parties hereto. Landowners shall not assign this Agreement without written consent of the City, except that Landowners are specifically authorized to assign this Agreement to the District upon its creation; provided, however, that such assignment shall not relieve Landowners or any successors or assigns from their obligations hereunder. It is specifically intended that this Agreement and all terms, conditions and covenants herein shall survive a transfer, conveyance or assignment occasioned by the exercise of foreclosure of lien rights by a creditor or a party hereto, whether judicial or non-judicial.

**ARTICLE XIII**

**TERM OF AGREEMENT**

This Agreement shall be effective from the date of execution hereof by the City and Landowners, and shall continue in effect until the District is annexed and dissolved by the City.

**ARTICLE XIV**

**BENEFITS OF AGREEMENT**

This Agreement is for the benefit of the City, the District and the Landowners, their successors and assigns, and shall not be construed to confer any benefit on any other party except as expressly provided herein.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its undersigned duly authorized representative in multiple copies, each of equal dignity, on the date or dates indicated below.

Dated effective January 11, 2005.

CITY OF DRIPPING SPRINGS

By: Todd Purcell  
Name: Todd Purcell  
Its: Mayor

ATTEST:

By: Amanda Craig  
Name: Amanda Craig  
Its: City Secretary

HEADWATERS DEVELOPMENT COMPANY

By: \_\_\_\_\_  
Name: Edward R. Rathgeber  
Its: President

TOWNES FAMILY TRUST

By: \_\_\_\_\_  
Name: Susan Townes Gesford

By: \_\_\_\_\_  
Name: Goss Townes

By: \_\_\_\_\_  
Name: Townes G. Pressler



**EXHIBIT "A"**

**To the RESOLUTION GRANTING THE CONSENT OF  
THE CITY OF DRIPPING SPRINGS TO THE CREATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT,  
SUBJECT TO VARIOUS TERMS AND CONDITIONS**

**Description of the Land to be Included in the District**

The land to be included in the District, which also is described in the Petition, consists of:

1539.46 acres of land, more or less, located in Hays County, Texas, being more fully described in the attached metes and bounds description;

**SAVE AND EXCEPT** 29.78 acres of land, more or less, located in Hays County, Texas, and also more fully described in the attached metes and bounds description;

Comprising a total of 1509.68 Acres of land, more or less, situated in Hays County, Texas.

**EXHIBIT "B"**  
**Development Agreement**

(attach City Secretary Contract No. titled "The Headwaters at Barton Creek Development Agreement between City of Dripping Springs and Townes Family Trust and Headwaters Development Co., dated January 11, 2005)

**FIRST AMENDMENT TO AGREEMENT CONCERNING CREATION  
AND OPERATION OF HEADWATERS MUNICIPAL UTILITY DISTRICT**

State of Texas           §  
                                  §  
County of Hays         §

This First Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District (the "First Amendment") is made and entered into by and among the City of Dripping Springs, Texas (the "City"), a general law city situated in Hays County, Texas, Townes Family Trust (the "Trust"), Headwaters Development Co., a Texas corporation (collectively "Landowners"), and Headwaters Municipal Utility District, a municipal utility district organized and operating in Hays County, Texas (the "District"), is as follows:

**RECITALS**

- A. City and Landowners have previously entered into the Agreement for the Creation and Operation of Headwaters Municipal Utility District (the "Agreement"), approved by the Dripping Springs City Council on January 11, 2005.
- B. The Texas Commission on Environmental Quality ("Commission") approved the Landowner's application for the creation of Headwaters Municipal Utility District ("District") on August 8, 2007 and the District has been approved by the voters and has commenced operation.
- C. Before the District was created, a portion of the land over which the District was created was annexed into the corporate limits of the City, as authorized by the April 13, 2005 "Headwaters at Barton Creek Development Agreement between City of Dripping Springs and Townes Family Trust and Headwaters Development Company" ("Development Agreement") regarding certain property described in the Development Agreement recorded in the Official Public Records of Hays County, Texas in Volume 265, page 649, which property description is incorporated herein as the "Property"
- D. The District wishes to ratify and join in the Agreement.
- E. The Parties desire to amend portions of the Agreement.

NOW THEREFORE, for an in consideration of their mutual covenants and agreements, the Parties agree as follows:

**AMENDMENT ARTICLE 1**

The District consents to, adopts and joins as a Party to the Agreement, to be bound in all respects by the terms applicable to the District. Capitalized terms in this First Amendment have the same meaning that they have in the Agreement. Owner agrees to reimburse the City for professional fees incurred by the City in negotiating and preparing this First Amendment.

## AMENDMENT ARTICLE 2

Article III, Section C, is deleted and amended and replaced with the following:

C. The District agrees that it shall issue bonds only in the maximum amount of \$58,000,000 for the purpose of providing for construction or acquisition of water, sanitary sewer, fire protection or drainage facilities, or contract rights therefore, and the purposes set out in Article III (the "Facilities"), and for the payment of creation, organization, and other costs and expenses reimbursable under the rules of TCEQ, and in the manner provided by the Commission and as permitted herein. The District shall submit to the City Administrator for City staff review a copy of the bond application, including the engineering report, at the time the District submits the same to the Commission. All bonds of the District shall be approved by the City Council of the City prior to issuance. Review for such approval shall be performed by the City in a timely manner so as not to delay the TCEQ's schedule for approval of the District's bonds. In addition, such approval shall not be unreasonably withheld or delayed and may be withheld only if either Landowners or the District is in material breach of this Agreement or the Development Agreement. Issuance of bonds is also contingent upon fees in escrow accounts being current.

## AMENDMENT ARTICLE 3

Article III, Section C, is amended to add the following at the end of the section:

City agrees that the rights and obligations under the Agreement may be assigned to Rathgeber Investment Company, Ltd. City further agrees that portions of the rights and obligations under the Agreement may be further assigned in whole or in part by Rathgeber Investment Company, Ltd. to any person or entity ("Assignee"), under the following conditions:

- a. Assignee is a successor owner of all or any part of the Property;
- b. The assignment is in writing executed by the Assignor and Assignee;
- c. Assignee expressly assumes the obligations under the Agreement with regard to the portion of the Property owned by Assignee; and
- d. A copy of the fully executed assignment is provided to the City within fifteen (15) days after execution.

## AMENDMENT ARTICLE 4

Article VII, Section A, is deleted and amended and replaced with the following:

A. The parties hereto acknowledge and agree that, except for the 176.409 acre tract of the Property that was annexed by the City on August 14, 2007, the Property lies, and will continue to lie, wholly within the ETJ of the City; is not bordered by another city, town, or village; and is not

currently anticipated to be scheduled for annexation by the City in accordance with any annexation plan of the City. The parties further acknowledge and agree that the creation of the District, and the City's consent thereto, are for the purpose of promoting the orderly development and extension of City services to the Property. Finally, the parties acknowledge and agree that, when the entirety of the Property has been annexed by the City subject to the terms of the Development Agreement, then the District shall dissolve and cease to exist, and no portion of the District shall then exist or continue to exist within the City limits.

The parties now ratify and confirm that the Agreement, as amended by this First Amendment, is in full force and effect and is binding on all parties. The Effective Date of this First Amendment is June 10, 2008.

**CITY OF DRIPPING SPRINGS:**

**Attest:**

*Jo Ann Touchstone*  
Jo Ann Touchstone  
City Secretary

By: *Todd Purcell*  
Todd Purcell, Mayor

Date: 8/15/08

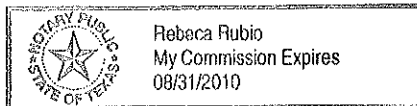
STATE OF TEXAS

§  
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§

COUNTY OF Hays

This instrument was acknowledged before me on this 15<sup>th</sup> day of August, 2008 by Todd Purcell, Mayor of the City of Dripping Springs, Texas, a Texas municipality, on behalf of said city.

*Rebeca Rubio*  
Notary Public's Signature



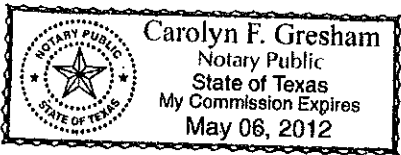
**HEADWATERS MUNICIPAL UTILITY DISTRICT:**

By: *Jeremy Martin*  
Jeremy Martin, President

STATE OF TEXAS  
COUNTY OF TRAVIS

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§

This instrument was acknowledged before me on this 14th day of July, 2008 by Jeremy Martin, President of Headwaters Municipal Utility District, a Texas corporation, on behalf of said corporation.



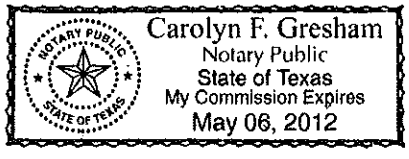
*Carolyn F. Gresham*  
Notary Public's Signature

**HEADWATERS DEVELOPMENT CO.:**

By: *Edward R. Rathgeber*  
Edward R. Rathgeber, President

STATE OF TEXAS                   §  
  §  
COUNTY OF TRAVIS           §

This instrument was acknowledged before me on this 12th day of July, 2008 by Edward R. Rathgeber, President of Headwaters Development Co., a Texas corporation, on behalf of said corporation.



*Carolyn F. Gresham*  
Notary Public's Signature

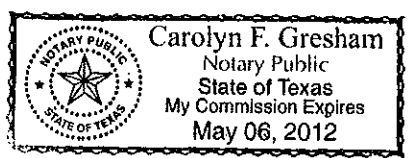
**RATHGEBER INVESTMENT COMPANY, LTD.**

By: **Rathgeber Investment G.P., Inc.,**  
its general partner

By: *Edward R. Rathgeber*  
Edward R. Rathgeber, President

STATE OF TEXAS                   §  
  §  
COUNTY OF TRAVIS           §

This instrument was acknowledged before me on this 12th day of July, 2008 by Edward R. Rathgeber, President of Rathgeber Investment Company, Ltd., a Texas corporation, on behalf of said corporation.



*Carolyn F. Gresham*  
Notary Public's Signature

Jul 17 08 02:47p  
Jul 17 2008 2:53PM

Susan Gesford  
HP LASERJET FAX

936-365-2244

P. 2  
P. 2

Item # 3.

**TOWNES FAMILY TRUST**

By: *Susan Townes Gesford*  
Name: **Susan Townes Gesford, Trustee**

STATE OF TEXAS

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§

COUNTY OF Harris

This instrument was executed before me by Susan Townes Gesford, as Trustee of the Townes Family Trust on this the 17<sup>th</sup> day of July, 2008.

*Peggy Haymon*  
Notary Public, State of Texas



**SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT**



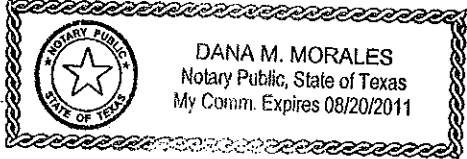
**TOWNES FAMILY TRUST**

By: Karen L. Aidman, Trustee  
Name: Karen L. Aidman, Trustee

STATE OF TEXAS                   §  
  §  
COUNTY OF Travis           §

This instrument was executed before me by Karen L. Aidman, as Trustee of the Townes Family Trust on this the 22 day of July, 2008.

Dana M. Morales  
Notary Public, State of Texas



**SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT**

TOWNES FAMILY TRUST

By: *Townes G. Pressler*  
Name: Townes G. Pressler, Trustee

STATE OF TEXAS

COUNTY OF HARRIS

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This instrument was executed before me by Townes G. Pressler, as Trustee of the Townes Family Trust on this the 17<sup>th</sup> day of July, 2008.



*Peggy Haymon*  
Notary Public, State of Texas

SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT

**FIRST AMENDMENT TO AGREEMENT CONCERNING CREATION  
AND OPERATION OF HEADWATERS MUNICIPAL UTILITY DISTRICT**

State of Texas           §  
                                  §  
County of Hays         §

This First Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District (the "First Amendment") is made and entered into by and among the City of Dripping Springs, Texas (the "City"), a general law city situated in Hays County, Texas, Townes Family Trust (the "Trust"), Headwaters Development Co., a Texas corporation (collectively "Landowners"), and Headwaters Municipal Utility District, a municipal utility district organized and operating in Hays County, Texas (the "District"), is as follows:

**RECITALS**

- A. City and Landowners have previously entered into the Agreement for the Creation and Operation of Headwaters Municipal Utility District (the "Agreement"), approved by the Dripping Springs City Council on January 11, 2005.
- B. The Texas Commission on Environmental Quality ("Commission") approved the Landowner's application for the creation of Headwaters Municipal Utility District ("District") on August 8, 2007 and the District has been approved by the voters and has commenced operation.
- C. Before the District was created, a portion of the land over which the District was created was annexed into the corporate limits of the City, as authorized by the April 13, 2005 "Headwaters at Barton Creek Development Agreement between City of Dripping Springs and Townes Family Trust and Headwaters Development Company" ("Development Agreement") regarding certain property described in the Development Agreement recorded in the Official Public Records of Hays County, Texas in Volume 265, page 649, which property description is incorporated herein as the "Property"
- D. The District wishes to ratify and join in the Agreement.
- E. The Parties desire to amend portions of the Agreement.

NOW THEREFORE, for an in consideration of their mutual covenants and agreements, the Parties agree as follows:

**AMENDMENT ARTICLE 1**

The District consents to, adopts and joins as a Party to the Agreement, to be bound in all respects by the terms applicable to the District. Capitalized terms in this First Amendment have the same meaning that they have in the Agreement. Owner agrees to reimburse the City for professional fees incurred by the City in negotiating and preparing this First Amendment.

## AMENDMENT ARTICLE 2

Article III, Section C, is deleted and amended and replaced with the following:

C. The District agrees that it shall issue bonds only in the maximum amount of \$58,000,000 for the purpose of providing for construction or acquisition of water, sanitary sewer, fire protection or drainage facilities, or contract rights therefore, and the purposes set out in Article III (the "Facilities"), and for the payment of creation, organization, and other costs and expenses reimbursable under the rules of TCEQ, and in the manner provided by the Commission and as permitted herein. The District shall submit to the City Administrator for City staff review a copy of the bond application, including the engineering report, at the time the District submits the same to the Commission. All bonds of the District shall be approved by the City Council of the City prior to issuance. Review for such approval shall be performed by the City in a timely manner so as not to delay the TCEQ's schedule for approval of the District's bonds. In addition, such approval shall not be unreasonably withheld or delayed and may be withheld only if either Landowners or the District is in material breach of this Agreement or the Development Agreement. Issuance of bonds is also contingent upon fees in escrow accounts being current.

## AMENDMENT ARTICLE 3

Article III, Section C, is amended to add the following at the end of the section:

City agrees that the rights and obligations under the Agreement may be assigned to Rathgeber Investment Company, Ltd. City further agrees that portions of the rights and obligations under the Agreement may be further assigned in whole or in part by Rathgeber Investment Company, Ltd. to any person or entity ("Assignee"), under the following conditions:

- a. Assignee is a successor owner of all or any part of the Property;
- b. The assignment is in writing executed by the Assignor and Assignee;
- c. Assignee expressly assumes the obligations under the Agreement with regard to the portion of the Property owned by Assignee; and
- d. A copy of the fully executed assignment is provided to the City within fifteen (15) days after execution.

## AMENDMENT ARTICLE 4

Article VII, Section A, is deleted and amended and replaced with the following:

A. The parties hereto acknowledge and agree that, except for the 176.409 acre tract of the Property that was annexed by the City on August 14, 2007, the Property lies, and will continue to lie, wholly within the ETJ of the City; is not bordered by another city, town, or village; and is not

currently anticipated to be scheduled for annexation by the City in accordance with any annexation plan of the City. The parties further acknowledge and agree that the creation of the District, and the City's consent thereto, are for the purpose of promoting the orderly development and extension of City services to the Property. Finally, the parties acknowledge and agree that, when the entirety of the Property has been annexed by the City subject to the terms of the Development Agreement, then the District shall dissolve and cease to exist, and no portion of the District shall then exist or continue to exist within the City limits.

The parties now ratify and confirm that the Agreement, as amended by this First Amendment, is in full force and effect and is binding on all parties. The Effective Date of this First Amendment is June 10, 2008.

**CITY OF DRIPPING SPRINGS:**

**Attest:**

*Jo Ann Touchstone*  
Jo Ann Touchstone  
City Secretary

By: *Todd Purcell*  
Todd Purcell, Mayor

Date: 8/15/08

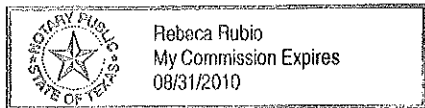
STATE OF TEXAS

§  
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§

COUNTY OF Hays

This instrument was acknowledged before me on this 15<sup>th</sup> day of August, 2008 by Todd Purcell, Mayor of the City of Dripping Springs, Texas, a Texas municipality, on behalf of said city.

*Rebeca Rubio*  
Notary Public's Signature



**HEADWATERS MUNICIPAL UTILITY DISTRICT:**

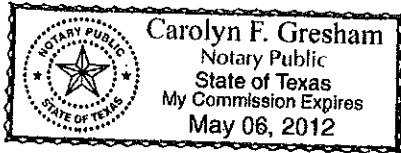
By: *Jeremy Martin*  
Jeremy Martin, President

STATE OF TEXAS

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COUNTY OF TRAVIS

This instrument was acknowledged before me on this 14th day of July, 2008 by Jeremy Martin, President of Headwaters Municipal Utility District, a Texas corporation, on behalf of said corporation.



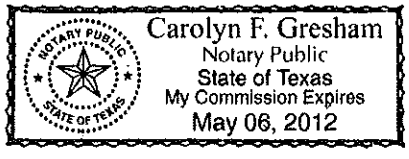
*Carolyn F. Gresham*  
Notary Public's Signature

**HEADWATERS DEVELOPMENT CO.:**

By: *Edward R. Rathgeber*  
Edward R. Rathgeber, President

STATE OF TEXAS                   §  
  §  
COUNTY OF TRAVIS           §

This instrument was acknowledged before me on this 12th day of July, 2008 by Edward R. Rathgeber, President of Headwaters Development Co., a Texas corporation, on behalf of said corporation.



*Carolyn F. Gresham*  
Notary Public's Signature

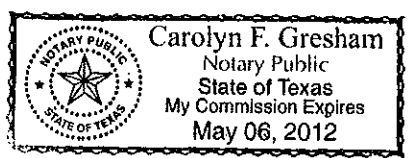
**RATHGEBER INVESTMENT COMPANY, LTD.**

By: **Rathgeber Investment G.P., Inc.,**  
its general partner

By: *Edward R. Rathgeber*  
Edward R. Rathgeber, President

STATE OF TEXAS                   §  
  §  
COUNTY OF TRAVIS           §

This instrument was acknowledged before me on this 12th day of July, 2008 by Edward R. Rathgeber, President of Rathgeber Investment Company, Ltd., a Texas corporation, on behalf of said corporation.



*Carolyn F. Gresham*  
Notary Public's Signature

Jul 17 08 02:47p  
Jul 17 2008 2:43PM

Susan Gesford  
HP LASERJET FAX

936-365-2244

P. 2  
P. 2

Item # 3.

**TOWNES FAMILY TRUST**

By: *Susan Townes Gesford*  
Name: **Susan Townes Gesford, Trustee**

STATE OF TEXAS

§  
§  
§

COUNTY OF Harris

This instrument was executed before me by Susan Townes Gesford, as Trustee of the Townes Family Trust on this the 17<sup>th</sup> day of July, 2008.

*Peggy Haymon*  
Notary Public, State of Texas



**SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT**



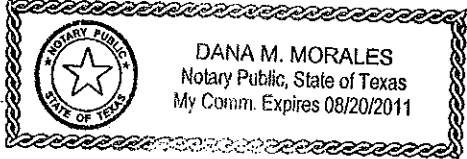
**TOWNES FAMILY TRUST**

By: Karen L. Aidman, Trustee  
Name: Karen L. Aidman, Trustee

STATE OF TEXAS                   §  
   §  
COUNTY OF Travis           §

This instrument was executed before me by Karen L. Aidman, as Trustee of the Townes Family Trust on this the 22 day of July, 2008.

Dana M. Morales  
Notary Public, State of Texas



**SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT**

TOWNES FAMILY TRUST

By: *Townes G. Pressler*  
Name: Townes G. Pressler, Trustee

STATE OF TEXAS

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§

COUNTY OF HARRIS

This instrument was executed before me by Townes G. Pressler, as Trustee of the Townes Family Trust on this the 17<sup>th</sup> day of July, 2008.



*Peggy Haymon*  
Notary Public, State of Texas

SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT

\*\*\*\* Electronically Filed Document \*\*\*\*

Hays County Texas  
Liz Q. Gonzalez  
County Clerk

Document Number: 2015-15031503  
Recorded As : ELECTRONIC RECORDING

Recorded On: October 01, 2015  
Recorded At: 02:41:29 pm  
Number of Pages: 14  
Book-VI/Pg: Bk-OPR VI-5339 Pg-649  
Recording Fee: \$74.00

Parties:

Direct- WFC HEADWATER OWNER VII LP  
Indirect- DRIPPING SPRINGS CITY OF

Receipt Number: 410167  
Processed By: Rose Robinson

\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY  
because of color or race is invalid and unenforceable under federal law.



I hereby certify that this instrument was filed for record in my office on the date and time stamped hereon and was recorded on the volume and page of the named records of Hays County, Texas

*Liz Q. Gonzalez*

Liz Q. Gonzalez, County Clerk

**SECOND AMENDMENT TO AGREEMENT CONCERNING CREATION AND OPERATION  
OF HEADWATERS MUNICIPAL UTILITY DISTRICT**

THIS SECOND AMENDMENT TO AGREEMENT CONCERNING CREATION AND OPERATION OF HEADWATERS MUNICIPAL UTILITY DISTRICT ("Second Amendment") is made and entered into by and among: (i) the City of Dripping Springs, Texas (the "City"), (ii) WFC Headwaters Owner VII, L.P., a Delaware limited partnership registered to do business in Texas ("WFC"), (iii) Rathgeber Investment Company, Ltd. ("Rathgeber"), (iv) E.E. Townes Family Trust ("Trust") and (v) Headwaters Municipal Utility District, a municipal utility district organized and operating in Hays County, Texas pursuant to Chapters 49 and 54 of the Texas Water Code (the "District"). (The City, WFC, Rathgeber, Trust and the District are hereinafter sometimes collectively referred to as the "Parties" and singularly as a "Party").

**RECITALS:**

A. Effective February 8, 2005, the City, the Trust, Headwaters Development Company, a Texas corporation ("Headwaters"), and the District entered into that certain Agreement Concerning Creation and Operation of Headwaters Municipal Utility District ("Creation Agreement"), Trust and Headwaters being then owners of land in the District.

B. Effective June 10, 2008, the City, Trust, Headwaters and the District entered into that certain First Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District (the "First Amendment"). The Creation Agreement, as amended by the First Amendment, is hereinafter referred to as the "Agreement."

C. In accordance with the terms of the Agreement, Headwaters previously assigned its rights and obligations under the Agreement to Rathgeber Investment Company, Ltd. ("RIC"), RIC subsequently assigned its rights and interests under the Agreement to HABC, Ltd., ("HABC") in connection with the conveyance of certain real property to HABC; HABC subsequently assigned its rights and interests under the Agreement to Robert Pittenger Company, Inc. ("Pittenger"); Pittenger assigned its rights and interests under the Agreement to Austin-Highway 290 LLC ("Austin-Highway 290"); and Austin-Highway 290 assigned its rights and interests under the Agreement to WFC.

D. The Parties desire to amend portions of the Agreement relating to the District's authority to issue bonds.

**AGREEMENT**

**NOW, THEREFORE**, for and in consideration of their mutual covenants and agreements, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **District Bonds**. The Parties agree that Article III, Section C, of the Agreement is hereby amended to read in its entirety as follows:

"C. The District agrees that it shall issue bonds only in the maximum amount of \$80,000,000 for the purpose of: (i) providing for construction or acquisition of water, sanitary sewer, fire protection or drainage facilities, or contract rights therefor; (ii) the

purposes set out in Article III (the "Facilities"); (iii) for the payment of creation, organization, and other costs and expenses reimbursable under the rules of TCEQ, and in the manner provided by the Commission and as permitted herein; and (iv) to finance costs relating to road projects in the event the District secures road district powers under Section 52, Article III, Texas Constitution. The District shall submit to the City Administrator for City staff review a copy of the bond application, including the engineering report, at the time the District submits the same to the Commission for any bonds subject to review and approval by the Commission. All bonds of the District shall be approved by the City Council of the City prior to issuance. Review for such approval shall be performed by the City in a timely manner so as not to delay the TCEQ's schedule for approval of the District's bonds (if applicable). In addition, such approval shall not be unreasonably withheld or delayed and may be withheld only if either Landowners or the District is in material breach of this Agreement or the Development Agreement. Issuance of bonds is also contingent upon fees in escrow accounts being current."

2. **Road District Powers.** The Agreement is hereby amended to include a new Article XV to read in its entirety as follows:

**"ARTICLE XV**

**ROAD DISTRICT POWERS**

A. The City hereby consents to the acquisition and exercise of road district powers by the District under Section 52, Article III, Texas Constitution. The City agrees that the District may secure such powers by application to TCEQ pursuant to Section 54.234 of the Texas Water Code or by special act of the Legislature.

B. Simultaneously with approval of this Second Amendment, the City shall adopt a Resolution substantially in the form attached hereto as **Exhibit "A"** supporting the passage of legislation granting road district powers to the District. Upon request of the District, the City agrees to otherwise reasonably cooperate with and support the acquisition of road district powers by the District."

3. **Capitalized Terms.** Except as otherwise defined herein, all capitalized terms shall have the meanings set forth in the Agreement.
4. **Effect on Agreement.** Except as specifically modified by this Second Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this Second Amendment effective as of July 28th, 2015.

WFC:

WFC HEADWATERS OWNER VII, L.P.,  
a Delaware limited partnership

By: WFC Headwaters Holdings GP VII, L.L.C.,  
a Delaware limited liability company,  
its General Partner

By: WFC Headwaters Holdings JV VII, L.L.C.,  
a Delaware limited liability company,  
its Sole Member


By: [Signature]  
Name: Jesse R Baker  
Title: Authorized Signatory

STATE OF Massachusetts §  
COUNTY OF Suffolk §

This instrument was acknowledged before me on February 3, 2015 by Jesse R. Baker, as Authorized Signatory of WFC Headwaters Holdings JV VII, L.L.C., a Delaware limited liability company, as Sole Member of WFC Headwaters GP VII, L.L.C., a Delaware limited liability company, as General Partner of WFC HEADWATERS OWNER VII, L.P., a Delaware limited partnership, on behalf of said entities.

[Signature]  
Notary Public, State of

My Commission Expires: 4/7/17

 **KIERSTEN P. JESTER**  
Notary Public  
Commonwealth of Massachusetts  
My Commission Expires  
April 7, 2017

CITY:

CITY OF DRIPPING SPRINGS

Attest:

Keri Craig  
~~JoAnn Touchstone~~ Keri Craig  
City Secretary

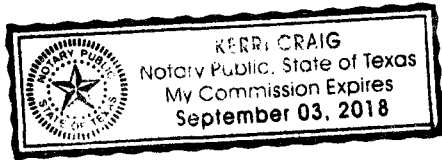
By:

Todd Purcell  
Todd Purcell, Mayor

STATE OF TEXAS §  
COUNTY OF HAYS §

This instrument was acknowledged before me on 9<sup>th</sup>, December, by Todd Purcell, Mayor of the City of Dripping Springs, Texas, a Texas municipality, on behalf of said city.

My Commission Expires: 9/3/18  
Keri Craig  
Notary Public, State of Texas



**DISTRICT:**

HEADWATERS MUNICIPAL UTILITY DISTRICT  
OF HAYS COUNTY:

By: Harvey Zinn, Jr. President.  
President

[Handwritten Signature]

District Secretary

STATE OF TEXAS  
COUNTY OF Travis

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§

This instrument was acknowledged before me on February 9, 2015, by Harvey Zinn, Jr., President of the Headwaters Municipal Utility District of Hays County, on behalf of said District.

[Handwritten Signature]  
Notary Public, State of Texas

My Commission Expires: 11/16/2015

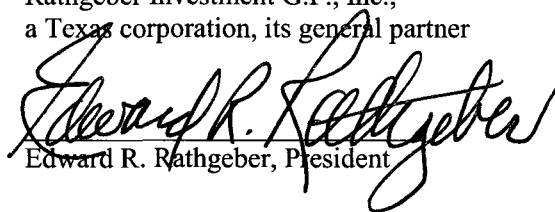




**RATHGEBER:**

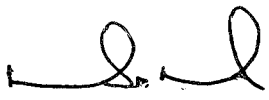
RATHGEBER INVESTMENT COMPANY, LTD., a  
Texas limited partnership

By: Rathgeber Investment G.P., Inc.,  
a Texas corporation, its general partner

By:   
Edward R. Rathgeber, President

STATE OF TEXAS §  
  §  
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 19th day of January,  
2015, by Edward R. Rathgeber, as President of Rathgeber Investment G.P., Inc., a Texas  
corporation, general partner of Rathgeber Investment Company, Ltd., a Texas limited partnership, on  
behalf of said entities.

  
\_\_\_\_\_  
Notary Public, State of TEXAS



TRUST:

E.E. TOWNES FAMILY TRUST

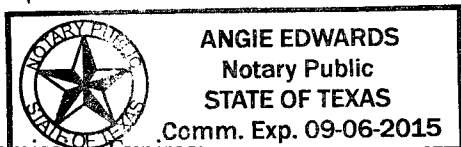
By: Susan Townes Gesford  
Susan Townes Gesford, Trustee

By: Karen L. Aidman  
Karen L. Aidman, Trustee

By: Townes G. Pressler  
Townes G. Pressler, Trustee

STATE OF TEXAS  
COUNTY OF Polk

This instrument was executed by Susan Townes Gesford before me on this the 23 day of July, 2015.



Angie Edwards  
Notary Public, State of Texas

My Commission Expires: 09-06-15

STATE OF TEXAS  
COUNTY OF TRAVIS

This instrument was executed by Karen L. Aidman before me on this the 28th day of July, 2015.

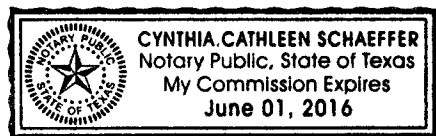


Matt D. Matthews  
Notary Public, State of Texas

My Commission Expires: 05-19-17

STATE OF TEXAS  
COUNTY OF HARRIS

This instrument was executed by Townes G. Pressler before me on this the 21<sup>st</sup> day of July.



Cynthia C. Schaeffer  
Notary Public, State of Texas

My Commission Expires: 6/1/2016

**Exhibit A  
Form of Resolution**

**RESOLUTION NO. 2015-06**

**RESOLUTION EXPRESSING SUPPORT OF CITY OF DRIPPING SPRINGS  
FOR LEGISLATION GRANTING ROAD DISTRICT POWERS TO  
HEADWATERS MUNICIPAL UTILITY DISTRICT**

**WHEREAS**, Headwaters Municipal Utility District (the "District") is a Texas conservation and reclamation district created by Order of the Texas Commission on Environmental Quality dated August 8, 2007, and the District operates under the authority of Chapters 49 and 54 of the Texas Water Code;

**WHEREAS**, the City Council of the City of Dripping Springs has received a request to support the passage of legislation granting the District the authority of a road district under Section 52, Article III, Texas Constitution and specifically authorizing the District to construct and finance road projects, and to issue bonds and other obligations to finance road projects;

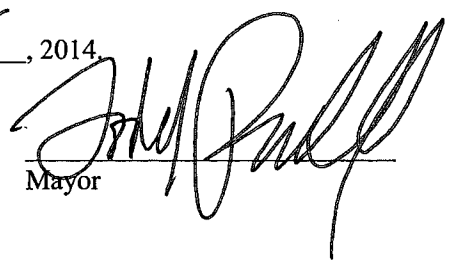
**WHEREAS**, the City Council of the City of Dripping Springs desires to adopt this Resolution to express its support for passage of legislation granting such authority to the District. **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DRIPPING SPRINGS THAT:**

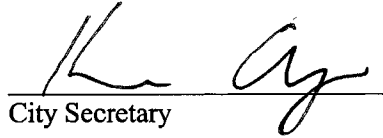
Section 1. The City Council of the City of Dripping Springs hereby expresses its support for passage of legislation granting road district authority to the District and authorizing the District to issue bonds or other obligations to finance road projects.

Section 2. This Resolution shall become effective from and after the date of its passage.

ADOPTED this 9<sup>th</sup> day December, 2014.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Secretary

## ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT is entered into on this 9th day of Dec., 2014 (“**Effective Date**”) by and between the City of Dripping Springs, Texas (the “**City**”); Headwaters Municipal Utility District (the “**District**”) and WFC Headwaters Owner VII, L.P., (“**WFC**” or “**Assignee**”). The City, District and WFC may be referred to herein individually as a “**Party**” or collectively as the “**Parties**”. This Assignment Agreement is hereafter referred to herein as the “**Assignment**”).

### RECITALS

WHEREAS, the City, Headwaters Development Co., and the Townes Family Trust entered into that certain Development Agreement (the “**Agreement**”) on or about April 13, 2005, recorded at Volume 2675, Page 675, Official Public Records of Hays County, Texas setting forth certain terms and conditions relating to the development of approximately 1,509 acres of real property described therein (the “**Land**”);

WHEREAS, the Agreement was amended by the First Amendment to The Headwaters at Barton Creek Development Agreement on or about June 10, 2008 (“**First Amendment**”);

WHEREAS, the Agreement was further amended by a Second Amendment to The Headwaters at Barton Creek Development Agreement on or about \_\_\_\_\_, 2014 (the “**Second Amendment**”);

WHEREAS, WFC has acquired a portion of the Land that it desires to develop for single family residential purposes;

WHEREAS, in connection with its acquisition of real property, on June 5, 2014, the Texas Commission on Environmental Quality (“**TCEQ**”) transferred to WFC Waste Disposal Permit No. WQ0014587001 authorizing the treatment and disposal of wastewater generated within the Land by a wastewater treatment plant that would be owned and operated by the District (the “**District WWTP**”);

WHEREAS, the City currently owns and operates the City of Dripping Springs Regional Wastewater Treatment System, which it plans to expand and extend from time to time to allow the City to provide wastewater service to existing and future customers in the City’s wastewater service area, as that area may be revised from time to time (the “**City Regional System**”);

WHEREAS, future extensions of the City Regional System may allow the City to provide wastewater treatment and disposal services to the Land in lieu of the District WWTP, or in lieu of future expansions to the District WWTP;

WHEREAS, expansion and extension of the City Regional System may require the City to amend its existing or any future TCEQ water quality permits to increase treatment and disposal

capacity, and to authorize disposal, including but not limited to a surface water discharge or direct potable reuse of treated wastewater effluent (the “**City Permit Amendment**”); and

WHEREAS, the District desires to contribute to the costs of the City Permit Amendment to facilitate implementation of the City Regional System and in return for such contribution, the City desires to assign certain fees to which it is entitled under the Agreement, as amended.

THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, including the agreements set forth below, the Parties agree as follows:

### AGREEMENT

1. Definitions. All capitalized terms used in this Assignment shall have the meanings ascribed to them in the Agreement, as amended, unless otherwise defined herein.
2. Payment to the City. Within ten business days of the execution of this Assignment by all Parties, WFC shall pay the City one million dollars (\$1,000,000) for and on behalf of the District (the “**City Permit Contribution**”). The City agrees that the City Permit Contribution shall be utilized only for funding costs and expenses relating to the City Permit Amendment, the City Regional System, or the City’s costs associated implementation of the “Agreement Concerning Creation and Operation of Headwaters Municipal Utility District” (effective January 11, 2005) as amended.
3. Assignment. The City hereby assigns, conveys, transfers and delivers to WFC, as Assignee, its successors and assigns, the first one million dollars (\$1,000,000) of the Facilities Expansion Fee to which the City is entitled under the Agreement, as amended (the “**Assigned Interests**”). Within ten (10) days of receipt of any such fees, the City shall provide payment thereof to WFC until such time as the City has provided payment of the Assigned Interests to WFC in full.

TO HAVE AND TO HOLD the Assigned Interests, together with all and singular the rights and appurtenances thereto in anywise belonging unto Assignee, its successors and assigns forever, and Assignor does hereby bind itself and its successors and assigns to WARRANT and FOREVER DEFEND all and singular the Assigned Interests unto Assignee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under the City, but not otherwise.

4. Limitation on Payment Obligation. Nothing in this Assignment addresses or affects the City’s right to Facilities Expansion Fees or Additional Facilities Expansion Fee beyond the first one million dollars (\$1,000,000) of Facilities Expansion Fees contemplated by the Agreement, as amended.
5. As Is — Where Is Transfer. THE CITY DOES NOT IN ANY WAY GUARANTEE THAT THE BOND REIMBURSEMENTS THAT GIVE RISE TO

THE FACILITIES EXPANSION FEES UNDER THE AGREEMENT WILL EVER BE COLLECTED OR THAT ASSIGNEE WILL OTHERWISE RECOUP THE MONEY IT AGREES TO PAY UNDER THIS ASSIGNMENT. ASSIGNEE UNDERSTANDS AND ACCEPTS THIS RISK. The property conveyed hereby is conveyed to the Assignee AS IS and WITH ALL FAULTS and no warranties are to be implied by this transaction.

6. District Reimbursement. The City agrees that the District may reimburse WFC for the City Permit Contribution with bond proceeds to the extent that the bonds are issued in accordance with the "Agreement Concerning Creation and Operation of Headwaters Municipal Utility District" (effective June 10, 2008) as amended, and the Texas Commission on Environmental Quality authorizes such reimbursement. This Assignment Agreement does not amend the Agreement or any other agreement previously entered into among the City, the District or owners of the Land.
7. Further Assurances. Each Party hereto agrees that it will, at any time and from time to time, upon the written request of the other, execute and deliver such further documents (in recordable form, if appropriate under the circumstances) and do such further acts and things, as the requesting party may reasonably request in order to effect the purposes of this Assignment.
8. Governing Law. The validity, interpretation and effect of this Assignment shall be governed by and construed in accordance with the laws of the State of Texas without regard to conflicts of law doctrines.
9. Counterparts. This Assignment may be executed in multiple counterparts, and all such executed counterparts shall constitute the same agreement. It shall be necessary to account for only one such counterpart in proving the existence, validity or content of this Assignment.
10. Binding Effect. This Assignment shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

[REMAINDER OF PAGE BLANK]

EXECUTED to be effective as of the Effective Date.

**CITY:**

CITY OF DRIPPING SPRINGS, TEXAS

By: *Todd Purcell*

Name: TODD Purcell

Title: Mayor

ATTEST:

By: *Kerri Craig*

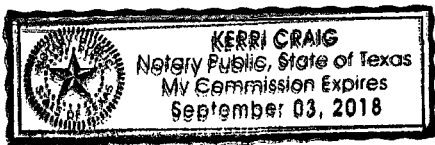
Name: Kerri Craig

Title: City Secretary

STATE OF TEXAS       §  
                                  §  
COUNTY OF HAYS     §

This instrument was acknowledged before me on this 9<sup>th</sup> day of December, 2014, by Todd Purcell, as Mayor of the City of Dripping Springs, Texas, a Texas municipality, on behalf of said city.

*Kerri Craig*  
Notary Public, State of Texas





**THIRD AMENDMENT TO AGREEMENT CONCERNING CREATION AND  
OPERATION OF HEADWATERS MUNICIPAL UTILITY DISTRICT**

THIS THIRD AMENDMENT TO AGREEMENT CONCERNING CREATION AND OPERATION OF HEADWATERS MUNICIPAL UTILITY DISTRICT (“*Third Amendment*”) is made and entered into by and among: (i) the City of Dripping Springs, Texas (the “*City*”), (ii) WFC Headwaters Owner VII, L.P., a Delaware limited partnership (“*WFC*”), (iii) Rathgeber Investment Company, Ltd. (“*Rathgeber*”), (iv) Oryx Development, LLC, a Texas limited liability company (“*Oryx*”), successor in interest to E.E. Townes Family Trust (the “*Trust*”) and (v) Headwaters Municipal Utility District, a municipal utility district organized and operating in Hays County, Texas pursuant to Chapters 49 and 54 of the Texas Water Code (the “*District*”). The City, WFC, Rathgeber, Oryx and the District are hereinafter sometimes collectively referred to as the “*Parties*” and singularly as a “*Party*”.

**RECITALS:**

A. Effective February 8, 2005, the City, the Trust, Headwaters Development Company, a Texas corporation (“*Headwaters DevCo*”), and the District entered into that certain “Agreement Concerning Creation and Operation of Headwaters Municipal Utility District” (the “*Creation Agreement*”), Trust and Headwaters DevCo being then owners of land in the District.

B. Effective June 10, 2008, the City, the Trust, Headwaters DevCo and the District entered into that certain “First Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District” (the “*First Amendment*”).

C. In connection with the prior sale and conveyance of certain lands in the District being developed for single family residential purposes, Headwaters DevCo previously assigned its rights and obligations under the Creation Agreement to Rathgeber Investment Company, Ltd. (“*RIC*”); RIC then assigned its rights and interests under the Creation Agreement to HABC, Ltd. (“*HABC*”); HABC assigned its rights and interests under the Agreement to Robert Pittenger Company, Inc. (“*Pittenger*”); Pittenger assigned its rights and interests under the Creation Agreement to Austin-Highway 290 LLC (“*Austin-Highway 290*”); and Austin-Highway 290 assigned its rights and interests under the Creation Agreement to WFC.

D. Effective July 28, 2015, the City, Trust, Rathgeber, WFC and the District entered into that certain “Second Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District” (the “*Second Amendment*”). The Creation Agreement, as amended by the First Amendment and Second Amendment, is hereinafter referred to as the “*Agreement*.”

E. In connection with the prior sale and conveyance of certain lands in the District being developed for mixed use purposes, the Trust previously assigned its rights and obligations under the Agreement to Oryx.

F. The Parties desire to amend certain terms of the Agreement relating to the District’s authority to issue bonds.

## AGREEMENT

**NOW, THEREFORE**, for and in consideration of their mutual covenants and agreements, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **District Bonds**. The Parties agree that Article III, Section C, of the Agreement is hereby amended to read in its entirety as follows:

“C. The District agrees that it shall issue bonds only in the maximum amount of \$119,245,000 for the purpose of: (i) providing for construction or acquisition of water, sanitary sewer, fire protection or drainage facilities, or contract rights therefor; (ii) the purposes set out in Article III (the “Facilities”); (iii) for the payment of creation, organization, and other costs and expenses reimbursable under the rules of TCEQ, and in the manner provided by the Commission and as permitted herein; and (iv) to finance costs relating to road projects through powers secured by the District under Section 52, Article III, Texas Constitution. The District shall submit to the City Administrator for City staff review a copy of the bond application, including the engineering report, at the time the District submits the same to the Commission for any bonds subject to review and approval by the Commission. All bonds of the District shall be approved by the City Council of the City prior to issuance. Review for such approval shall be performed by the City in a timely manner so as not to delay the TCEQ’s schedule for approval of the District’s bonds (if applicable). In addition, such approval shall not be unreasonably withheld or delayed and may be withheld only if either of the Landowners or the District is in material breach of this Agreement or the Development Agreement. Issuance of bonds is also contingent upon fees in escrow accounts being current. The City and Landowners agree that the provisions of this paragraph relate only to bonds payable from ad valorem taxes levied upon all taxable property within the District and shall not apply to bonds issued by the District to pay for improvements, facilities, or services that primarily benefit a defined area of the District and that do not generally and directly benefit the District as a whole (the “*Defined Area Bonds*”). The terms and conditions applicable to the issuance of any Defined Area Bonds by the District shall be set forth in a separate written agreement between the District, the City and one or more of the Landowners.

2. **Capitalized Terms**. Except as otherwise defined herein, all capitalized terms shall have the meanings set forth in the Agreement.
3. **Effect on Agreement**. Except as specifically modified by this Third Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGES FOLLOW]

**IN WITNESS WHEREOF**, the Parties have executed this Third Amendment in multiple copies, each of which will be deemed to be an original and of equal force and effect, to be effective as of the Effective Date.

**WFC:**

WFC Headwaters Owner VII, L.P.,  
a Delaware limited partnership

By: WFC Headwaters GP VII, L.L.C.,  
a Delaware limited liability company,  
its General Partner

By: WFC Headwaters Holdings JV VII, L.L.C.,  
a Delaware limited liability company,  
its Sole Member

By: FCA Austin, LLC,  
a Delaware limited liability company,  
its Administrative Member

By: [Signature]  
Name: Jesse R. Baker  
Title: Authorized Signatory

COMMONWEALTH OF MASSACHUSETTS

KNOW ALL MEN BY THESE PRESENTS

COUNTY OF SUFFOLK

Before me, the undersigned authority, on this day personally appeared Jesse R. Baker, known to me to be the Authorized Signatory of FCA Austin, LLC, Administrative Member of WFC Headwaters Holdings JV VII, L.L.C., Sole Member of WFC Headwaters GP VII, L.L.C., General Partners of WFC Headwaters Owner VII, L.P. on behalf of said limited partnership and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL of office this 21<sup>st</sup> day of May, 2020.

[Signature]  
SADIE FIELDING  
Notary Public in and for the State of Massachusetts  
My Commission expires on: 6/12/26



CITY:

CITY OF DRIPPING SPRINGS



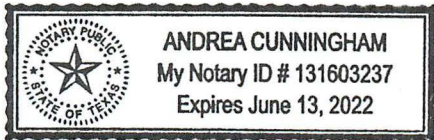
Bill Foulds Jr  
Bill Foulds, Jr., Mayor

ATTEST:

Andrea Cunningham  
Andrea Cunningham, City Secretary

STATE OF TEXAS           §  
  §  
COUNTY OF HAYS       §

This instrument was acknowledged before me on May 19, 2020, by Bill Foulds, Jr., Mayor of the City of Dripping Springs, Texas, a Texas municipality, on behalf of said municipality.



Andrea Cunningham  
Notary Public, State of Texas  
Printed Name: Andrea Cunningham  
My Commission Expires: 6/13/2020

[SEAL]



**RATHGEBER:**

RATHGEBER INVESTMENT COMPANY, LTD., a  
Texas limited partnership

By: Rathgeber Investment G.P., Inc.,  
a Texas corporation, its general partner

By: *Edward R. Rathgeber*  
Edward R. Rathgeber, President

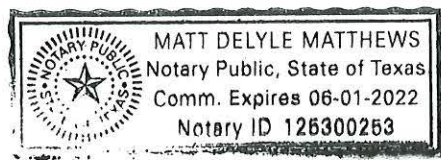
STATE OF TEXAS §  
  §  
COUNTY OF TARRANT §

This instrument was acknowledged before me on this 29th day of may, 2017, by  
Edward R. Rathgeber, as President of Rathgeber Investment G.P., Inc., a Texas corporation, general  
partner of Rathgeber Investment Company, Ltd., a Texas limited partnership, on behalf of said entities.

*Matt D. Matthews*

Notary Public, State of Texas  
Printed Name: MATT D. MATTHEWS  
My Commission Expires: 6.1.2022

[SEAL]



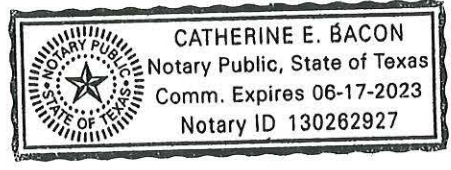
**ORYX:**

ORYX DEVELOPMENT, LLC  
a Texas limited liability company

By: *Blake A. Rue*  
Blake A. Rue, Managing Member

STATE OF TEXAS  
COUNTY OF TRAVIS

This instrument was executed on this the 29<sup>th</sup> day of May, ~~2019~~ 2020 <sup>CEB</sup> by Blake A. Rue, as  
Managing Member of Oryx Development, LLC a Texas limited liability company, on behalf of said  
entity.



*Catherine E. Bacon*  
Notary Public, State of Texas  
Printed Name: Catherine E. Bacon  
My Commission Expires: 6-17-2023

[SEAL]

## OFFICIAL NOTICE OF SALE

\$5,805,000

**HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY**  
*(A Political Subdivision of the State of Texas Located in Hays County, Texas)*  
**UNLIMITED TAX ROAD BONDS, SERIES 2021**

**Selling (Bids Due): Thursday, July 15, 2021 at 9:00 AM, CDT**  
**Award Expected: 12:00 P.M., CDT**

The Bonds are obligations solely of Headwaters Municipal Utility District of Hays County (the "District") and are not obligations of the City of Dripping Springs, Texas; Dripping Springs Independent School District, Hays County, Texas; the State of Texas or any entity other than the District.

**THE DISTRICT EXPECTS TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.**

**THE SALE**

**BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING** . . . The Board of Directors (the "Board") of the District is inviting competitive bids for the purchase of \$5,805,000 Unlimited Tax Road Bonds, Series 2021 (the "Bonds"). Sealed bids may be submitted by either of three alternative procedures: (1) written bids; (2) electronic bids; or (3) telephone or facsimile bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the District nor its Financial Advisor, Specialized Public Finance Inc., assumes any responsibility or liability for a prospective bidding procedure.

The District and Specialized Public Finance Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of bids by telephone, facsimile or electronic options.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Official Notice of Sale, for all alternative bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System ("PARITY").

**PROCEDURE NUMBER 1: SEALED, WRITTEN BIDS DELIVERED IN PERSON** . . . Bids, plainly marked "Bid for Bonds" should be addressed to "Board of Directors of Headwaters Municipal Utility District of Hays County" and should be delivered to the District's Financial Advisor, Garry Kimball, Specialized Public Finance Inc., at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, by 9:00 A.M., CDT, on July 15, 2021 ("the date of the bid opening").

**PROCEDURE NUMBER 2: ELECTRONIC BIDDING PROCEDURES** . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY by 9:00 A.M., CDT, on the date of the bid opening. ***Bidders must also submit, by 9:00 A.M., CDT, on the date of the bid opening, SIGNED Official Bid Forms to Garry Kimball, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746.***

Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. Further information about PARITY, including any fee charged, may be obtained from Dalcomp/Parity, 395 Hudson Street, New York, New York 10014, attention: Jennifer Emery (212) 806-8304.

The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe to the bidding system. An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. Neither Specialized Public Finance Inc. nor the District shall be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder.

**All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and Official Bid Form. If any provision of this Official Notice of Sale conflicts with information provided by PARITY as the approved provider of electronic bidding services, this Official Notice of Sale shall control.**

For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the District, as described under "Basis of Award" below.

**PROCEDURE NUMBER 3: BIDS BY TELEPHONE OR FACSIMILE** . . . Bidders must submit by 9:00 A.M., CDT, on the date of the bid opening, SIGNED Official Bid Forms to Garry Kimball, Specialized Public Finance Inc., at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, and submit their bid by telephone or facsimile (fax) by 9:00 A.M., CDT, on the date of the bid opening.

Telephone bids will be accepted at (512) 275-7300, between 8:30 A.M. and 9:00 A.M., CDT on the date of the bid opening.



Fax bids must be received between 8:30 A.M. and 9:00 A.M., CDT, on the date of the bid opening at (512) 275-7305, attention: Garry Kimball.

**PLACE AND TIME OF BID OPENING** . . . The Board will publicly review and award the sale of the Bonds at the designated meeting place outside the boundaries of the District, at the offices of Freehold Capital Management, 8601 Ranch Road 2222, Building 1, Suite 260, Austin, Texas 78730 at 12:00 P.M., CDT on Thursday, July 15, 2021. In the event the Board conducts its meeting telephonically or by videoconference, then the meeting agenda shall specify the information for any member of the public, including each bidder, to participate by telephone or videoconference. All bids, including those being hand delivered, must be received by 9:00 A.M., CDT on the date of the bid opening. Any bid received after the scheduled time for receipt will not be accepted by the Board and will be returned unopened.

**AWARD OF BONDS** . . . The District will take action to award the Bonds or reject any or all bids promptly upon the opening of bids. Upon awarding the Bonds to the winning bidder (the “Initial Purchaser”), the Board will adopt an order authorizing the issuance of the Bonds (the “Bond Order”). Sale of the Bonds will be made subject to the terms, conditions and provisions of the Bond Order, to which Bond Order reference is hereby made for all purposes. The District reserves the right to reject any and all bids and to waive any irregularities, except the time of filing.

**WITHDRAWAL OF THE BIDS** . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for six hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

**EXTENSION OF SALE DATE** . . . The District reserves the right to extend the date and/or time for the receipt of bids by giving notice, by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CDT, on Wednesday, July 14, 2021 of the new date and time for receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

## THE BONDS

**DESCRIPTION OF BONDS** . . . The Bonds will be dated August 24, 2021, and interest will accrue from the date of Initial Delivery (as defined herein), will be payable on February 15, 2022, and on each August 15 and February 15 thereafter until the earlier of maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry-only system described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity, and principal and interest will be paid by BOKF, NA (the “Paying Agent/Registrar”) which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See the Preliminary Official Statement (made a part hereof) for a more complete description of the Bonds, including redemption provisions. The Bonds will mature on August 15 in the years and amounts as follows:

### MATURITY SCHEDULE

Maturity (August 15)	Principal Amount	Maturity (August 15)	Principal Amount
2024	\$ 180,000	2036	\$ 255,000
2025	185,000	2037	260,000
2026	190,000	2038	270,000
2027	195,000	2039	280,000
2028	200,000	2040	285,000
2029	205,000	2041	295,000
2030	215,000	2042	305,000
2031	220,000	2043	315,000
2032	225,000	2044	325,000
2033	235,000	2045	335,000
2034	240,000	2046	345,000
2035	245,000		

**OPTIONAL REDEMPTION PROVISIONS** . . . Bonds maturing on and after August 15, 2027, are subject to redemption prior to maturity, at the option of the District, as a whole or, from time to time in part, on August 15, 2026, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District.

**MANDATORY SINKING FUND REDEMPTION** . . . If the successful bidder designates principal amounts to be combined into one or more term bonds (“Term Bonds”), each such Term Bond shall be subject to mandatory sinking fund redemption commencing on August 15 of the first year which has been combined to form such Term Bond and continuing on August 15 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth above under the captioned “MATURITY SCHEDULE.” Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par by lot or other customary method. The principal amount of Term Bonds to be mandatorily redeemed in each year shall be reduced by the principal amount of Term Bonds that have been redeemed in such year and have not been the basis for any prior optional redemption.

**OTHER TERMS AND COVENANTS** . . . Other terms of the Bonds and various covenants of the District are contained in the Bond Order, which is described in the Preliminary Official Statement, to which reference is made for all purposes.

**SOURCE AND SECURITY OF PAYMENT** . . . The Bonds will constitute valid and legally binding obligations of the District, with principal and interest payable solely from the proceeds of a continuing, direct, annual ad valorem tax levied against all taxable property located within the District, without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the City of Dripping Springs, Texas; Dripping Springs Independent School District; Hays County, Texas; the State of Texas or any entity other than the District.

**BOOK-ENTRY-ONLY SYSTEM** . . . The District intends to utilize the book-entry-only system of DTC. See “BOOK-ENTRY-ONLY SYSTEM” in the Preliminary Official Statement.

**REGISTERED FORM REQUIREMENT** . . . Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) must be in registered form in order for the interest payable on such obligations to be excluded from the Registered Owners’ income for federal income tax purposes.

**SUCCESSOR PAYING AGENT/REGISTRAR** . . . Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a corporation organized and doing business under the laws of the United States of America or any state thereof subject to supervision or examination by federal or state banking authorities.

**MUNICIPAL BOND RATING** . . . The District has applied to S&P Global Ratings (“S&P”) for a rating on the Bonds. The District does not currently have an underlying investment grade rating.

**MUNICIPAL BOND INSURANCE** . . . An application has been made to qualify the Bonds for municipal bond insurance. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds.

## CONDITIONS OF SALE

**TYPES OF BIDS AND INTEREST RATES** . . . The Bonds will be sold in one block on an “all or none” basis at a price of not less than ninety-seven percent (97%) of the par value. Bidders are to name the rate or rates of interest to be borne by the Bonds, provided that each interest rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1%. The net effective interest rate on the Bonds may not exceed a rate which is three percentage points (3.00%) above the highest “20 Bond Index” as reported by the “Bond Buyer” during the thirty (30) day period prior to the date of this Official Notice of Sale. Subject to the conditions below, no limitation will be imposed upon bidders as to the number of interest rates that may be used, but the highest interest rate bid may not exceed the lowest interest rate bid by more than 3.0% in rate. All Bonds maturing within a single year must bear the same rate of interest. No bids for the Bonds involving supplemental interest rates will be considered. Each bidder shall state in its bid the total and net interest cost in dollars and the net effective interest rate determined thereby, which shall be considered informative only and not as a part of the bid. No bid generating a cash premium greater than \$5,000 will be considered.

**POST BID MODIFICATION OF PRINCIPAL AMOUNTS PER MATURITY** . . . After selecting the winning bid, the aggregate principal amount of the Bonds per maturity and the principal amortization schedule may be adjusted as determined by the District and its Financial Advisor in \$5,000 increments to reflect the actual interest rates and to create a substantially level debt service schedule for the District. Such adjustments will not change the aggregate principal amount of the Bonds and will not change the aggregate principal amount per maturity by more than 15% from the amount set forth herein. The dollar amount bid for the Bonds by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Bonds finally determined to be issued. The District will use its best efforts to communicate to the winning bidder any such adjustments within four (4) hours after the opening of bids. Purchaser’s compensation will be based upon the final par amount after any adjustments thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

In the event of any adjustment of the maturity schedule for the Bonds as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. The bid price for such an adjustment will reflect changes in the dollar amount

per maturity of the par amount of the Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. Any such adjustments of the aggregate principal amount of the Bonds per maturity and/or of the maturity schedule for the Bonds made by the District or its Financial Advisor shall be subsequent to the award of the Bonds to the winning bidder as determined pursuant to conditions herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

**BASIS OF AWARD** . . . For the purpose of awarding the sale of the Bonds, the total interest cost of each bid will be computed by determining, at the interest rates specified therein, the total dollar value of all interest on the Bonds from the date of Initial Delivery to their respective maturities and adding thereto the dollar amount of the discount bid, if any, or deducting therefrom the premium bid, if any. Subject to the right of the District to reject any or all bids, the Bonds will be awarded to the bidder whose bid, based on the above computation, produces the lowest net effective interest cost to the District. In the event of mathematical discrepancies between the interest rates and the interest cost determined therefrom, as both appear on the “Official Bid Form,” the bid will be determined solely from the interest rates shown on the “Official Bid Form.”

**ADDITIONAL CONDITION OF AWARD – DISCLOSURE OF INTEREST PARTY FORM 1295:** New obligation of the District to receive information from winning bidder. Effective January 1, 2016, pursuant to Texas Government Code Section 2252.908 (“the Interested Party Disclosure Act”), the District may not award the Bonds to the winning bidder unless the bidder has submitted a Certificate of Interested Parties Form 1295 (the “Disclosure Form”) to the District prior to such award, as prescribed by the Texas Ethics Commission (“TEC”). In the event that the bidder’s bid for the Bonds is the best bid received, the District, acting through its financial advisor, will promptly notify said winning bidder. That notification will serve as the District’s conditional verbal acceptance of the bid and will obligate the bidder to promptly file a completed Disclosure Form, as described below, in order to complete the award.

**Process for completing the Disclosure Form.** Reference should be made the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the “Disclosure Rules”) and the Interested Party Disclosure Act. Instructional information regarding such matters are set forth at [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm). For purposes of completing the Disclosure Form the Initial Purchaser will need the following information: (a) item 2 – name of governmental entity: Headwaters Municipal Utility District of Hays County and (b) item 3 – the identification number assigned to this contract by the District: Headwaters MUD UTB 2021, and a description of the services to be provided under the contract: Purchase of Bonds. The Interested Party Disclosure Act and the Disclosure Rules require a business entity contracting with the District to complete the form at the TEC Internet “portal” that may be accessed at the url set forth above, and then print, sign, notarize and deliver the Disclosure Form by email to the District at [jedwards@mphlegal.com](mailto:jedwards@mphlegal.com). Following the award of the Bonds, the District will acknowledge receipt of the completed Disclosure Form through the TEC website, as required by the law.

**Preparations and for completion, and the significance of the reported information:** In accordance with the Interested Party Disclosure Act, the information reported by the bidder **MUST BE ACKNOWLEDGED BY AND SUBMITTED UNDER A NOTARY STAMP**. No exceptions may be made to that requirement. The Interested Party Disclosure Act provides that such acknowledgment is made “under oath and under penalty of perjury.” Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the District, and no award will be made by the District of the Bonds until a completed Disclosure Form is received. The District reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as described herein. Neither the District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid.

**Verification Pursuant to Chapter 2270 of the Texas Government Code:** To the extent the winning bid for the Bonds represents a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, the Initial Purchaser will be required to verify in the Official Bid Form, for purposes of Chapter 2270 of the Texas Government Code, as amended, that at the time of execution and delivery of its bid or, except to the extent otherwise required by applicable federal law, to the date of delivery of the Bonds, neither the Initial Purchaser, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Initial Purchaser, boycotts or will boycott Israel. The terms “boycotts Israel” and “boycott Israel” as used in this paragraph have the meanings assigned to the term “boycott Israel” in Section 808.001 of the Texas Government Code, as amended.

**GOOD FAITH DEPOSIT** . . . A Good Faith Deposit, payable to the “Headwaters Municipal Utility District of Hays County” in the amount of \$116,100, is required. Such Good Faith Deposit shall be a wire transfer, bank cashier’s check or certified check (which is to be retained uncashed by the District pending the Initial Purchaser’s compliance with the terms of the bid and this Notice of Sale and Bidding Instructions). The Good Faith Deposit may be provided to the District via wire transfer (the District will provide wire instructions to the winning bidder), or in the form of a certified or cashier’s check. The Good Faith Deposit will be retained by the District and (a) (i) if the Initial Purchaser utilizes a cashier’s check as its Good Faith Deposit, said cashier’s check will be returned to the Initial Purchaser after delivery of the Bonds, (ii) if the Initial Purchaser utilizes a wire transfer method for its Good Faith Deposit, said wire transfer will be applied to the purchase price at the delivery of the Bonds; or (b) will be retained by the District as liquidated damages if the Initial Purchaser defaults with respect to its purchase of the Bonds in accordance with its bid;

or (c) will be returned to the Initial Purchaser if the Bonds are not issued by the District for any reason which does not constitute a default by the Initial Purchaser.

### **OFFICIAL STATEMENT**

By accepting the winning bid, the District agrees to the following representations and covenants to assist the Initial Purchaser in complying with Rule 15c2-12 of the United States Securities and Exchange Commission (“SEC”).

**FINAL OFFICIAL STATEMENT** . . . The District has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but will not prepare any other document or version for such purpose except as described below. The District will be responsible for completing the Official Statement by inserting the interest rates bid, the purchase price bid, the ratings assigned to the Bonds (if not currently included) if applicable, the purchase of municipal bond insurance, if any, the initial public offering yields as set forth in the Official Bid Form, or otherwise supplied by the Initial Purchaser, and for preparing and inserting the final debt service schedule. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. Accordingly, the District deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for the omission of the foregoing items. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the District represents the same to be complete as of such date, within the meaning of SEC Rule 15c2-12(e)(3). Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the District are those described in the Official Statement under “OFFICIAL STATEMENT – Certification as to Official Statement.”

**CHANGES TO OFFICIAL STATEMENT DURING UNDERWRITING PERIOD** . . . If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to 15c2-12 of the federal Securities Exchange Act of 1934 (the “Rule”) (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the “end of the underwriting period”), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described below. See “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Delivery.” The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the “end of the underwriting period” within the meaning of the Rule), unless the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

**DELIVERY OF OFFICIAL STATEMENTS** . . . The District will furnish to the Initial Purchaser (and to each other participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements requested but not in excess of 250 copies. The District will also furnish to the Initial Purchaser a like number of any supplement or amendment prepared by the District for dissemination to potential purchasers of the Bonds as described above in “OFFICIAL STATEMENT – Changes to Official Statement During Underwriting Period” as well as such additional copies of the Official Statement or any supplement or amendment as the Initial Purchaser may request prior to the 25th day after the “end of the underwriting period” within the meaning of the Rule. The District will pay the expense of preparing up to 250 copies of the Official Statement and all copies of any supplement or amendment issued on or before the delivery date, but the Initial Purchaser must pay for all other copies of the Official Statement or any supplement or amendment thereto.

**RULE G-36 REQUIREMENTS** . . . It is the responsibility of the Initial Purchaser to comply with the Municipal Securities Rulemaking Board’s Rule G-36 within the required time frame. The Initial Purchaser must send two copies of the “Official Statement” along with two complete Form G-36’s to the appropriate address.

## DELIVERY AND ACCOMPANYING DOCUMENTS

**INITIAL DELIVERY OF INITIAL BOND** . . . Initial delivery (“Initial Delivery”) will be accomplished by the issuance of one initial bond payable in installments (collectively, the “Initial Bond”), either in typed or printed form, in the aggregate principal amount of \$5,805,000, registered in the name of the Initial Purchaser, manually signed by the President or Vice President and Secretary or Assistant Secretary of the Board, or executed by the facsimile signatures of the President or Vice President and Secretary or Assistant Secretary of the Board, and approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of Texas or his authorized deputy. Upon delivery of the Initial Bond, the Paying Agent/Registrar shall immediately cancel the Initial Bond and one definitive Bond for each maturity will be registered and delivered only to Cede & Co. in connection with DTC’s book-entry-only system. Initial Delivery will be at a corporate trust office of the Paying Agent/Registrar in Dallas, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Initial Purchaser will be given six (6) business days’ notice of the time fixed for delivery of the Bonds. It is anticipated that Initial Delivery can be made on or about August 24, 2021, and subject to the aforementioned notice it is understood and agreed that the Initial Purchaser will accept delivery of and make payment for the Bonds by 10:00 A.M., CST, on August 24, 2021, or thereafter on the date the Bonds are tendered for delivery, up to and including September 7, 2021. If for any reason the District is unable to make delivery on or before September 7, 2021, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within six (6) business days thereafter, then its Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

**DTC DEFINITIVE BONDS** . . . The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co. as the nominee for DTC. All reference herein and in the Official Statement to the bondholders or registered owners of the Bonds shall mean Cede & Co. and not the beneficial owners of the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form in the denomination of \$5,000 principal amounts or any integral multiple thereof. Under certain limited circumstances, the District may determine to forego immobilization of the Bonds at DTC, or another securities depository, in which case, such beneficial interests would become exchangeable for definitive printed obligations of like principal amount.

**CUSIP NUMBERS** . . . It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Initial Purchaser at the time the Bonds are awarded or as soon thereafter as practicable.

**CONDITIONS TO DELIVERY** . . . The obligation to take up and pay for the Bonds is subject to the following conditions: issuance of an approving opinion of the Attorney General of Texas, the Initial Purchaser’s receipt of typewritten bonds, the legal opinion of Bond Counsel, and the No-Litigation Certificate, all of which are described herein, and the non-occurrence of the events described below under the caption “No Material Adverse Change.” In addition, if the District fails to comply with its obligations described in the Preliminary Official Statement, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

**LEGAL OPINIONS** . . . The District will furnish without cost to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the unqualified approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District, and, based upon an examination of such transcript of proceedings, the approving legal opinion of McLean & Howard, L.L.P., Austin, Texas, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principal of equity and the tax opinion of McCall, Parkhurst and Horton L.L.P. to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS.”

**ESTABLISHING THE ISSUE PRICE FOR THE BONDS** . . . The Issuer intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of municipal bonds), which require, among other things, that the Issuer receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Requirement”).

In the event that the bidding process does not satisfy the Competitive Sale Requirement Bids will **not** be subject to cancellation and the winning bidder (i) agrees to promptly report to the Issuer the first prices at which at least 10% of each maturity of the Bonds (the “First Price Maturity”) have been sold to the Public on the sale date (the “10% Test”) (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the-offering-price of each maturity of the Bonds that does not satisfy the 10% Test (“Hold-the-Price Maturity”), as described below.

In order to provide the Issuer with information that enables it to comply with the establishment of the issue price of the Bonds under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the Issuer or to the Issuer's municipal advisor (the "Issuer's Municipal Advisor") a certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the closing date, the Issue Price Certificate may be modified in a manner approved by the Issuer. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

- (i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,
- (ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
- (iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "Sale Date" means the date that the Bonds are awarded by the Issuer to the winning bidder.

All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer's Municipal Advisor, and any notice or report to be provided to the Issuer may be provided to the Issuer's Municipal Advisor.

The Issuer will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity. Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the Issuer when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

**TEXAS BOND REVIEW BOARD INFORMATION** . . . In order to provide the District with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Initial Purchaser will be required to provide the District with a breakdown of its “underwriting spread” among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

**QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS** . . . Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible by such taxpayer in determining taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer which is a “financial institution” allocable to tax-exempt obligation, other than “private activity bonds,” which are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any subordinate issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as referring to any corporation described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business which is subject to federal or state supervision as a financial institution.

The District is expected to designate the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action which would assure or to refrain from such action which would adversely affect the treatment of the Bonds as “qualified tax-exempt obligations.” Potential purchasers should be aware that if the issue price to the public (or, in the case of discount bonds, the amount payable at maturity) exceeds \$10,000,000, then such obligations might fail to satisfy the \$10,000,000 limitation and the obligations would not be “qualified tax-exempt obligations.”

**NO MATERIAL ADVERSE CHANGE** . . . The obligations of the District to deliver the Bonds and of the Initial Purchaser to accept delivery of and pay for the Bonds are subject to the condition that at the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition of the District from those set forth in or contemplated by the “Preliminary Official Statement” as it may have been supplemented or amended through the date of sale.

**NO-LITIGATION CERTIFICATE** . . . On the date of delivery of the Bonds to the Initial Purchaser, the District will deliver to the Initial Purchaser a certificate, as of the same date, to the effect that to the best of the District’s knowledge no litigation of any nature is pending or, to the best of the certifying officers’ knowledge or belief, threatened against the District, contesting or affecting the Bonds; restraining or enjoining the authorization, execution, or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers and directors of the District.

### **CONTINUING DISCLOSURE**

The District will agree in the Bond Order to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Preliminary Official Statement under “CONTINUING DISCLOSURE OF INFORMATION.” The Initial Purchaser’s obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser(s) or its (their) agent of a certified copy of the Bond Order containing the agreement described under such heading.

### **GENERAL CONSIDERATIONS**

**RECORD DATE** . . . The record date (“Record Date”) for the interest payable on any interest payment date means the last calendar day of the month (whether or not a business day) next preceding such interest payment date.

**RECORD DATE FOR BONDS TO BE REDEEMED** . . . Neither the District nor the Paying Agent shall be required (1) to issue, transfer, or exchange any Bond during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal on interest payment date or (2) to transfer or exchange, in whole or in part, any Bond or any portion thereof selected for redemption prior to maturity, within forty-five (45) calendar days prior to its redemption date.

**RISK FACTORS** . . . The Bonds involve certain risk factors. Prospective bidders are urged to examine carefully the entire Preliminary Official Statement, made a part hereof, with respect to the investment security of the Bonds. Particular attention should be given to the information set forth therein under the caption “RISK FACTORS.”

**RESERVATION OF RIGHTS** . . . The District reserves the right to reject any and all bids and to waive any and all irregularities except time of filing.

**NOT AN OFFER TO SELL** . . . This Official Notice of Sale does not alone constitute an offer to sell the Bonds but is merely notice of sale of the Bonds. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form.

**REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS** . . . The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

By submission of a bid, the Initial Purchaser represents that its sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification or, where necessary, the Initial Purchaser will register and qualify the Bonds in accordance with the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Initial Purchaser's written request and expense, in registering or qualifying the Bonds, or in obtaining exemption from registration or qualification, in any state where such action is necessary, provided that the District shall not be required to file a general or special consent to service of process in any jurisdiction.

**COPIES OF DOCUMENTS** . . . Copies of the Official Notice of Sale, the Preliminary Official Statement, the Official Bid Form, Audits, and the pro forma Bond Order may be obtained at the offices of Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, Financial Advisor to the District.

HARVEY ZINN, JR.  
President  
Board of Directors  
Headwaters Municipal Utility District of Hays County

July 2, 2021



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**OFFICIAL BID FORM**

President and Board of Directors  
 Headwaters Municipal Utility District of Hays County  
 c/o Specialized Public Finance Inc.  
 248 Addie Roy Road, Suite B-103  
 Austin, Texas 78746

Board of Directors:

We have read in detail your Official Notice of Sale and accompanying Preliminary Official Statement dated July 2, 2021, relating the Headwaters Municipal Utility District of Hays County (the "District") and its \$5,805,000 Unlimited Tax Road Bonds, Series 2021 (the "Bonds"), as made a part hereof. We realize that the Bonds involve certain risk factors, and we have made inspections and investigations as we deem necessary relating to the District and to the investment quality of the Bonds.

For your legally issued Bonds, in the aggregate principal amount of \$5,805,000, we will pay you a price of \$ \_\_\_\_\_, representing approximately \_\_\_\_\_% of the par value. Such Bonds mature August 15, in each of the years and in the amounts and interest rates shown below:

<u>Maturity (August 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity (August 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$ 180,000	%	2034	\$ 255,000	%
2023	185,000	%	2035	260,000	%
2024	190,000	%	2036	270,000	%
2025	195,000	%	2037	280,000	%
2026	200,000	%	2038	285,000	%
2027	205,000	%	2039	295,000	%
2028	215,000	%	2040	305,000	%
2029	220,000	%	2041	315,000	%
2030	225,000	%	2042	325,000	%
2031	235,000	%	2043	335,000	%
2032	240,000	%	2044	345,000	%
2033	245,000	%			

Of the principal maturities set forth in the table above, we have created term bonds as indicated in the following table (which may include multiple term bonds, one term bond or no term bond if none is indicated). For those years which have been combined into a term bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term bond maturity date shall mature in such year. The term bonds created are as follows:

<u>Term Bonds Maturing August 15</u>	<u>Year of First Mandatory Redemption</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
			%
			%
			%
			%
			%
			%

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TOTAL INTEREST COST FROM 8/24/2021	\$ _____
PLUS DOLLAR AMOUNT OF DISCOUNT	\$ _____
NET INTEREST COST	\$ _____
NET EFFECTIVE INTEREST RATE	_____%

We are having the Bonds insured by \_\_\_\_\_ at a premium of \$ \_\_\_\_\_, **said premium to be paid by the Initial Purchaser.** Any fees to be paid to the rating agency as a result of said insurance **will be paid by the District.**

A wire transfer or a cashiers or certified check to the District in the amount of \$116,100 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the District as complete liquidated damages against us. Please check the box below to designate your Good Faith Deposit option.

The undersigned agrees to complete, execute, and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District.

We understand the sale of the Bonds has not been registered under the United States Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. We hereby represent the sale of the Bonds in jurisdictions other than Texas will be made only pursuant to exemptions from registration or qualification and that where necessary, we will register or qualify the Bonds in accordance with the securities laws and regulations of the jurisdiction in which the Bonds are offered or sold.

We further understand that the District assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement or other information concerning the District and the Bonds to anyone other than to us.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

The undersigned hereby certifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Official Bid Form is a contract for goods or services, will not boycott Israel during the term of this Official Bid Form. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The undersigned understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

The undersigned represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the undersigned and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The undersigned understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit."

The undersigned certifies that it [is]/[is not] exempt from filing the Texas Ethics Commission (the "TEC") Certificate of Interested Parties Form 1295 (the "Form 1295") by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Respectfully submitted,

\_\_\_\_\_  
Name of Initial Purchaser or Manager

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by Headwaters Municipal Utility District of Hays County this the 15<sup>th</sup> day of July, 2021.

ATTEST:

\_\_\_\_\_  
Secretary  
Board of Directors  
Headwaters Municipal Utility District of Hays County

\_\_\_\_\_  
President  
Board of Directors  
Headwaters Municipal Utility District of Hays County

**ISSUE PRICE CERTIFICATE**

(sales where 3 bids are received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Purchaser”), with respect to the purchase at competitive sale of the Unlimited Tax Road Bonds, Series 2021 issued by the Headwaters Municipal Utility District of Hays County (“Issuer”) in the aggregate principal amount of \$5,805,000 (“Bonds”), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser’s reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the “Expected Offering Prices”) to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.

(b) The Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

(d) The Purchaser [has]/[has not] purchased bond insurance for the Bonds. [The bond insurance has been purchased from \_\_\_\_\_ (the “Insurer”) for a fee of \$ \_\_\_\_\_ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer’s commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm’s-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.]

For purposes of this Issue Price Certificate, the term “Underwriter” means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst and Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this \_\_\_\_\_.

\_\_\_\_\_, as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

**ISSUE PRICE CERTIFICATE**(sales where 3 bids are not received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Purchaser”), with respect to the purchase at competitive sale of the Unlimited Tax Road Bonds, Series 2021 issued by the Headwaters Municipal Utility District of Hays County (“Issuer”) in the aggregate principal amount of \$5,805,000 (“Bonds”), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Bonds maturing in \_\_\_\_ (“Hold-the-Price Maturities”), if any, the first prices at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Bonds having the same credit and payment terms (“Maturity”) was sold on the date of sale of the Bonds (the “Sale Date”) to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are their respective initial offering prices (the “Initial Offering Prices”), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(b) On or before the Sale Date, the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective Initial Offering Prices, as set forth in Schedule A hereto.

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Hold-the-Price Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Hold-the-Price Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Hold-the-Price Maturity.

(d) The Purchaser [has]/[has not] purchased bond insurance for the Bonds. [The bond insurance has been purchased from \_\_\_\_\_ (the “Insurer”) for a fee of \$\_\_\_\_\_ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer’s commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm’s-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.]

For purposes of this Issue Price Certificate, the term “Underwriter” means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst and Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this \_\_\_\_\_.

\_\_\_\_\_, as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

**SCHEDULE A**

**PRICING WIRE OR EQUIVALENT COMMUNICATION**

*(Attached)*

*[This page intentionally left blank]*

**PRELIMINARY OFFICIAL STATEMENT****Dated July 2, 2021**

IN THE OPINION OF SPECIAL TAX COUNSEL TO THE DISTRICT, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE THEREOF, SUBJECT TO THE MATTERS DESCRIBED UNDER “TAX MATTERS” HEREIN.

**NEW ISSUE – BOOK-ENTRY-ONLY****Rating: Applied For  
Insurance: Applied For**

THE DISTRICT EXPECTS TO DESIGNATE THE BONDS AS “QUALIFIED TAX-EXEMPT OBLIGATIONS”  
FOR FINANCIAL INSTITUTIONS. SEE “TAX MATTERS.”

**\$5,805,000**

**HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY**  
*(A Political Subdivision of the State of Texas Located in Hays County, Texas)*  
**UNLIMITED TAX ROAD BONDS, SERIES 2021**

**Dated: August 24, 2021****Due: August 15, as shown on the inside cover page****Interest to accrue from the date of Initial Delivery (as defined below)**

The bonds described above (the “Bonds”) are obligations solely of Headwaters Municipal Utility District of Hays County (the “District”) and are not obligations of the State of Texas (“State”), Hays County (the “County”), the City of Dripping Springs (the “City”), Dripping Springs Independent School District or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See “RISK FACTORS.”

**PAYMENT TERMS** . . . Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas, (the “Paying Agent” or the “Paying Agent/Registrar”) upon surrender of the Bonds for payment. Interest on the Bonds will accrue from the date of Initial Delivery and will be payable each February 15 and August 15, commencing February 15, 2022, until maturity or prior redemption. Interest on the Bonds will be payable on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity as provided on page 2.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See “THE BONDS – Book-Entry-Only System.”

**PURPOSE** . . . Proceeds of the Bonds will be used to finance the District’s share of the cost of constructing road improvements and related improvements to serve the District. The remaining Bond proceeds will be used to: (i) capitalize interest requirements on the Bonds; (ii) pay developer interest; and (iii) pay certain engineering costs and costs associated with the issuance of the Bonds.

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**CUSIP PREFIX: 42211H**  
**MATURITY SCHEDULE**  
**SEE INSIDE COVER PAGE**

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**LEGALITY** . . . The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Initial Bond by the Attorney General of Texas and McLean & Howard, L.L.P., Bond Counsel, Austin, Texas, and McCall, Parkhurst and Horton L.L.P., Dallas, Texas, Special Tax Counsel (see “APPENDIX B – Form of Bond Counsel’s Opinion” and “APPENDIX C – Form of Special Tax Counsel’s Opinion”).

**DELIVERY** . . . Delivery of the Bonds is expected through the facilities of DTC on August 24, 2021 (“Initial Delivery”).

**BIDS DUE ON THURSDAY, JULY 15, 2021, BY 9:00 AM, CDT**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



## MATURITY SCHEDULE

<u>8/15 Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield<sup>(a)</sup></u>	<u>CUSIP Numbers<sup>(b)</sup></u>
2024	\$ 180,000			
2025	185,000			
2026	190,000			
2027	195,000			
2028	200,000			
2029	205,000			
2030	215,000			
2031	220,000			
2032	225,000			
2033	235,000			
2034	240,000			
2035	245,000			
2036	255,000			
2037	260,000			
2038	270,000			
2039	280,000			
2040	285,000			
2041	295,000			
2042	305,000			
2043	315,000			
2044	325,000			
2045	335,000			
2046	345,000			

**(Interest to accrue from the date of Initial Delivery)**

- (a) Initial yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which subsequently may be changed.
- (b) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None the Initial Purchaser, the District, or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

**REDEMPTION PROVISIONS . . .** The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after August 15, 2027 in whole or from time to time in part, on August 15, 2026, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Initial Purchaser elects to aggregate two or more consecutive maturities as term Bonds. See “THE BONDS – Redemption.”

*[The remainder of this page intentionally left blank]*

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, this document constitutes a Preliminary Official Statement of the District with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a “FINAL OFFICIAL STATEMENT” of the District with respect to the Bonds, as that term is defined in the Rule.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the District to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND, CONSEQUENTLY, HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, OR EXEMPTED, SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

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The cover and inside cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

### SALE AND DISTRIBUTION OF THE BONDS

**AWARD OF THE BONDS . . .** After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by \_\_\_\_\_ (the “Initial Purchaser”) bearing the interest rates shown on the inside cover page hereof, at a price of approximately \_\_\_\_\_% of the par value thereof which resulted in a net effective interest rate of \_\_\_\_\_% as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the “IBA” method).

**PRICES AND MARKETABILITY . . .** The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term “public” shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by negative events including, but not limited to, the current pandemic associated with the COVID-19 virus. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

**SECURITIES LAWS . . .** No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

### MUNICIPAL BOND RATING AND INSURANCE

The District has applied to S&P Global Ratings (“S&P”) for a rating on the Bonds. The District does not currently have an underlying investment grade rating. An application has been made to qualify the Bonds for municipal bond insurance. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds.

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**OFFICIAL STATEMENT SUMMARY**

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

**THE DISTRICT**

**THE ISSUER**..... Headwaters Municipal Utility District of Hays County (the “District”), a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”), effective August 8, 2007 and confirmed pursuant to an election held within the District on November 6, 2007. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, collect and treat wastewater and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution, as amended. The District also has road powers under Section 52, Article III of the Texas Constitution. See “THE DISTRICT – General.”

**LOCATION**..... The District is located in Hays County, Texas. A portion of the District is located within the corporate limits of the City of Dripping Springs, Texas (“City”), and the remainder of the District is located within the extraterritorial jurisdiction of the City. The District is located within the boundaries of the Dripping Springs Independent School District. All lands within the District are located on the north side of State Highway 290. See “THE DISTRICT – Location” and “LOCATION MAP.”

**THE DEVELOPER** ..... WFC Headwaters Owner VII, L.P., a Delaware limited partnership (“Residential Developer”) is the developer of approximately 1,035 acres of real property within the District being developed for single family residential purposes (the “Residential Tract”). WFC Headwaters GP VII, L.L.C., a Delaware limited liability company, is the General Partner of the Residential Developer, and WFC Headwaters Holdings JV VII, L.L.C., a Delaware limited liability company, is the limited partner of the Residential Developer.

Approximately 168 acres within the District (the “Commercial Tract”) are being developed for commercial and residential purposes by Oryx Development L.L.P., a Texas limited liability company (“Commercial Developer”). The Commercial Developer sold a 9.629 to Ridge at Headwaters, Ltd. and constructed of a 168-unit market rate multifamily project on this site (the “Ridge Apartments”) has been completed. The Commercial Developer has completed construction of trunk utility facilities and access roads to serve the Ridge Apartments site and the remainder of the Commercial Tract and has contracted with the District for utility services and for future facilities reimbursements. See “THE DEVELOPERS – Description of Developers” and “THE DISTRICT – Current Status of Development.”

**DEVELOPMENT WITHIN THE DISTRICT** ..... Of the approximately 1,504 acres within the District, approximately 284.85 acres (out of 450.56 developable acres) have been developed by the Residential Developer with utility facilities as a single-family residential subdivision. The District also expects the Commercial Tract within the District to be developed for commercial and residential purposes by the Commercial Developer. As of May 25, 2021, the development in the District consisted of 341 completed homes (of which 326 were occupied, 15 were complete and available for purchase), 80 homes under construction and 21 vacant developed lots within the Residential Tract. A 168-unit multifamily complex has also been completed by the Ridge at Headwaters, Ltd., which purchased 9.629 acres within the Commercial Tract for the Ridge Apartments from the Commercial Developer. At the present time, 160 of the 168 multi-family units have been leased.

Following the issuance of the Bonds, the District will still owe the Residential Developer approximately \$12.5 million for water, wastewater and drainage facilities which have been constructed to date. See “THE DISTRICT – Current Status of Development.”

**HOMEBUILDERS**..... There are currently several homebuilders in the District, including David Weekley Homes, Taylor Morrison Homes, Drees Custom Homes, Trendmaker Homes, Ashton Woods and Dreamfinders Homes. The homes range in price from \$370,000 to \$720,000. See “THE DEVELOPERS – Homebuilders within the District.”

**THE BONDS**

**DESCRIPTION**..... The Bonds in the aggregate principal amount of \$5,805,000 mature serially in varying amounts on August 15 of each year from 2024 through 2046, inclusive, in the principal amounts set forth on the inside cover page hereof. Interest accrues from the date of Initial Delivery and is payable February 15, 2022 and each August 15 and February 15 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See “THE BONDS – General Description.”

**REDEMPTION**..... The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after August 15, 2027 in whole or from time to time in part, on August 15, 2026, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Initial Purchaser elects to aggregate two or more consecutive maturities as term Bonds. See “THE BONDS – Redemption.”

**SOURCE OF PAYMENT**..... Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District, which under Texas law is not legally limited as to rate or amount. See “TAXING PROCEDURES.” **The Bonds are obligations solely of the District and are not obligations of the City of Dripping Springs; Dripping Springs Independent School District; Hays County, Texas; the State of Texas; or any entity other than the District.** See “THE BONDS – Source of and Security for Payment.”

**PAYMENT RECORD**..... The Bonds constitute the fifth installment of bonds issued by the District for construction of roads and improvements in aid of roads. The District has never defaulted on the payment of its outstanding debt. See “FINANCIAL STATEMENT – Unlimited Tax Road Bonds Authorized but Unissued.”

**AUTHORITY FOR ISSUANCE**..... The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas including Chapter 7951 of the Texas Special District Local Laws Code, a bond election held within the District on November 3, 2015 and an order (the “Bond Order”) adopted by the Board of Directors of the District on the date of the sale of the Bonds. See “THE BONDS – Authority for Issuance.”

**USE OF PROCEEDS**..... The proceeds of the Bonds will be used to finance the District’s share of the construction costs associated with roads and related improvements serving the District.

The remaining Bond proceeds will be used to: (i) capitalize interest requirements on the Bonds; (ii) pay developer interest to the Residential Developer; and (iii) pay certain engineering costs and costs associated with the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

**BONDS AUTHORIZED BUT UNISSUED**..... At an election held within the District on November 3, 2015, the voters within the District approved the issuance of \$54,545,000 in bonds for roads and the issuance of \$81,817,500 in refunding bonds. In addition, on November 6, 2007 the voters within the District authorized the issuance of \$64,700,000 in bonds for water, wastewater and drainage facilities and the issuance of refunding bonds of \$97,050,000. After the sale of the Bonds, the District will have \$34,815,000 remaining in authorized but unissued road bonds. See “FINANCIAL STATEMENT – Outstanding Bonds” and “THE BONDS – Future Debt.”

<b>MUNICIPAL BOND RATING</b> .....	The District has applied to S&P Global Ratings (“S&P”) for a rating on the Bonds. The District does not currently have an underlying investment grade rating.
<b>MUNICIPAL BOND INSURANCE</b> .....	An application has been made to qualify the Bonds for municipal bond insurance. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds.
<b>QUALIFIED TAX-EXEMPT OBLIGATIONS</b> .....	The District expects to designate the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and have represented that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2021 is not reasonably expected to exceed \$10,000,000. See “TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions.”
<b>BOND COUNSEL AND GENERAL COUNSEL</b> .....	McLean & Howard, L.L.P., Austin, Texas (see “APPENDIX C – Form of Bond Counsel’s Opinion”).
<b>SPECIAL TAX COUNSEL AND DISCLOSURE COUNSEL</b> .....	McCall, Parkhurst and Horton L.L.P., Dallas, Texas
<b>FINANCIAL ADVISOR</b> .....	Specialized Public Finance Inc., Austin, Texas
<b>ENGINEER</b> .....	Malone Wheeler, Inc. (the “Engineer”), Austin, Texas

**RISK FACTORS**

The purchase and ownership of the Bonds involve certain risk factors and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned “RISK FACTORS,” with respect to investment in the Bonds.

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**SELECTED FINANCIAL INFORMATION**  
(Unaudited as of May 20, 2021)

2018 Certified Taxable Assessed Valuation .....	\$ 37,582,610	(a)
2019 Certified Taxable Assessed Valuation .....	\$ 60,584,588	(a)
2020 Certified Taxable Assessed Valuation .....	\$ 125,070,233	(a)
Preliminary 2021 Assessed Valuation (as of January 1, 2021) .....	\$ 216,520,004	(a)
Estimated Taxable Assessed Valuation (as of March 11, 2021) .....	\$ 223,619,000	(a)
Gross Direct Debt Outstanding .....	\$ 19,655,000	(b)
Estimated Overlapping Debt .....	<u>3,930,632</u>	(c)
Gross Direct Debt Outstanding and Estimated Overlapping Debt .....	\$ 23,585,632	
Ratios of Gross Direct Debt Outstanding to:		
2020 Certified Taxable Assessed Valuation .....		15.72%
Estimated Taxable Assessed Valuation (as of March 11, 2021) .....		8.79%
Ratios of Gross Direct Debt Outstanding and Estimated Overlapping Debt to:		
2020 Certified Taxable Assessed Valuation .....		18.86%
Estimated Taxable Assessed Valuation (as of March 11, 2021) .....		10.55%
2020 Tax Rate:		
Debt Service .....	\$ 0.4000	
Maintenance & Operation .....	<u>0.5000</u>	
Total .....	\$ 0.9000	(d)
General Operating Fund Balance as of May 20, 2021 (unaudited) .....	\$ 681,665	
Debt Service Fund Balance as of May 20, 2021 (unaudited) .....	\$ 1,205,678	(e)
Capital Project Fund Balance as of May 20, 2021 (unaudited) .....	\$ 1,877	
Projected Average Annual Debt Service Requirement on the Bonds and outstanding debt (2021-2046) .....	\$ 1,120,811	(b)
Projected Maximum Annual Debt Service Requirement on the Bonds and outstanding debt (2042)..	\$ 1,324,390	(b)
Tax Rates Required to Pay Projected Average Annual Debt Service (2021-2046) at a 95% Collection Rate		
Based upon 2020 Certified Taxable Assessed Valuation .....	\$	0.9434
Tax Rates Required to Pay Projected Maximum Annual Debt Service (2042) at a 95% Collection Rate		
Based upon 2020 Certified Taxable Assessed Valuation .....	\$	1.1147
Number of Active Connections as of May 25, 2021:		
Total Developed Single Family Lots .....	442	
Single Family Homes– Completed & Occupied .....	326	
Single Family Homes – Completed & Unoccupied .....	15	
Single Family Homes – Under Construction .....	80	
Single Family – Vacant Developed Lots .....	21	
Estimated Population as of May 25, 2021 .....	1,141	(f)

(a) Assessed valuation of the District as certified by the Hays Central Appraisal District (“HCAD”). See “TAXING PROCEDURES.”

(b) Includes the Bonds. See “DEBT SERVICE REQUIREMENTS.”

(c) See “FINANCIAL STATEMENTS – Estimated Overlapping Debt.”

(d) The District levied a 2020 total tax rate of \$0.9000. See “Table 9 – District Tax Rates.”

(e) Does not include capitalized interest on the Bonds, estimated to contribute an additional \$326,531 to the debt service fund balance shown (representing 12 months of capitalized interest calculated at 3.75%). Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District’s Debt Service Fund. Preliminary, subject to change.

(f) Based upon 3.5 residents per completed and occupied single family home.

**OFFICIAL STATEMENT**

Relating to

**\$5,805,000****HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY  
(A Political Subdivision of the State of Texas Located in Hays County, Texas)  
UNLIMITED TAX ROAD BONDS, SERIES 2021****INTRODUCTION**

This Official Statement provides certain information in connection with the issuance by the Headwaters Municipal Utility District of Hays County (the "District"), a political subdivision of the State of Texas (the "State"), of its \$5,805,000 Unlimited Tax Road Bonds, Series 2021 (the "Bonds").

The Bonds are issued pursuant to an order (the "Bond Order") adopted by the Board of Directors of the District on the date of the sale of the Bonds, pursuant to Article III, Section 52 of the Constitution and general laws of the State including Chapter 7951 of the Texas Special District Local Laws Code, and a bond election held within the District on November 3, 2015.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Order.

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District c/o McLean & Howard, L.L.P., 901 South MoPac Expressway, Suite 225, Austin, Texas 78746 or from the District's Financial Advisor, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas, 78746, upon payment of reasonable copying, mailing and handling charges.

**THE BONDS**

**GENERAL DESCRIPTION . . .** The Bonds are dated August 24, 2021 and will mature on August 15 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will accrue from the date of Initial Delivery, will be paid on February 15, 2022 and each August 15 and February 15 thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is BOKF, NA, Dallas, Texas (the "Paying Agent" or "Paying Agent/Registrar").

**REDEMPTION . . .** The District reserves the right, at its option, to redeem the Bonds maturing on and after August 15, 2027, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000 on August 15, 2026, or any date thereafter, at a price of par value plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

*Notice of Redemption . . .* At least 30 calendar days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent by United States mail, first-class postage prepaid, at least 30 calendar days prior to the date fixed for redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th calendar day prior to such redemption date and to major securities depositories and bond information services.

The Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District, if less than all of the Bonds of a particular maturity are to be redeemed, the Paying Agent is required to select the Bonds of such maturity to be redeemed by lot.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent prior to the giving of such notice of redemption, such notice will state that said redemption



may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

**DTC REDEMPTION PROVISION . . .** The Paying Agent/Registrar and the District, so long as a book-entry-only system (“Book-Entry-Only-System”) is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bond Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants.

Indirect Participants or the persons for whom DTC Participants act as nominees with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

**TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . .** The District is initially utilizing the Book-Entry-Only System of DTC. See “BOOK-ENTRY-ONLY SYSTEM.” In the event that the Book-Entry-Only System is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

*Payment . . .* Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent upon presentation and surrender of the Bonds to the Paying Agent at the designated office for payment of the Paying Agent in Dallas, Texas (the “Designated Payment/Transfer Office”). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent by United States mail, first-class, postage prepaid, to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent requested by registered owner at the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

*Registration . . .* If the Book-Entry-Only System is discontinued, the Bonds may be transferred and re-registered on the registration books of the Paying Agent only upon presentation and surrender thereof to the Paying Agent at the Designated Payment/Transfer Office. A Bond also may be exchanged for a Bond or Bonds of like maturity and interest and having a like aggregate principal amount or maturity amount, as the case may, upon presentation and surrender at the Designated Payment/Transfer Office. All Bonds surrendered for transfer or exchange must be endorsed for assignment by the execution by the registered owner or his duly authorized agent of an assignment form on the Bonds or other instruction of transfer acceptable to the Paying Agent. Transfer and exchange of Bonds will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such transfer or exchange. A new Bond or Bonds, in lieu of the Bond being transferred or exchanged, will be delivered by the Paying Agent to the registered owner, at the Designated Payment/Transfer Office of the Paying Agent or by United States mail, first-class, postage prepaid. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer in the denominations of \$5,000 or any integral multiple thereof.

*Limitation on Transfer of Bonds . . .* Neither the District nor the Paying Agent shall be required to make any transfer, conversion or exchange to an assignee of the registered owner of the Bonds (i) during the period commencing on the close of business on the last calendar day of the month (whether or not a business day) preceding each interest payment date (the “Record Date”) and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

*Replacement Bonds . . .* If a Bond is mutilated, the Paying Agent will provide a replacement Bond in exchange for the mutilated bond. If a Bond is destroyed, lost or stolen, the Paying Agent will provide a replacement Bond upon (i) the filing by the registered owner with the Paying Agent of evidence satisfactory to the Paying Agent of the destruction, loss or theft of the Bond and the authenticity of the registered owner’s ownership and (ii) the furnishing to the Paying Agent of indemnification in an amount satisfactory to hold the District and the Paying Agent harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond must be borne by the registered owner. The provisions of the Bond Order relating to the replacement Bonds are exclusive and to the extent lawful, preclude all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

**AUTHORITY FOR ISSUANCE** . . . At an election held within the District on November 3, 2015, voters within the District authorized a total of \$54,545,000 in Unlimited Tax Road Bonds for road improvements and the issuance of refunding bonds in the amount of \$81,817,500. The Bonds constitute the fifth installment of road bonds issued by the District. After the sale of the Bonds, \$34,815,000 principal amount of District road bonds will remain authorized but unissued. In addition, on November 6, 2007 the voters within the District authorized the issuance of \$64,700,000 in bonds for water, wastewater and drainage facilities and the issuance of refunding bonds of \$97,050,000. The District has not issued any bonds for water, wastewater or drainage facilities or for refunding purposes. The Bonds are issued pursuant to the terms and provisions of the Bond Order; and Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapter 7951 of the Texas Special District Local Laws Code.

**SOURCE OF AND SECURITY FOR PAYMENT** . . . The Bonds will be payable from and secured by a pledge of the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount levied against all taxable property located within the District. The Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its "Debt Service Fund" for the Bonds.

Under existing Texas law, since the District lies partially within the corporate boundaries and partially within the extraterritorial jurisdiction of the City of Dripping Springs, Texas (the "City"), the District may be annexed by the City without the District's consent; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. If a municipal utility district is annexed, the municipality must assume the assets, functions, and obligations of the District, including outstanding bonds, and the pledge of taxes will terminate. Under the Development Agreement dated March 4, 2005, Dripping Springs agreed that it would not annex any residential land within the District until: (a) water, wastewater and drainage facilities have been completed to serve at least ninety percent (90%) of the developable acreage within the District; and (b) the Residential Developer and Commercial Developer have been reimbursed by the District for the water, wastewater, drainage or other facilities serving the District in accordance with the rules of the Texas Commission on Environmental Quality. Annexation of territory by Dripping Springs is a policy-making matter within the discretion of the Mayor and City Council of Dripping Springs and therefore, the District makes no representation that Dripping Springs will ever annex the District and assume its debt. No representation is made concerning the ability of the City to make debt service payments on the Bonds should dissolution of the District occur.

The Bonds are obligations solely of the District and are not obligations of the City of Dripping Springs; Dripping Springs Independent School District; Hays County, Texas; the State of Texas; or any political subdivision or entity other than the District.

**PAYMENT RECORD** . . . The Bonds constitute the fifth installment of bonds issued by the District for construction of roads and improvements in aid of roads. The District has never defaulted on the payment of its outstanding debt.

**FLOW OF FUNDS** . . . The Bond Order creates the establishment and maintenance by the District of a Debt Service Fund and a Capital Projects Fund.

Each fund shall be kept separate and apart from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the registered owner of the Bonds.

Any cash balance in any fund must be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of water control and improvement districts having an aggregate market value, exclusive of accrued interest, at all times equal to the cash balance in the fund to which such securities are pledged.

*Debt Service Fund* . . . The Bond Order establishes the Debt Service Fund to be used to pay principal and interest on and Paying Agent fees in respect to the Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the Initial Purchaser, the amount received from proceeds of the Bonds representing accrued interest, if any, and approximately eighteen months' capitalized interest on the Bonds, (ii) District ad valorem taxes (and penalties and interest thereon) levied to pay debt service requirements on (or fees and expenses of the Paying Agent with respect of) the Bonds, and (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Order requires that the Debt Service Fund be applied solely to provide for the payment of the principal or redemption price of and interest on the Bonds when due, and to pay fees to Paying Agent when due.

*Capital Projects Fund* . . . The Capital Projects Fund is the capital improvements fund of the District. The Bond Order requires the District to deposit to the credit of the Capital Projects Fund the balance of the proceeds of the Bonds remaining after the deposits to the Debt Service Fund provided in the Bond Order. The Capital Projects Fund may be applied solely to (i) pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued, (ii) pay the costs of issuing the Bonds and (iii) to the

extent the proceeds of the Bonds and investment income attributable thereto are in excess of the amounts required to acquire and construct road facilities, then in the discretion of the District to transfer such unexpended proceeds or income to the Debt Service Fund.

**DEFEASANCE OF OUTSTANDING BONDS . . . General . . .** The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Order under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding within the meaning of the Bond Order (a "Defeased Bond"), except to the extent provided below for the Paying Agent to continue payments, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the District with the Paying Agent or an eligible trust company or commercial bank for the payment of its services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged, as provided in the Bond Order and such principal and interest shall be payable solely from such money or Defeasance Securities, and shall not be regarded as outstanding under the Bond Order.

Any money so deposited with or made available to the Paying Agent or an eligible trust company or commercial bank also may be invested at the written direction of the District in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be remitted to the District or deposited as directed in writing by the District.

Until all Defeased Bonds shall have become due and payable, the Paying Agent shall perform the services of Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by the Bond Order.

For purposes of these provisions, "Defeasance Securities" means (i) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) non-callable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds..

Any such obligations must be certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to provide all debt service payments on the Bonds.

*Retention of Rights . . .* To the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call the Defeased Bond for redemption in accordance with the provisions of the order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon satisfaction of the provisions set forth above regarding such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

*Investments . . .* Any escrow agreement or other instrument entered into between the District and the Paying Agent or an eligible trust company or commercial bank pursuant to which money and/or Defeasance Securities are held by the Paying Agent or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District or deposited as directed in writing by the District.

**PAYING AGENT/REGISTRAR . . .** Principal of and semiannual interest on the Bonds will be paid by BOKF, NA having an office for payment in Dallas, Texas, the Paying Agent. The Paying Agent must be either a bank, trust company, financial institution or other entity duly qualified and equally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

Provision is made in the Bond Order for the District to replace the Paying Agent by a resolution of the District giving notice to the Paying Agent of the termination of the appointment, stating the effective date of the termination and appointing a successor Paying Agent. If the Paying Agent is replaced by the District, the new Paying Agent shall be required to accept the previous Paying Agent's records and act in the same capacity as the previous Paying Agent. Any successor paying agent/registrar selected by the District shall be subject to the same qualification requirements as the Paying Agent. The successor paying agent/registrar, if any, shall be determined by the Board of Directors and written notice thereof, specifying the name and address of such successor paying agent/registrar will be sent by the District or the successor paying agent/registrar to each registered owner by first-class mail, postage prepaid.

**RECORD DATE . . .** The Record Date for payment of the interest on Bonds on any regularly scheduled interest payment date is defined as the last calendar day of the month (whether or not a business day) preceding such interest payment date.

**ISSUANCE OF ADDITIONAL DEBT . . .** According to the District's engineer, the \$34,815,000 in principal amount of road bonds authorized but unissued (after issuance of the Bonds), should be sufficient to reimburse the Residential Developer for the road improvements serving the Residential Tract. In addition, voters may authorize the issuance of additional bonds or other contractual obligations secured by ad valorem taxes. The District also has the right to issue refunding bonds, as well as revenue bonds and notes without voter approval. Furthermore, at an election held in the District on November 6, 2007, the voters within the District also approved the issuance of \$97,050,000 in refunding bonds and \$64,700,000 in unlimited tax bonds for water, wastewater and drainage facilities, none of which have been issued to date. See "FINANCIAL STATEMENT – Authorized But Unissued Bonds." Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may dilute the security of the Bonds. See "RISK FACTORS." The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of bonds for water, wastewater and drainage purposes is subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District.

**LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . .** Pursuant to Section 49.186 of the Texas Water Code, bonds, notes or other obligations issued by a municipal utility district "shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts and all other kinds and types of districts, public agencies and bodies politic." Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds.

The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

**SPECIFIC TAX COVENANTS . . .** In the Bond Order the District has covenanted with respect to, among other matters, the use of the proceeds of the Bonds and the manner in which the proceeds of the Bonds are to be invested. The District may omit to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that such covenant is ineffective or inapplicable or non-compliance with such covenant will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

**ADDITIONAL COVENANTS . . .** The District has additionally covenanted in the Bond Order that it will keep accurate records and accounts and employ an independent certified public accountant to audit and report on its financial affairs at the close of each fiscal year, such audits to be in accordance with applicable law, rules and regulations and open to inspection in the office of the District.

**REMEDIES IN EVENT OF DEFAULT . . .** The Bond Order establishes specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Bond Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Bond Order and Chapter 51 of the Texas Water Code provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, subject to the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Bond Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. CT. J. 819 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the District’s sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District’s property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

**CONSOLIDATION . . .** A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water system with the water system(s) of the district(s) with which it is consolidating. The revenues of the consolidated system may be pledged equally to all first lien bonds of the consolidating districts. No representation is made that the District will consolidate its water system with any other district.

**ANNEXATION . . .** The District lies partially within the corporate limits and partially within the extraterritorial jurisdiction of the City of Dripping Springs, Texas (“Dripping Springs”). Under existing Texas law, since the District lies partially within the corporate boundaries and partially within the extraterritorial jurisdiction of the City of Dripping Springs, Texas (the “City”), the District may be annexed by the City without the District’s consent; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. If a municipal utility district is annexed, the municipality must assume the assets, functions, and obligations of the District, including outstanding bonds, and the pledge of taxes will terminate. Under the Development Agreement dated March 4, 2005, Dripping Springs agreed that it would not annex any residential land within the District until: (a) water, wastewater and drainage facilities have been completed to serve at least ninety percent (90%) of the developable acreage within the District; and (b) the Residential Developer and Commercial Developer have been reimbursed by the District for the water, wastewater, drainage or other facilities serving the District in accordance with the rules of the Texas Commission on Environmental Quality. Annexation of territory by Dripping Springs is a policy-making matter within the discretion of the Mayor and City Council of Dripping Springs and therefore, the District makes no representation that Dripping Springs will ever annex the District and assume its debt. No representation is made concerning the ability of the City to make debt service payments on the Bonds should dissolution of the District occur.

**ALTERATION OF BOUNDARIES . . .** In certain circumstances, under Texas law the District may alter its boundaries to: i) upon satisfying certain conditions, annex additional territory; and ii) exclude land subject to taxation within the District that does not need to utilize the service of District facilities if certain conditions are satisfied including the District simultaneously annexes land of at least equal value that may be practicably served by District facilities. Such land substitution is subject to the approval of the TCEQ. No representation is made concerning the likelihood that the District would effect any change in its boundaries.

**APPROVAL OF THE BONDS . . .** The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the quality of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

**AMENDMENTS TO THE BOND ORDER . . .** The District may, without the consent of or notice to any registered owners, amend the Bond Order in any manner not detrimental to the interest of the registered owners, including the curing of an ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Order, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest therein, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission. In addition, a state, consistent with federal law, may within the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

### BOOK-ENTRY-ONLY SYSTEM

*This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by the DTC while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable but takes no responsibility for the accuracy or completeness thereof.*

*The District cannot and does not give any assurance that (i) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (ii) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (iii) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District

as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

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**USE AND DISTRIBUTION OF BOND PROCEEDS**

The proceeds of the Bonds will be used to finance road improvements constructed by the Residential Developer within the District, and improvements in aid thereof. The remaining Bond proceeds will be used to: (i) capitalize approximately eighteen months' interest requirements on the Bonds; (ii) pay developer interest to the Residential Developer ("Developer Interest"); and (iii) pay certain engineering costs and costs associated with the issuance of the Bonds. All roadways are designed and constructed in accordance with the applicable standards of Dripping Springs and Hays County. Upon acceptance, Dripping Springs and Hays County are responsible for operation and maintenance of the roadways. The District will not operate or maintain the roads.

The estimated use and distribution of Bond proceeds is set forth below. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor.

**SUMMARY OF COSTS**

<b>I. <u>CONSTRUCTION COSTS</u></b>	<b><u>District's Share</u></b>
A. Developer Contribution Items	
1. Headwaters at Barton Creek, Phase 2; Phase 4, Section 1 Roads.....	\$ 564,495
2. Headwaters at Barton Creek, Phase 4, Section 2-4 Roads.....	2,757,600
3. Engineering.....	600,568
4. Geotechnical Study.....	64,681
5. Land Costs.....	908,949
<b>Total Construction Costs.....</b>	<b>\$ 4,896,292</b>
<b>II. <u>NON-CONSTRUCTION COSTS</u></b>	
A. Legal Fees.....	\$ 93,050
B. Special Tax Counsel Fees.....	7,500
C. Fiscal Agent Fees.....	87,075
D. Interest:	
a. Capitalized Interest (12 months' at 3.75%).....	217,687
b. Developer Interest <sup>(a)</sup> .....	152,514
E. Bond Discount (3.00%).....	174,150
F. Bond Issuance Expenses.....	38,863
G. Bond Engineering Fee.....	23,220
H. Attorney General Fee (0.10%).....	5,805
I. Contingency.....	108,844
<b>Total Non-Construction Costs.....</b>	<b>\$ 908,708</b>
<b>TOTAL BOND ISSUE REQUIREMENT.....</b>	<b>\$ 5,805,000</b>

(a) Preliminary; subject to change. The amount of developer interest will be finalized in connection with the reimbursement report approved by the Board of Directors prior to disbursement of funds.

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## RISK FACTORS

**GENERAL . . .** The Bonds, which are obligations of the District and are not obligations of the State of Texas; Hays County, Texas; the City of Dripping Springs; Dripping Springs Independent School District, or any other political subdivision, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property located within the District. See “THE BONDS – Source of and Security for Payment.” The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the District’s obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See “Registered Owners’ Remedies” below.

**INFECTIOUS DISEASE OUTLOOK (COVID-19) . . .** The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the “President”) declared the Pandemic a national emergency and the Texas Governor (the “Governor”) declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the “disaster declarations”). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance of Executive Order GA-18 on April 27, 2020, which, among other things, requires Texans to minimize in-person contact with people who are not in the same household unless such people are involved in essential services or reopened services (subject to certain conditions and limitations pertaining to such reopened services) or essential daily activities and closes schools to in-person classroom attendance by students throughout the 2019-2020 school year, unless such order is otherwise extended, modified, rescinded, or superseded by the Governor. Furthermore, the Governor has suspended various statutes of the Texas Open Meetings Act that require government officials and members of the public to be physically present at a specified meeting location. This temporary suspension will allow for telephonic or videoconference meetings of governmental bodies that are accessible to the public in an effort to reduce in-person meetings that assemble large groups of people. In addition, Hays County, within which the District is located, has issued “stay home” orders for most citizens except when engaged in specific essential business functions. Hays County’s “stay home” order does not prohibit homebuilding activity within the District. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries, including manufacturing.

Such adverse economic conditions, if they continue, could result in delays in construction or development as well as declines in the demand for residential and commercial property in the Austin area and could reduce or negatively affect property values or homebuilding activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District’s share of operations and maintenance expenses payable from ad valorem taxes.

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the District. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District’s or Developer’s delays in construction or development as well as operations and financial condition. The financial and operating data contained herein are the latest available but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District’s financial condition. See “THE DISTRICT – Current Status of Development” and “THE DEVELOPERS.”

**FACTORS AFFECTING TAXABLE VALUES AND TAX PAYMENTS . . .** *Economic Factors, Interest Rates, Credit Availability and Residential Foreclosures:* A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots. The market value of such homes and lots is related to general economic conditions affecting the demand for and taxable value of residences. Demand for lots and residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the economic prosperity and

demographic characteristics of the urban centers toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values.

Interest rates and the availability of credit, including mortgage and development funding, have a direct impact on the construction activity, particularly short-term interest rates at which the Developers and Homebuilders are able to obtain financing for development and construction costs. Interest rate levels and the general availability of credit may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the District and the ability of potential homeowners to purchase homes. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued development and construction within the District. In addition, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economics.

**Competition** . . . The demand for single-family homes in the District could be affected by competition from other residential developments including other residential developments located in other utility districts located near the District. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in more established neighborhoods closer to downtown Austin that are for sale. Such homes could represent additional competition for homes proposed to be sold within the District.

The competitive position of the Residential Developer in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

**Developer under No Obligation to the District:** There is no commitment from, or obligation of, any developer to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District, and there is no restriction on any landowner's right to sell its land, including any developer. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon developer and the other principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such financial conditions may have on their ability to pay taxes. See "THE DEVELOPERS" and "TAX DATA – Principal Taxpayers."

**Impact on District Tax Rates:** Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of the District property owners to pay their taxes. The 2020 Certified Assessed Valuation is \$125,070,233 (see "FINANCIAL STATEMENT"). After issuance of the Bonds, the Projected Maximum Annual Debt Service Requirement will be \$1,324,390 (2042) and the Projected Average Annual Debt Service Requirement will be \$1,120,811 (2021-2046, inclusive). A tax rate of \$1.1147/\$100 assessed valuation, at a 95% collection rate, would be necessary to pay the Projected Maximum Annual Debt Service Requirement of \$1,324,390, and a tax rate of \$0.9434/\$100 assessed valuation at a 95% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement of \$1,120,811 based upon the 2020 Certified Taxable Assessed Valuation.

**BOND INSURANCE RISKS** . . . The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The purchase of bond insurance, if available, will be at the option and expense of the Purchaser. If a bond insurance policy is purchased by the Purchaser, provided below are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any earlier due date of such principal by reason of mandatory or optional redemption, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such redemption. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional redemption of the Bonds which is recovered by the District from the owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer (the "Bond Insurer") at such time and in such amounts as would have been due absent such redemption by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies that the Paying Agent exercises and the Bond Insurer's consent may be required in connection with amendments to the Bond Order.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent pursuant to the Bond Order. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds.

If insurance is purchased on the Bonds, the long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its ability to pay claims which is predicated upon a number of factors that could change over time. No

assurance is given that the long-term ratings of the Bond Insurer and the ratings on any Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and, in an event of default by the Bond Insurer, the remedies available to the Paying Agent may be limited by applicable bankruptcy law or other similar laws related to insolvency. No independent investigation into the ability of the Bond Insurer to pay claims has been made and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given.

**FUTURE AND PROPOSED LEGISLATION . . .** Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

**TAX COLLECTIONS AND FORECLOSURE REMEDIES . . .** The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by cumbersome, time-consuming and expensive collection procedures or market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "FINANCIAL STATEMENT – Estimated Overlapping Debt Statement"), by the current aggregate tax rate being levied against the property, and by other factors (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy court could approve a confirmation plan which allows the debtor to make installment payments on delinquent taxes for up to six years and a bankruptcy court may reduce the amount of any taxes assessed against the debtor, including those that have already been paid.

**HOUSING MARKET, VOLATILITY AND RECENT FORECLOSURES . . .** In past years, disruptions in the housing market have led to a number of foreclosures on single family homes nationally. In the District, there were no posted foreclosures on single-family homes by the Hays County Clerk's Office as of May 1, 2021. No assurance can be given whether the number of foreclosures will decrease or increase or that market conditions will improve.

**REGISTERED OWNERS' REMEDIES . . .** In the event of default in the payment of principal or interest on the Bonds, the registered owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interest of the registered owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the registered owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the registered owners may further be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District.

**BANKRUPTCY LIMITATION TO REGISTERED OWNERS' RIGHTS . . .** The enforceability of the rights and remedies of registered owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismissed the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is specifically authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law a water control and improvement district, such as the District, must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby involving the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the

petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the registered owners could potentially and adversely impair the value of the registered owner's claim.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a registered owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the registered owner's claim against a district.

**THE EFFECT OF THE FINANCIAL INSTITUTIONS ACT OF 1989 ON TAX COLLECTIONS OF THE DISTRICT . . .** The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("FIRREA"), enacted on August 9, 1989, contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been little judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain recent federal court decisions have held that the FDIC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC, and no liens for penalties, fines, interest, attorneys fees, costs of abstract and research fees exist against the real property for the failure of the FDIC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

**MARKETABILITY . . .** The District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

**CONTINUING COMPLIANCE WITH CERTAIN COVENANTS . . .** Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

**FUTURE DEBT . . .** The District has reserved in the Bond Order the right to issue the remaining \$34,815,000 authorized but unissued Unlimited Tax Road Bonds and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District, including up to \$64,700,000 in bonds for water, wastewater and drainage facilities. The District has also reserved the right to issue \$97,050,000 in refunding bonds authorized at the November 6, 2007 election, and the \$81,817,500 in refunding bonds authorized at the November 3, 2015 election. All of the remaining \$34,815,000 Unlimited Tax Road Bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board of Directors of the District, subject to the approval of the Attorney General of the State of Texas. In the opinion of the District's engineer, the remaining authorization should be sufficient to reimburse the Residential Developer for the development within the Residential Tract. See "THE SYSTEM."

Following the issuance of the Bonds, the District will still owe the Residential Developer approximately \$12.5 million for additional road, water, wastewater and drainage facilities which have been constructed to date.

**ENVIRONMENTAL REGULATION . . .** Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

1. Requiring permits for construction and operation of water supply wells and wastewater treatment facilities;
2. Restricting the manner in which wastes are released into the air, water, or soils;
3. Restricting or regulating the use of wetlands or other property;
4. Requiring remedial action to prevent or mitigate pollution; and
5. Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a water district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements, and issuance of injunctions as to future compliance of and the ability to operate the District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

*Air Quality Issues.* Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the Austin area. Under the Clean Air Act ("CAA") Amendments of 1990, the five-county "Austin Area" – Travis, Hays, Williamson, Bastrop, and Caldwell counties – has recently been redesignated by the EPA as an attainment area. The Austin Area entered into an early action compact (EAC) with the TCEQ and EPA which demonstrates attainment and maintenance of the 8-hour ozone standard. EACs allow regions that are in nonattainment or near nonattainment for ozone under the federal CAA to elect to use their knowledge of local conditions to determine which ozone control strategies should be implemented in their area, as opposed to having rules dictated by state and federal agencies.

The EPA signed a consent decree with several environmental organizations which bound the EPA to designating nonattainment areas for 8-hour nonattainment. The Austin Area took early action with an EAC on November 17, 2004 to reduce its emissions so as not to be designated nonattainment. Voluntary reductions have focused on reducing the number of vehicles on Austin Area roads, since vehicles are the area's main source of air pollution.

The area will report semi-annually on the progress of their control measures. Under the EACs, attainment must have been demonstrated by 2007. EPA approved the photochemical modeling in support of the attainment demonstration for the 8-hour ozone standard within the Austin Area on August 15, 2005. EPA also approved the Austin EAC "CAAP" which includes control measures and demonstrates maintenance of the standard through 2012 (including a vehicle inspection and maintenance (I/M) program). These steps and any EPA/TCEQ responses could impact the economy and communities in the Austin Area.

On November 26, 2014, the EPA announced a new proposed ozone National Ambient air Quality Standards (NAAQS) range of between 65-70 parts per billion. The Austin Area is vulnerable to being designated nonattainment if the EPA adopts the new proposed ozone NAAQS or otherwise maintains the existing standard applied to more recent air quality monitoring data.

Should the Austin Area fail to achieve attainment under an EPA NAAQS, or should the Austin Area fail to satisfy a then effective State Implementation Plan (SIP) (for nonattainment or otherwise), or for any other reason should a lapse in conformity with the CAA occur, the Austin Area may be subjected to sanctions pursuant to the CAA. Under such circumstances, the TCEQ would be required under the CAA to submit to the EPA a new SIP under the CAA for the Austin Area. Due to the complexity of the nonattainment/conformity analysis, the status of EPA's implementation of any future EPA NAAQS and the incomplete information surrounding any SIP requirements for areas designated nonattainment under any future EPA NAAQS, the exact nature of sanctions or any potential SIP that may be applicable to the Austin Area in the future is uncertain. The CAA provides for mandatory sanctions, including the suspension of federal highway funding, should the State fail to submit a proper SIP, or associated submissions, or fail to revise or implement a SIP, or fail to comply with an existing SIP. Subject to certain exceptions, if the Austin Area falls out of conformity and the mandatory highway funding suspension sanction is implemented, the United States Secretary of Transportation may be prohibited from approving or awarding transportation projects or grants within the area.

It is possible that nonattainment, a lapse in conformity under the CAA, litigation involving injunctive or other relief, or other environmental issues may impact new industrial, commercial and residential development in the Austin Area.

*Water Supply & Discharge Issues.* Water supply and discharge regulations that the District may be required to comply with involve: (1) public water supply systems, (2) wastewater discharges from treatment facilities, (3) storm water discharges and (4) wetlands dredge and fill activities. Each of these is addressed below:

Pursuant to the Safe Drinking Water Act, potable (drinking) water provided by the District to more than sixty (60) end users for consumption will be subject to extensive federal and state regulation as a public water supply system, which include, among other requirements, frequent sampling and analyses. Additionally, the EPA has been charged with establishing maximum contaminant levels (MCLs) for potential drinking water contaminants (both naturally occurring and anthropogenic) such as arsenic, lead, radon, and disinfection by-products (e.g. chlorine). Additionally, TCEQ is initiating rule changes to Chapter 290, Public Drinking Water, to implement the federal Stage 2 Disinfection Byproducts Rule (DBP2), Long Term Stage 2 Enhanced Surface Water Treatment Rule (LT2), and Ground Water Rule (GWR). EPA adopted the GWR on December 31, 2006. Future regulations or requirements pertaining to these and other drinking water contaminants could require installation of more costly treatment facilities.

Operation of the District's sewer facilities is subject to regulation under the Federal Clean Water Act and the Texas Water Code. All discharges of pollutants into the nation's navigable waters must comply with the Clean Water Act. The Clean Water Act allows municipal wastewater treatment plants to discharge treated effluent to the extent allowed under permits issued by the EPA pursuant to the National Pollutant Discharge Elimination System ("NPDES") program, a national program established by the Clean Water

Act for issuing, revoking, monitoring and enforcing wastewater discharge permits. On August 14, 1998, EPA authorized Texas to implement the NPDES program, which is called the Texas Pollutant Discharge Elimination System (“TPDES”) program.

TPDES permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. Any discharges to water bodies designated as impaired streams in accordance with the Clean Water Act may be precluded from obtaining a TPDES permit if pollutants for which the stream is designated as impaired are among those pollutants being released by a District. Moreover, the Clean Water Act and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations. In addition, under the Clean Water Act, states must identify any bodies of water for which more stringent effluent standards are needed to achieve water quality standards and must establish the maximum allowable daily load of certain pollutants into the water bodies. Total maximum daily loads (“TMDLs”) rules can have a significant impact on the District’s ability to obtain TPDES permits and maintain those permits. The District may be required to expend substantial funds to meet any of these regulatory requirements. If the District fails to achieve compliance with its discharge permits, a private plaintiff or the EPA could institute a civil action for injunctive relief and civil penalties. Operations of the District are also potentially subject to stormwater discharge permitting requirements as set forth under the Clean Water Act and regulations implementing the Clean Water Act. The TCEQ adopted by reference the vast majority of the EPA regulations relating to stormwater discharges and currently has issued a general permit for stormwater discharges associated with industrial activities and proposed two general permits for stormwater discharges associated with construction activities and municipal separate stormwater systems. The District may also be required to develop and implement stormwater pollution prevention plans and stormwater management plans. The District could incur substantial costs to develop and implement such plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Failure to comply with these requirements may result in the imposition of administrative, civil, and criminal penalties as well as injunctive relief under the Clean Water Act or the Texas Water Code.

**Operations of the District are also potentially subject to requirements and restrictions under the Clean Water Act regarding the use and alteration of wetland areas that are within the “waters of the United States.” The District must obtain a permit from the U.S. Army Corps of Engineers if operations of the District require that wetlands be filled, dredged, or otherwise altered.**

**Atlas 14 Study.** The National Weather Service recently completed a rainfall study known as Atlas 14 which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from the upper Gulf Coast in the east and running west generally along the I-10 corridor to Central Texas. Based on this study, various governmental entities, including Williamson County, are contemplating amendments to their regulations that will potentially increase the size of the 100 year floodplain and will also increase the size of detention ponds and drainage facilities required for future construction in all areas (not just in the floodplain). See “THE SYSTEM – 100-Year Flood Plain.”

**MARKETABILITY OF THE BONDS . . .** The District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market. Additionally, there are no assurances that if a secondary market for the Bonds will were to develop, that it will not be disrupted by events including, but not limited to, the current pandemic associated with the COVID-19 virus. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

**DROUGHT CONDITIONS . . .** Central Texas, like other areas of the State, has experienced extreme drought conditions within the last several years. The District adopted a water conservation plan and currently has implemented water restrictions for residents of the District. The West Travis County Public Utility Agency provides water to the District in amounts sufficient to service the residents of the District, however, if drought conditions resume, water usage, rates and water revenues could be impacted.

**FORWARD-LOOKING STATEMENTS . . .** The statements contained in this Official Statement, and in any other information provided by the District or Developers, that are not purely historical, are forward-looking statements, including statements regarding the District’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District and Developers on the date hereof, and neither the District nor the Developers assume any obligation to update any such forward-looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by first parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

## THE DISTRICT

**GENERAL** . . . Headwaters Municipal Utility District of Hays County (the “District”), a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”), effective August 8, 2007 and confirmed pursuant to an election held within the District on November 6, 2007. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, collect and treat wastewater and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution, as amended. Pursuant to Chapter 7951 of the Texas Special District Local Laws Code, the District also has road powers under Section 52, Article III of the Texas Constitution. Fire services are provided to residents and property owners within the District by North Hays County ESD #1 and Northwest Hays County ESD #5.

**MANAGEMENT** . . . **Board of Directors.** The District is governed by a Board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors’ terms are four years with elections held on the first Tuesday after the first Monday in May in each even numbered year. All of the directors listed below reside or own property in the District.

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Harvey Zinn, Jr.	President	2022
Lisa Stephens	Vice President	2022
Drax Marlow	Secretary	2022
William Farrell	Treasurer	2024
Brian Jacks	Assistant Secretary	2024

### **Consultants:**

**Tax Assessor/Collector** . . . Land and improvements in the District are being appraised by the Hays Central Appraisal District (“HCAD”). The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Hays County Tax Assessor/Collector, Ms. Luanne Carraway, currently serves the District in this capacity under contract.

**Operator** . . . The District contracts with the Crossroad Utilities to serve as operator for the District.

**Bookkeeper** . . . Municipal Accounts & Consulting, L.P. (“Municipal Accounts”) is charged with the responsibility of providing bookkeeping services for the District. Municipal Accounts serves in a similar capacity for other special districts.

**Engineer** . . . The District’s consulting engineer is Malone-Wheeler (the “Engineer”). Such firm serves as consulting engineer to other special districts.

**Financial Advisor** . . . Specialized Public Finance Inc. serves as the District’s financial advisor (the “Financial Advisor”). The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

**Bond Counsel and General Counsel** . . . McLean & Howard, L.L.P., Austin, Texas serves as Bond Counsel and General Counsel in connection with the issuance of the District’s Bonds. The fees of Bond Counsel and General Counsel are contingent upon the sale of and delivery of the Bonds.

**Special Tax Counsel and Disclosure Counsel** . . . McCall, Parkhurst and Horton L.L.P., Dallas, Texas serves as Special Tax Counsel and Disclosure Counsel in connection with the issuance of the District’s Bonds. The fees of Special Tax Counsel and Disclosure Counsel are contingent upon the sale of and delivery of the Bonds.

**LOCATION** . . . The District is located in Hays County. The District is partially located within the corporate boundaries, and partially within the extraterritorial jurisdiction, of the City of Dripping Springs, Texas and within the boundaries of the Dripping Springs Independent School District. The District is located on the north side of State Highway 290. See “LOCATION MAP.”

**UNDEVELOPED ACREAGE** . . . There are approximately 166 developable acres of land within the District that have not been provided with water, wastewater and storm drainage and detention facilities as of May 25, 2021. The District makes no representation as to when or if development of this acreage will occur. See “THE DISTRICT – Status of Development.”

**CURRENT STATUS OF DEVELOPMENT** . . . Of the approximately 1,504 acres within the District, approximately 284.85 acres (out of 450.56 developable acres) have been developed for single family residential purposes by the Residential Developer. As of May 25, 2021, the development in the Residential Tract consisted of 341 completed homes (of which 326 were occupied, 15 were completed and available for purchase), 80 homes under construction and 21 vacant developed lots. A 168-unit multifamily complex has also been completed by the Ridge at Headwaters, Ltd., which purchased 9.629 acres within the Commercial Tract for the Ridge Apartments from the Commercial Developer. As of May 25, 2021, 160 of the 168 multi-family units have been leased.

The chart below reflects the status of development of the residential and commercial lands within the District as of April 1, 2020:

	<u>Net Acreage</u>	<u>Platted Lots</u>	<u>Completed Homes</u>	<u>Homes Under Construction</u>	<u>Vacant Lots</u>
<b>A. Sections with Utility Facilities or Under Construction</b>					
Developed	284.85				
Under Construction <sup>(a)</sup>	0				
Remaining Developable Acreage	165.71	442	341	80	21
<b>Total Developable Acreage</b>	450.56				
<b>C. Undevelopable Acreage</b>					
Drainage, Detention, Floodplain, Parkland/Open Space	1,053				
<b>Total Developable Acreage</b>	1,503.56				

(a) Includes Phase 2 and Phase 4.1 within the Residential Tract and a 9.63 acre site being developed for multi-family purposes in the Commercial Tract.

**FUTURE DEVELOPMENT . . .** As of the date hereof, there are remaining approximately 166 acres of land in the District, as yet undeveloped with water, sewer & drainage facilities and road improvements to support development. The initiation of any new development beyond that described in this Official Statement will be dependent on several factors including, to a great extent, general and economic conditions which would affect any party’s ability to sell lots and/or other property and of any home builder to sell completed homes as described in this Official Statement under the caption “RISK FACTORS.” If the undeveloped portion of the District is eventually developed, additions to the District’s water, wastewater, and drainage systems required to service such undeveloped acreage may be financed by future issues of the District’s bonds and developer contributions, if any, as required by the TCEQ.

**ANNEXATION OF THE DISTRICT . . .** The District lies partially within the corporate boundaries and partially within the extraterritorial jurisdiction of the City of Dripping Springs. See “THE BONDS – Annexation” for a discussion of the ability of the City of Dripping Springs to annex the District.

**CONSENT AGREEMENT . . .** The District, the City, Residential Developer, Rathgeber Investment Company, Ltd. (“RIC”) and Commercial Developer are parties to that certain Agreement Concerning Creation and Operation of Headwaters Municipal Utility District” dated to be effective February 8, 2005, as subsequently amended on June 10, 2008, July 28, 2015, and May 29, 2020 (the “Consent Agreement”). The Consent Agreement governs the construction, operation, maintenance and inspection of District utility facilities; the provision of services by the District; the issuance of bonds by the District; and the annexation of the District by the City. Under the Consent Agreement, the City has authorized the District to issue its bonds in a total principal amount of \$119,245,000 for authorized purposes, including for road projects and for water, sewer and drainage projects.

**DEVELOPMENT AGREEMENT . . .** The City, Residential Developer, Commercial Developer and RIC are also parties to that certain Restated Development Agreement dated to be effective as of April 14, 2005 governing the development of lands within the District, including environmental protection, construction of utility infrastructure improvements, deed restrictions, lighting and signage. The Development Agreement also includes provisions governing the timing of annexation of the lands within the District by the City.

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## THE DEVELOPERS

**GENERAL . . .** In general, the activities of a developer in a utility district, such as the District, include purchasing the land within the utility district; coordinating the design of the subdivision; coordinating the design of the utilities and streets to be constructed in the subdivision; coordinating the design of any community facilities to be built; defining a marketing program and building schedule; securing necessary governmental approvals and permits for development; arranging for the construction of the improvements within the subdivisions, including road improvements, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, cable television, and electric service; and selling improved lots and commercial reserves to homebuilders, other developers, or other first parties. The relative success or failure of a developer to perform such activities will have a profound effect on the security of the bonds issued by the District. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily the major taxpayer within the district during the development phase of the property.

**DESCRIPTION OF DEVELOPERS . . .** The Residential Tract within the District is being developed for single family residential purposes as "Headwaters at Barton Creek" ("Headwaters") by WFC Headwaters Owner VII, L.P., a Delaware limited partnership, of which WFC Headwaters GP VII, L.L.C., a Delaware limited liability company, is the General Partner and WFC Headwaters Holdings JV VII, L.L.C., a Delaware limited liability company, is the limited partner.

Approximately 168 acres within the District is being developed for commercial and residential purposes by Oryx Development, L.L.C., a Texas limited liability company. The Commercial Developer sold a 9.629 to Ridge at Headwaters, Ltd., which has commenced construction of a 168-unit market rate multifamily project on this site (the "Ridge Apartments"). The Commercial Developer has completed construction of trunk utility facilities and access roads to serve the Ridge Apartments site and the remainder of the Commercial Tract and has contracted with the District for future facilities reimbursements. See "THE DISTRICT – Current Status of Development."

**ACQUISITION AND DEVELOPMENT FINANCING . . .** According to the Residential Developer, as of May 1, 2021, part of the development of Headwaters has been funded by three development loans, two from American Bank, N.A. and one from Pioneer Bank, SSB. The first loan from American Bank, N.A. in the amount of \$9,900,000 with a maturity date of October 13, 2018 for funding of Phase 1 was paid off in full as of February 6, 2018. The second loan from American Bank, N.A. in the amount of \$3,500,000 with a maturity date of December 31, 2018 for funding of the amenity center was refinanced and paid off on September 7, 2018. The third loan for refinancing of the amenity center loan and funding of Phase 2 closed with Pioneer Bank, SSB on or about September 4, 2018 in the amount of \$11,500,000 and secured by a first lien Deed of Trust ("First Lien"). The Third Loan was amended in October 2019, which (i) exercised a 6-month extension period, pushing the maturity date to March 31, 2021; (ii) reduced the minimum quarterly principal payments to spread principal amortization over the extended loan term, and (iii) and extended the completion date for Phase 2 lots delayed by weather. The Third Loan has an outstanding balance of \$2,028,663.80 as of September 30, 2020. Terms for an additional loan (the "Fourth Loan") for the development of Phase 4 and 5.1 have been agreed to with Pioneer Bank, SSB with an expected close in early Q4 2020. The principal commitment for the Fourth Loan is \$13,500,000 subject to 45% LTV and 40% LTC loan covenants and secured by a second lien Deed of Trust (subordinate to the existing First Lien referenced above) collateralized with 231 to be finished lots in Phase 4 & 5.1 and 327 to be developed lots in future phases. The Fourth Loan is to be repaid over the 37-month term from lot sales revenue per the minimum release price and mandatory principal curtailment schedules defined in the Loan Agreement.

**HOMEBUILDERS WITHIN THE DISTRICT . . .** As of May 25, 2021, there are currently several homebuilders in the District, including David Weekley Homes, Taylor Morrison Homes, Drees Custom Homes, Trendmaker Homes, Ashton Woods and Dreamfinders Homes. The homes range in price from \$370,000 to \$720,000.

**WILDLIFE WAIVER . . .** As of May 25, 2021, much of the undeveloped acreage within the Residential Tract is subject to a wildlife exemption which has been filed. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

## THE SYSTEM

**REGULATION . . .** The water, wastewater and storm drainage facilities (the "System"), the purchase, acquisition and construction of which will be permanently financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ, Hays County and Dripping Springs. According to Malone-Wheeler (the "Engineer"), the design of all such facilities has been approved by all governmental agencies which have authority over the District.

Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the U.S. Environmental Protection Agency and the TCEQ.

**WATER SUPPLY AND DISTRIBUTION . . .** The District receives its treated water from the West Travis County Public Utility Agency ("WTCPUA"), as successor to the Lower Colorado River Authority ("LCRA"), through a "Wholesale Water Services Agreement" dated April 4, 2014 (the "Wholesale Supply Contract") originally entered into by LCRA and the City of Dripping Springs. By

agreement with the District dated effective March 31, 2016, the City assigned its interest in the Wholesale Water Services Agreement to the District. The Wholesale Supply Contract was amended on October 1, 2010 and September 19, 2019. Under the Wholesale Supply Contract, as amended, the WTCPUA is obligated to provide all treated water needed and requested by the District for service to lands within the District up to, but not in excess of, (i) a maximum daily flow rate of 1,612,800 gallons per day, or (ii) such lesser amount as to WTCPUA may be able to supply in the event of an emergency. The District’s engineer estimates that this amount of water would be sufficient to serve 1,400 single family equivalent connections, which is the anticipated full buildout within the District.

**WASTEWATER COLLECTION AND TREATMENT . . .** Wastewater treatment for the District is provided by a 100,000 gallon per day (GPD) wastewater treatment plant with disposal via drip irrigation. Based upon a conservative design factor of 250 gallons per day per connection, the District’s existing treatment capacity is sufficient to serve up to 400 single family equivalent connections. The District is also the permittee under Permit No. WQ0014587001 that authorizes the treatment and disposal of 325,000 gpd of wastewater effluent.

The Developers and the District have entered into that certain “Wastewater Expansion and Capacity Agreement” dated July 17, 2018 (the “Wastewater Agreement”) to provide for funding and construction of the wastewater treatment and disposal facilities serving lands within the District. In general, the Wastewater Agreement provides for construction of the wastewater treatment and disposal facilities in phases as development progresses with the District, and each expansion corresponds to a phase authorized under Permit No. WQ0014587001. The Wastewater Agreement allocates capacity and service rights in each expansion according to the costs funded by each of the respective Developers. Generally, the Wastewater Agreement allocates 23.08% of the costs and capacity associated with each expansion to the Commercial Developer up to a maximum of 300 cumulative living unit equivalents for service to the Commercial Tract, and allocates the remaining 76.92% of costs and capacity to the Residential Developer for service to the Residential Tract. Each of the Developers may also elect to unilaterally proceed with funding and construction of an expansion if the other developer elects not to do so. The Wastewater Agreement also obligates the Developers to fund and construct an expansion of the treatment and disposal facilities when any expansion is required under the applicable rules of the Texas Commission on Environmental Quality.

**STORM WATER DRAINAGE . . .** Storm water within the District generally drains through roadside swales with street and driveway culverts and ribbon curbs into various water quality ponds, eventually discharging into tributaries that drain into Little Barton Creek, which is a tributary of Barton Creek, which is a tributary of the Colorado River.

**100-YEAR FLOOD PLAIN AND STORM DRAINAGE INFORMATION . . .** “Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (“FEMA”) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded. According to the Engineer, 84 of the 1,053 undevelopable acres within the District are located in the floodplain as shown in the Federal Emergency Management Agency Flood Insurance Rate Map. None of the floodplain acreage is intended for development.

**TABLE 1 – RATE AND FEE SCHEDULE**

The Board of Directors establishes rates and fees for water and sewer service, subject to change from time to time. The following schedule sets forth the monthly rates and fees for the District’s water and sewer service which are currently in effect.

Monthly Base Charge – Water: \$35.00

Water Usage Charge

<u>Gallons</u>			
0-2,000 Gallons	\$	2.30	(per 1,000 gallons)
2,001-5,000 Gallons	\$	3.85	(per 1,000 gallons)
5,001-10,000 Gallons	\$	4.24	(per 1,000 gallons)
10,001-20,000 Gallons	\$	4.88	(per 1,000 gallons)
20,001-25,000 Gallons	\$	5.86	(per 1,000 gallons)
25,001-30,000 Gallons	\$	7.03	(per 1,000 gallons)
30,001-40,000 Gallons	\$	10.55	(per 1,000 gallons)
40,000-and over Gallons	\$	15.83	(per 1,000 gallons)

Monthly Charge(s) – Wastewater: \$ 35.00 Base Fee, plus \$2.90 per 1,000 Gallons

TABLE 2 – OPERATING REVENUES AND EXPENSES STATEMENT – GENERAL FUND

The following statement sets forth in condensed form the consolidated historical operations of the District' General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary has been prepared from information obtained from the District's financial statements and records. Reference is made to such statements for further and more complete information. Also see "APPENDIX A – Excerpts from the Annual Financial Report."

	Fiscal Year End December 31,				
	2020	2019	2018	2017	2016
<b>Revenues:</b>					
Property Tax	\$ 321,239	\$ 351,312	\$ 304,466	\$ 43,345	\$ 18,964
Water Service	530,224	303,771	104,361	45,002	2,273
Wastewater Service	194,956	96,836	48,858	25,513	2,156
Tap and Connection Fees	346,847	288,948	134,369	91,630	28,375
Interest	407	1,023	939	42	7
Total Revenues	\$ 1,393,673	\$ 1,041,890	\$ 592,993	\$ 205,532	\$ 51,775
<b>Expenditures:</b>					
Water Service Fees	\$ 524,314	\$ 273,577	\$ 275,169	\$ 308,354	\$ 162,417
Wastewater Services	119,207	-	753	33,723	-
Repairs and Maintenance	-	61,505	35,170	16,517	-
Inspection Fees	-	31,917	33,044	5,673	480
Utilities	-	15,061	14,323	7,727	1,608
Laboratory Expenses	-	18,504	29,632	7,281	-
Solid Waste Services	47,900	47,786	4,270	615	-
Landscaping	50,313	73,551	66,816	51,340	-
Insurance	10,972	9,830	2,503	1,975	1,975
Tax Assessor	3,878	2,376	1,443	60	10
Director Salaries and Taxes	8,074	4,521	5,167	6,459	5,652
Legal Fees	43,532	40,565	43,481	47,899	56,958
Audit Fees	8,000	8,000	8,000	8,000	-
Financial Advisor Fees	3,000	-	-	-	-
Accounting	36,169	37,950	37,000	20,185	14,975
Management and Consulting	48,868	99,765	88,017	15,696	14,320
Engineering Fees	50,048	102,052	58,538	58,706	20,291
Legal Notices	2,729	-	-	-	-
Printing and Office Supplies	23,003	11,399	14,417	8,454	6,077
Debt Service	179,760	175,010	77,840	-	-
Total Expenditures	\$ 1,159,767	\$ 1,013,369	\$ 795,583	\$ 598,664	\$ 284,763
Excess (Deficiency) of Revenues Over Expenditures	\$ 233,906	\$ 28,521	\$ (202,590)	\$ (393,132)	\$ (232,988)
Beginning Fund Balance	\$ 294,957	\$ 146,380	\$ 1,048	\$ 40,024	\$ 40,581
Developer Advances	-	120,056	347,922	354,156	232,431
Ending Fund Balance	\$ 528,863	\$ 294,957	\$ 146,380	\$ 1,048	\$ 40,024

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**DEBT SERVICE REQUIREMENTS**

**TABLE 3 – PROJECTED DEBT SERVICE SCHEDULE**

Fiscal Year Ended 12/31	Existing Debt			The Bonds			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest <sup>(a)</sup>	Total	
2021	\$ 145,000	\$ 463,854	\$ 608,854	\$ -	\$ -	\$ -	\$ 608,854
2022	365,000	467,623	832,623	-	173,183	173,183	1,005,805
2023	385,000	455,523	840,523	-	174,150	174,150	1,014,673
2024	400,000	442,433	842,433	180,000	174,150	354,150	1,196,583
2025	420,000	428,534	848,534	185,000	168,750	353,750	1,202,284
2026	435,000	413,619	848,619	190,000	163,200	353,200	1,201,819
2027	460,000	397,905	857,905	195,000	157,500	352,500	1,210,405
2028	480,000	381,098	861,098	200,000	151,650	351,650	1,212,748
2029	500,000	363,288	863,288	205,000	145,650	350,650	1,213,938
2030	520,000	348,113	868,113	215,000	139,500	354,500	1,222,613
2031	545,000	332,313	877,313	220,000	133,050	353,050	1,230,363
2032	570,000	315,225	885,225	225,000	126,450	351,450	1,236,675
2033	595,000	297,390	892,390	235,000	119,700	354,700	1,247,090
2034	630,000	278,353	908,353	240,000	112,650	352,650	1,261,003
2035	655,000	257,739	912,739	245,000	105,450	350,450	1,263,189
2036	680,000	236,245	916,245	255,000	98,100	353,100	1,269,345
2037	715,000	213,433	928,433	260,000	90,450	350,450	1,278,883
2038	740,000	189,008	929,008	270,000	82,650	352,650	1,281,658
2039	780,000	162,970	942,970	280,000	74,550	354,550	1,297,520
2040	815,000	135,433	950,433	285,000	66,150	351,150	1,301,583
2041	850,000	106,198	956,198	295,000	57,600	352,600	1,308,798
2042	895,000	75,640	970,640	305,000	48,750	353,750	1,324,390
2043	715,000	42,804	757,804	315,000	39,600	354,600	1,112,404
2044	555,000	17,581	572,581	325,000	30,150	355,150	927,731
2045	-	-	-	335,000	20,400	355,400	355,400
2046	-	-	-	345,000	10,350	355,350	355,350
	<u>\$ 13,850,000</u>	<u>\$ 6,822,315</u>	<u>\$ 20,672,315</u>	<u>\$ 5,805,000</u>	<u>\$ 2,663,783</u>	<u>\$ 8,468,783</u>	<u>\$ 29,141,098</u>

(a) Interest calculated at an assumed rate for purposes of illustration only. Preliminary, subject to change.

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**FINANCIAL STATEMENT**  
**(Unaudited)**

**TABLE 4 – ASSESSED VALUE**

2018 Certified Taxable Assessed Valuation .....	\$ 37,582,610 (a)
2019 Certified Taxable Assessed Valuation .....	\$ 60,584,588 (a)
2020 Certified Taxable Assessed Valuation .....	\$ 125,070,233 (a)
Preliminary 2021 Taxable Assessed Valuation (as of January 1, 2021) .....	\$ 216,520,004 (a)
Estimated Taxable Assessed Valuation (as of March 11, 2021) .....	\$ 223,619,000 (a)
 Gross Direct Debt Outstanding .....	 \$ 19,655,000 (b)
 Ratio of Gross Direct Debt Outstanding to 2020 Certified Assessed Valuation .....	 15.72%
Ratio of Gross Direct Debt to Estimated Taxable Assessed Valuation (as of March 11, 2021).....	8.79%

(a) Assessed valuation of the District as reported by the Hays Central Appraisal District (“HCAD”). See “TAXING PROCEDURES.”

(b) Includes the Bonds. See “DEBT SERVICE REQUIREMENTS.”

**TABLE 5 – UNLIMITED TAX ROAD BONDS AUTHORIZED BUT UNISSUED**

Purpose	Date Authorized	Amount Authorized	Heretofore Issued	Being Issued	Unissued Balance
Water, Sewer, Drainage	11/6/2007	\$ 64,700,000	\$ -	\$ -	\$ 64,700,000
Refunding	11/6/2007	97,050,000	-	-	97,050,000
Road Improvements	11/3/2015	54,545,000	13,925,000	5,805,000	34,815,000
Refunding	11/3/2015	81,817,500	-	-	81,817,500
Total		<u>\$ 298,112,500</u>	<u>\$ 13,925,000</u>	<u>\$ 5,805,000</u>	<u>\$ 278,382,500</u>

**TABLE 6 - CASH AND INVESTMENT BALANCES<sup>(a)(b)</sup>**

Operating Fund .....	\$ 681,665
Debt Service Fund.....	\$ 1,205,678
Capital Project Fund .....	\$ 1,877

(a) Unaudited as of May 20, 2021.

(b) Does not include capitalized interest on the Bonds, estimated to contribute an additional \$217,687 to the debt service fund balance shown (representing 12 months’ of capitalized interest calculated at 3.75%). Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District’s Debt Service Fund. Preliminary, subject to change.

**INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT** . . . Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (9) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; and (12) no-load mutual funds registered with the

Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than “AAA” or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District’s name and deposited at the time the investment is made with the District or a first party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than “AAA” or “AAA<sup>m</sup>” or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All District funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield. Under Texas law, the District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived.” At least quarterly the District’s investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Directors.

Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the District, (3) require the registered principal of firms seeking to sell securities to the District to: (a) receive and review the District’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the District’s investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

TABLE 7 – CURRENT INVESTMENTS

As of May 20, 2021, the District is currently invested in a bank Money Market Fund and TexPool. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District's audited financial statements.

Investments	Market Value	% of Total
TexPool	\$ 1,567,961	83.00%
Money Market	321,259	17.00%
	\$ 1,889,220	100.00%

**ESTIMATED OVERLAPPING DEBT STATEMENT . . .** Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from several sources, including information contained in "Texas Municipal Reports," published by the Municipal Advisory Council of Texas. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. Political subdivision overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes of debt service and the tax burden for operation, maintenance and/or general purposes is not included in these figures.

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	District's Overlapping Tax Supported Debt as of 4/30/2021
Hays County	\$ 474,159,579	0.24%	\$ 1,137,983
Dripping Springs ISD	279,264,934	1.00%	2,792,649
City of Dripping Springs <sup>(b)</sup>	28,040,000	0.23%	-
North Hays County ESD #1	-	0.72%	-
Northwest Hays County ESD #5	-	1.17%	-
Headwaters MUD of Hays County	19,655,000	100.00%	19,655,000 <sup>(a)</sup>
Total Direct and Overlapping Tax Supported Debt			\$ 23,585,632
Ratio of Direct and Overlapping Tax Supported Debt to 2020 Certified TAV			18.86%
Ratio of Direct and Overlapping Tax Supported Debt to Estimated March 11, 2021 TAV			10.55%

(a) Includes the Bonds.

(b) Note: The City of Dripping Springs does not overlap the residential acreage within the District.

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## TAX DATA

TABLE 8 – TAX COLLECTIONS

The following statement of tax collections sets forth in condensed form the historical fiscal year tax collection experience of the District. Such summary has been prepared by the Financial Advisor for inclusion herein based upon information from District audits and records of the District's Tax Assessor/Collector. Reference is made to such audits and records for further and more complete information.

Fiscal Year Ended 12/31	Tax Rate	General Operating Fund	Debt I&S Fund	Tax Levy	% Total Collections
2017	\$ 0.9000	\$ 0.9000	\$ -	\$ 8,126	100.00%
2018	0.9000	0.9000	-	203,883	100.00%
2019	0.9000	0.6500	0.2500	338,243	100.00%
2020	0.9000	0.5000	0.4000	537,737	100.00% (a)
2021	0.9000	0.4000	0.5000	1,082,705	98.89%

(a) Collections through April 30, 2021.

TABLE 9 – DISTRICT TAX RATES

	Tax Rates per \$100 Assessed Valuation				
	FY2021	FY2020	FY2019	FY2018	FY2017
Debt Service	\$ 0.5000	\$ 0.4000	\$ 0.2500	\$ -	\$ -
Maintenance	0.4000	0.5000	0.6500	0.9000	0.9000
Total	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.9000

**TAX RATE LIMITATION . . .** The District's tax rate for debt service on the Bonds is legally unlimited as to rate and amount.

**MAINTENANCE TAX . . .** The District has the statutory authority to levy and collect an annual ad valorem tax for maintaining, repairing and operating the District's facilities and for paying administrative expenses of the District, if such maintenance tax is authorized by the District's voters. An election for such a tax was held on November 6, 2007 at which time a maintenance tax not to exceed \$1.00 per \$100 assessed valuation was approved by the District's voters. The District adopted a 2020 tax year maintenance tax of \$0.4000 and 2020 tax year debt service tax of \$0.5000 in September 2020.

**TABLE 10 – PRINCIPAL TAXPAYERS . . .** The following list of principal taxpayers was provided by the Hays Central Appraisal District based on the 2020 tax rolls of the District, which reflect ownership as of January 1 of each year shown.

Taxpayer	Taxable Assessed Value	% of 2020 Taxable Assessed Valuation
Ridge at Headwaters Ltd.	\$ 21,935,211	17.54%
WFC Headwaters Owner VII LP <sup>(a)</sup>	11,956,550	9.56%
Weekley Homes LLC	5,530,663	4.42%
Taylor Morrison of Texas Inc.	3,067,210	2.45%
Taylor Morrison of Texas Inc.	2,765,520	2.21%
DDC Skye Headwaters Land LLC	1,299,140	1.04%
DFH Wildwood LLC	997,500	0.80%
Ashton Austin Residential LLC	897,750	0.72%
Drees Custom Homes LP	876,650	0.70%
Oryx Development	748,510	0.60%
	<u>\$ 50,074,704</u>	<u>40.04%</u>

(a) The Developer.



## TAXING PROCEDURES

**AUTHORITY TO LEVY TAXES . . .** The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, their pro rata share of debt service on any contract tax bonds and any additional bonds or obligations payable from taxes which the District may hereafter issue (see “RISK FACTORS – Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under “THE BONDS – Source of and Security for Payment.” Under Texas law, the Board is also authorized to levy and collect an ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations, if authorized by its voters. See “TAX DATA – District Bond Tax Rate Limitation,” and “TAX DATA – Maintenance Tax.”

**PROPERTY TAX CODE AND COUNTY-WIDE APPRAISAL DISTRICT . . .** The Texas Property Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within the county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. HCAD has the responsibility for appraising property for all taxing units within Hays County, including the District. Such appraisal values are subject to review and change by the Hays Central Appraisal Review Board (the “Appraisal Review Board”). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll and tax rate.

**PROPERTY SUBJECT TO TAXATION BY THE DISTRICT . . . *General:*** Except for certain exemptions provided by State law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by the Appraisal District to include on a tax roll tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; income producing tangible personal property or mineral interest with a taxable value of less than \$500; certain property used for the control of air, water or land pollution; solar and wind powered energy devices; certain non-profit cemeteries, farm products owned by the producer; and certain property owned by qualified charitable, religious, veterans, youth, or fraternal organizations. Goods, wares, ores and merchandise (other than oil, gas, or petroleum products) that are acquired in or imported into the state and forwarded out of state within 175 days thereafter are also exempt. Article VIII, Section 1-a of the Texas Constitution grants a \$3,000 homestead exemption for all homesteads taxed by counties for farm-to-market roads and flood control purposes. Property owned by a disabled veteran or by the spouse of certain children of a deceased disabled veteran or a veteran who died while on active duty is partially exempt to between \$5,000 and \$12,000 of assessed value depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran’s residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran’s residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran’s exemption applied. Also partially exempt are residence homesteads of certain persons who are disabled or at least 65 years old, not less than \$3,000 of appraised value or such higher amount as the Board or the District’s voters may approve. The District’s tax assessor/collector is authorized by statute to disregard such exemptions for the elderly and disabled if granting the exemptions would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemptions by the District.

***Residential Homestead . . .*** The Board may exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt, then the Board may continue to levy and collect taxes against the exempted value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. The District has never adopted a general homestead exemption.

***Tax Abatement . . .*** Hays County and the District may enter into tax abatement agreements with owners of real property within such zone. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. As of October 17, 2017, the District has not executed any abatement agreements.

***Goods-in-Transit . . .*** Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of “goods-in-transit.” “Goods-in-transit” is defined by a provision of the Tax Code, which is effective for tax years 2008 and thereafter, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. The Tax Code provisions permit local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. A taxpayer

may receive only one of the freeport exemptions or the goods-in-transit exemptions for items of personal property. In February, 2008, the Board conducted a public hearing on the question of whether to provide for taxation of goods-in-transit and adopted a Resolution Providing for Taxation of Goods-in-Transit, by which the District took official action to tax goods-in-transit.

**VALUATION OF PROPERTY FOR TAXATION . . .** Generally, property in the District must be appraised by the HCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires the HCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the HCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the HCAD or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the HCAD chooses formally to include such values on its appraisal roll.

**DISTRICT AND TAXPAYER REMEDIES . . .** Under certain circumstances taxpayers and taxing units (such as the District), may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury, if requested by any party. Additionally, taxing units may bring suit against the HCAD to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

**LEVY AND COLLECTION OF TAXES . . .** The District is responsible for the levy and collection of its taxes unless it elects to transfer the collection functions to another governmental entity. By August 15 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1. Taxes are due December 31, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to fifteen percent (15%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

**ROLLBACK OF OPERATION AND MAINTENANCE TAX RATE . . .** During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

### *Special Taxing Units*

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

### *Developed Districts*

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

### *Developing Districts*

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

### *The District*

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, beginning with the 2020 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

**DISTRICT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . .** Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL STATEMENT – Estimated Overlapping Debt Statement." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem residential homestead property within two years after the purchaser's deed issued at the foreclosure sale is filed in the county records other property may be redeemed by a taxpayer within 180 days of such filing) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "RISK FACTORS – Tax Collections and Foreclosure Remedies."

**EFFECT OF FIRREA ON TAX COLLECTIONS . . .** The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("FIRREA"), enacted on August 9, 1989, contains certain provisions which affect the time for protesting property valuations, the

fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation (“FDIC”) when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been little judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain recent federal court decisions have held that the FDIC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC, and no liens for penalties, fines, interest, attorney’s fees, costs of abstract and research fees exist against the real property for the failure of the FDIC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

## LEGAL MATTERS

**LEGAL OPINIONS . . .** Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McLean & Howard, L.L.P., Austin, Texas (“Bond Counsel”), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. (“Special Tax Counsel”) that will address the matters described below under “TAX MATTERS.” Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

**NO-LITIGATION CERTIFICATE . . .** The District will furnish to the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

**NO MATERIAL ADVERSE CHANGE . . .** The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District from that set forth or contemplated in the Official Statement.

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**TAX MATTERS**

**OPINION . . .** On the date of initial delivery of the Bonds, McCall, Parkhurst and Horton L.L.P., Special Tax Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”) (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Special Tax Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See “APPENDIX C – Form of Special Tax Counsel Opinion.”

In rendering its opinion, Special Tax Counsel will rely upon (a) the opinion of McLean & Howard L.L.P., Bond Counsel, that the Bonds are valid and binding obligations of the District payable from the proceeds of a generally-applicable ad valorem tax, (b) the District’s federal tax certificate, and (c) covenants of the District relating to arbitrage and the application of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to comply with these representations or covenants could cause the interest on the Bonds to become included in gross income retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for the interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included to gross income retroactively to the date of issuance of the Bonds. The opinion of Special Tax Counsel is conditioned on compliance by the District with the covenants and requirements, and Special Tax Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Special Tax Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Special Tax Counsel’s opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with the proceeds of the Bonds. Special Tax Counsel’s opinion represents its legal judgement based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Special Tax Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

**FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . .** The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

**COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . .** The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions accumulated, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

**STATE, LOCAL AND FOREIGN TAXES . . .** Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

**INFORMATION REPORTING AND BACKUP WITHHOLDING . . .** Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

**FUTURE AND PROPOSED LEGISLATION . . .** Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

**QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . .** Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer’s taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligation, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on-behalf of” and “subordinate” issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the

deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a “bank,” as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District expects to designate the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Bonds would not be “qualified tax-exempt obligations.”**

### CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (“MSRB”). This information will be available free of charge from the MSRB via its Electronic Municipal Market Access system at [www.emma.msrb.org](http://www.emma.msrb.org).

**ANNUAL REPORTS . . .** The District will provide certain updated financial information and operating data to certain information to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement in tables 1-3, 6, 8 and 9 and “APPENDIX A – Excerpts from the Annual Financial Report,” if audited such financial statements in APPENDIX A are then available. The District will update and provide this information within six months after the end of each fiscal year. The District will provide the updated information to the MSRB.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the “Rule”). The updated information will include audited financial statements, if completed by the required time. If audited financial statements are not available within twelve months after any such fiscal year end, the District will file unaudited financial statements within twelve months after any such fiscal year end, and audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in “APPENDIX A – Excerpts from the Annual Financial Report” or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District’s current fiscal year end is December 31. Accordingly, it must provide updated disclosure information by June 30 of each year and audited financial statements by December 31 unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

**NOTICE OF CERTAIN EVENTS . . .** The District will provide notice to the MSRB of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of bondholders; (3) Bond calls; (4) release, substitution, or sale of property securing repayment of the Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and (6) appointment of a successor or additional trustee or the change of name of a trustee.

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of the event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined by the Rule which includes debt, debt-like, and debt-related obligations) of the

District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. Neither the Bonds or the Bond Order make any provision for debt service reserve or a trustee.

The District shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with the Rule. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

For these purposes, (A) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. As used in this section, the term “Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that “Financial Obligation” shall not include municipal securities as to which a final official statement (as defined in Securities and Exchange Commission Rule 15c2-12 (the “Rule”)) has been provided to the MSRB consistent with the Rule. The District intends the words used in the above clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

**AVAILABILITY OF INFORMATION FROM THE MSRB . . .** The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described above under “Annual Reports” and “Notice of Certain Events” will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

**LIMITATIONS AND AMENDMENTS . . .** The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered Owners may seek a writ of mandamus to compel the District to comply with its agreement.

This continuing disclosure agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

**COMPLIANCE WITH PRIOR UNDERTAKINGS . . .** The District became obligated in fiscal year 2017 and has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

### **FINANCIAL ADVISOR**

The Official Statement was compiled and edited under the supervision of Specialized Public Finance Inc. (the “Financial Advisor”), which firm is currently employed as Financial Advisor to the District. The fees paid to the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the issuer and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.



## OFFICIAL STATEMENT

**UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . .** If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the “end of the underwriting period”), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described in the Notice of Sale under the heading “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Delivery.” The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the “end of the underwriting period” within the meaning of the Rule), unless the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

**CERTIFICATION AS TO OFFICIAL STATEMENT . . .** The District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in “CONTINUING DISCLOSURE OF INFORMATION” herein, the District has no obligation to disclose any changes in the affairs of the District and other matters described in this Official Statement subsequent to the “end of the underwriting period” which shall end when the District delivers the Bonds to the Initial Purchaser at closing, unless extended by the Initial Purchaser. All information with respect to the resale of the Bonds subsequent to the “end of the underwriting period” is the responsibility of the Initial Purchaser.

**ANNUAL AUDITS . . .** Under Texas Law, the District must keep its fiscal records in accordance with generally accepted accounting principles. It must also have its financial accounts and records audited by a certified or permitted public accountant within 120 days after the close of each fiscal year of the District, and must file each audit report with the TCEQ within 135 days after the close of the fiscal year so long as the District has bond outstanding. Copies of each audit report must also be filed in the office of the District. The District’s fiscal records and audit reports are available for public inspection during regular business hours, and the District is required by law to provide a copy of the District’s audit reports to any Registered Owner or other member of the public within a reasonable time on request, upon payment of prescribed charges.

This Official Statement was approved by the Board of Directors of Headwaters Municipal Utility District of Hays County, as of the date shown on the first page hereof.

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Secretary, Board of Directors  
Headwaters Municipal Utility District of Hays County

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President, Board of Directors  
Headwaters Municipal Utility District of Hays County

**LOCATION MAP**

**PHOTOGRAPHS**

The homes shown in the attached photographs are representative of the type of construction presently located within the District, and these photographs are presented solely to illustrate such construction.

The District makes no representation that any additional construction such as that as illustrated in the following photographs will occur in the District. See "THE DISTRICT."

**APPENDIX A**

**EXCERPTS FROM THE ANNUAL FINANCIAL REPORT**

The information contained in this APPENDIX has been excerpted from the financial statements of Headwaters Municipal Utility District of Hays County for the fiscal year ended December 31, 2020, as prepared by the District's auditor West, Davis & Company, LLP.

**APPENDIX B**  
**FORM OF BOND COUNSEL'S OPINION**

APPENDIX C

FORM OF SPECIAL TAX COUNSEL'S OPINION



# City of Dripping Springs

Post Office Box 384  
 511 Mercer Street  
 Dripping Springs, Texas 78620

## Agenda Item Report from: Laura Mueller – City Attorney

Council Meeting Date:	June 15, 2021
Agenda Item Wording:	<b>Approval of a Resolution of the City of Dripping Springs Consenting to the Issuance of Utility Bonds by Headwaters Municipal Utility District of Hays County.</b> Applicant: Tony Corbett, McClean & Howard, L.L.C.
Agenda Item Requestor:	Applicant: Tony Corbett, McClean & Howard, L.L.C
<p><b>Summary/Background:</b></p> <p>Headwaters is a Municipal Utility District to which the City consented to the creation. The majority of the MUD is in the ETJ but the commercial portion of the district is in the City Limits. The MUD is required to get the City’s consent to all bond issuances, although the City has narrow discretion in denying the issuance.</p> <p><b>Resolution</b></p> <p>Consents to the issuance of its first series of water, sewer and drainage facilities system bonds in a principal amount not to exceed \$4,190,000 in order to finance costs of expansion of the District’s wastewater treatment and disposal facilities and to pay costs of issuance of the bonds</p> <p>The City’s financial advisor, Chris Lane, reviewed the bonds and she noted that: The District is about 63% developed with 341 completed homes (326 occupied; 15 for sale; 80 under construction; 21 vacant lots; 168 MF Apartment for 160 leased). After this bond issue they will still owe the developer approximately \$12.5 million for water, w/w and drainage. Home prices range from \$370,000 to \$720,000. Estimated population is 1,141. The tax rate is \$0.90 cents and the principal tax payers are the developer and home builders which is approximately 40% of the value. They have also applied for a bond rating for this issuance.</p> <p>The City may only disapprove of bonds if the landowners or the District are in material breach of the Consent Agreement.</p>	

<b>Commission Recommendations:</b>	N/A
<b>Actions by Other Jurisdictions/Entities:</b>	N/A
<b>Previous Action:</b>	The City Consented to the Creation of the MUD in 2005 and consented to two other amendments to the Agreement. The City has consent to previous bond issuances.
<b>Recommended P&amp;Z Action:</b>	Staff recommends approval.
<b>Alternatives/Options:</b>	N/A
<b>Attachments:</b>	Third Amendment, Original Agreement, Two approved amendments.
<b>Related Documents at City Hall:</b>	N/A
<b>Public Notice Process:</b>	N/A
<b>Public Comments:</b>	N/A
<b>Next Step/Schedule:</b>	Once approved, the bonds will be issued.



**CITY OF DRIPPING SPRINGS**

**RESOLUTION 2021-R\_\_\_\_\_**

A RESOLUTION OF THE CITY OF DRIPPING SPRINGS 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;

**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");

**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;

**WHEREAS**, on November 6, 2007, the registered voters within the District authorized the issuance of water, sewer and drainage system facilities bonds by the District in a maximum amount not to exceed \$64,700,000 and the levy of a tax for payment of debt service on such bonds;

**WHEREAS**, the District now desires to proceed with the issuance of its first series of water, sewer and drainage facilities system bonds in a principal amount not to exceed \$4,190,000 in order to finance costs of expansion of the District's wastewater treatment and disposal facilities and to pay costs of issuance of the bonds (the "Bonds"); and

**WHEREAS**, the 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 Bonds in a par amount not to exceed \$4,190,000.
3. This Resolution shall be effective upon the date of its approval.

**PASSED & APPROVED this, the 15<sup>th</sup> day of June 2021, by the City Council of Dripping Springs, Texas.**

**CITY OF DRIPPING SPRINGS:**

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Bill Foulds, Jr., Mayor

**ATTEST:**

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Andrea Cunningham, City Secretary

**THIRD AMENDMENT TO AGREEMENT CONCERNING CREATION AND  
OPERATION OF HEADWATERS MUNICIPAL UTILITY DISTRICT**

THIS THIRD AMENDMENT TO AGREEMENT CONCERNING CREATION AND OPERATION OF HEADWATERS MUNICIPAL UTILITY DISTRICT (“*Third Amendment*”) is made and entered into by and among: (i) the City of Dripping Springs, Texas (the “*City*”), (ii) WFC Headwaters Owner VII, L.P., a Delaware limited partnership (“*WFC*”), (iii) Rathgeber Investment Company, Ltd. (“*Rathgeber*”), (iv) Oryx Development, LLC, a Texas limited liability company (“*Oryx*”), successor in interest to E.E. Townes Family Trust (the “*Trust*”) and (v) Headwaters Municipal Utility District, a municipal utility district organized and operating in Hays County, Texas pursuant to Chapters 49 and 54 of the Texas Water Code (the “*District*”). The City, WFC, Rathgeber, Oryx and the District are hereinafter sometimes collectively referred to as the “*Parties*” and singularly as a “*Party*”.

**RECITALS:**

A. Effective February 8, 2005, the City, the Trust, Headwaters Development Company, a Texas corporation (“*Headwaters DevCo*”), and the District entered into that certain “Agreement Concerning Creation and Operation of Headwaters Municipal Utility District” (the “*Creation Agreement*”), Trust and Headwaters DevCo being then owners of land in the District.

B. Effective June 10, 2008, the City, the Trust, Headwaters DevCo and the District entered into that certain “First Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District” (the “*First Amendment*”).

C. In connection with the prior sale and conveyance of certain lands in the District being developed for single family residential purposes, Headwaters DevCo previously assigned its rights and obligations under the Creation Agreement to Rathgeber Investment Company, Ltd. (“*RIC*”); RIC then assigned its rights and interests under the Creation Agreement to HABC, Ltd. (“*HABC*”); HABC assigned its rights and interests under the Agreement to Robert Pittenger Company, Inc. (“*Pittenger*”); Pittenger assigned its rights and interests under the Creation Agreement to Austin-Highway 290 LLC (“*Austin-Highway 290*”); and Austin-Highway 290 assigned its rights and interests under the Creation Agreement to WFC.

D. Effective July 28, 2015, the City, Trust, Rathgeber, WFC and the District entered into that certain “Second Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District” (the “*Second Amendment*”). The Creation Agreement, as amended by the First Amendment and Second Amendment, is hereinafter referred to as the “*Agreement*.”

E. In connection with the prior sale and conveyance of certain lands in the District being developed for mixed use purposes, the Trust previously assigned its rights and obligations under the Agreement to Oryx.

F. The Parties desire to amend certain terms of the Agreement relating to the District’s authority to issue bonds.

## AGREEMENT

**NOW, THEREFORE**, for and in consideration of their mutual covenants and agreements, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **District Bonds**. The Parties agree that Article III, Section C, of the Agreement is hereby amended to read in its entirety as follows:

“C. The District agrees that it shall issue bonds only in the maximum amount of \$119,245,000 for the purpose of: (i) providing for construction or acquisition of water, sanitary sewer, fire protection or drainage facilities, or contract rights therefor; (ii) the purposes set out in Article III (the “Facilities”); (iii) for the payment of creation, organization, and other costs and expenses reimbursable under the rules of TCEQ, and in the manner provided by the Commission and as permitted herein; and (iv) to finance costs relating to road projects through powers secured by the District under Section 52, Article III, Texas Constitution. The District shall submit to the City Administrator for City staff review a copy of the bond application, including the engineering report, at the time the District submits the same to the Commission for any bonds subject to review and approval by the Commission. All bonds of the District shall be approved by the City Council of the City prior to issuance. Review for such approval shall be performed by the City in a timely manner so as not to delay the TCEQ’s schedule for approval of the District’s bonds (if applicable). In addition, such approval shall not be unreasonably withheld or delayed and may be withheld only if either of the Landowners or the District is in material breach of this Agreement or the Development Agreement. Issuance of bonds is also contingent upon fees in escrow accounts being current. The City and Landowners agree that the provisions of this paragraph relate only to bonds payable from ad valorem taxes levied upon all taxable property within the District and shall not apply to bonds issued by the District to pay for improvements, facilities, or services that primarily benefit a defined area of the District and that do not generally and directly benefit the District as a whole (the “*Defined Area Bonds*”). The terms and conditions applicable to the issuance of any Defined Area Bonds by the District shall be set forth in a separate written agreement between the District, the City and one or more of the Landowners.

2. **Capitalized Terms**. Except as otherwise defined herein, all capitalized terms shall have the meanings set forth in the Agreement.
3. **Effect on Agreement**. Except as specifically modified by this Third Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGES FOLLOW]

**IN WITNESS WHEREOF**, the Parties have executed this Third Amendment in multiple copies, each of which will be deemed to be an original and of equal force and effect, to be effective as of the Effective Date.

**WFC:**

WFC Headwaters Owner VII, L.P.,  
a Delaware limited partnership

By: WFC Headwaters GP VII, L.L.C.,  
a Delaware limited liability company,  
its General Partner

By: WFC Headwaters Holdings JV VII, L.L.C.,  
a Delaware limited liability company,  
its Sole Member

By: FCA Austin, LLC,  
a Delaware limited liability company,  
its Administrative Member

By: [Signature]  
Name: Jesse R. Baker  
Title: Authorized Signatory

COMMONWEALTH OF MASSACHUSETTS

KNOW ALL MEN BY THESE PRESENTS

COUNTY OF SUFFOLK

Before me, the undersigned authority, on this day personally appeared Jesse R. Baker, known to me to be the Authorized Signatory of FCA Austin, LLC, Administrative Member of WFC Headwaters Holdings JV VII, L.L.C., Sole Member of WFC Headwaters GP VII, L.L.C., General Partners of WFC Headwaters Owner VII, L.P. on behalf of said limited partnership and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL of office this 21<sup>st</sup> day of May, 2020.

[Signature]  
SADIE FIELDING  
Notary Public in and for the State of Massachusetts  
My Commission expires on: 6/12/26



CITY:

CITY OF DRIPPING SPRINGS



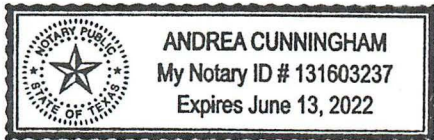
Bill Foulds Jr  
Bill Foulds, Jr., Mayor

ATTEST:

Andrea Cunningham  
Andrea Cunningham, City Secretary

STATE OF TEXAS                   §  
   §  
COUNTY OF HAYS               §

This instrument was acknowledged before me on May 19, 2020, by Bill Foulds, Jr., Mayor of the City of Dripping Springs, Texas, a Texas municipality, on behalf of said municipality.



Andrea Cunningham  
Notary Public, State of Texas  
Printed Name: Andrea Cunningham  
My Commission Expires: 6/13/2020

[SEAL]







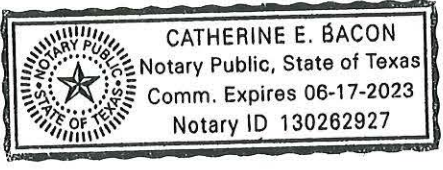
**ORYX:**

ORYX DEVELOPMENT, LLC  
a Texas limited liability company

By: *[Signature]*  
Blake A. Rue, Managing Member

STATE OF TEXAS  
COUNTY OF TRAVIS

This instrument was executed on this the 29<sup>th</sup> day of May, ~~2019~~ <sup>2020</sup> CEB by Blake A. Rue, as  
Managing Member of Oryx Development, LLC a Texas limited liability company, on behalf of said  
entity.



*Catherine E. Bacon*  
Notary Public, State of Texas  
Printed Name: Catherine E. Bacon  
My Commission Expires: 6-17-2023

[SEAL]

**AGREEMENT CONCERNING CREATION AND OPERATION  
OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT**

THE STATE OF TEXAS     §  
  §  
COUNTY OF HAYS         §

This Agreement Concerning Creation and Operation of Headwaters Municipal Utility District (the "Agreement") is made and entered into by and among the City of Dripping Springs, Texas (the "City"), a general law city situated in Hays County, Texas, acting herein by and through its undersigned duly authorized Mayor, as authorized by specific action of its City Council; Townes Family Trust (the "Trust") and Headwaters Development Company, a Texas Corporation (collectively, "Landowners"); and Headwaters Municipal Utility District, a municipal utility district to be created and operated pursuant to Chapters 49 and 54 of the Texas Water Code, who, after its creation and organization, will join in this Agreement for the purposes specified below; and is as follows:

**RECITALS**

- A. Landowners are the current owners of approximately 1509.68 acres, as described on Exhibit A (the "Property"). The Property lies entirely within the City's extraterritorial jurisdiction ("ETJ"). Landowners have petitioned to obtain the consent of the City for creation of a district to be known as the Headwaters Municipal Utility District over the Property. The resulting district, created with that name or such similar name as may be required by the Texas Commission on Environmental Quality ("Commission"), is referred to below as the "District."
- B. The City and Landowners have reached agreement concerning the creation of the District, including the terms under which the City will consent to creation of the District and to the inclusion of the Property within the District, and wish to set forth their agreement in writing herein.
- C. Pursuant to Section 42.042 of the Texas Local Government Code and Section 54.016, Texas Water Code, the City has consented, subject to the terms and conditions of this Agreement, to the creation of the District by Resolution adopted on January 11, 2005, in an open and duly posted public meeting of the City (the "Resolution").
- D. The District will be created by order of the Commission and will operate pursuant to Chapters 49 and 54, Texas Water Code; however, it is an essential element of the granting of the City's Consent that the contemplated District will approve this Agreement and become a party to it after creation of the District as provided herein.
- E. For and in consideration of the premises and the mutual agreements, covenants and conditions hereinafter set forth, the parties hereto hereby contract and agree as follows:

**ARTICLE I**

**CONSENT TO CREATION AND REORGANIZATION  
OF DISTRICT BOUNDARIES**

The City consents to creation of the District over the boundaries described earlier as the Property.

**ARTICLE II**

**THE DEVELOPMENT AGREEMENT**

Landowners and City have entered into a separate agreement titled "The Headwaters at Barton Creek Development Agreement," Drippings Springs City Secretary Contract No. \_\_\_\_\_, (the "Development Agreement.") regarding the proposed development within the District (the "Project"), which provides for orderly development of the Project, which may include mixed use development, including but not limited to, single family residential homes and commercial development. A copy of the Development Agreement is attached hereto as **Exhibit B**.

**ARTICLE III**

**ISSUANCE OF BONDS BY DISTRICTS**

A. The District may issue bonds as permitted by law and as allowed by the City pursuant to this Agreement.

B. Pursuant to Section 54.016, the parties agree that the purposes for which the District's bonds, or other lawful obligations to be issued by the District, may be issued are limited to the purposes of purchase, conservation, construction, acquisition, repair, extension and improvement of land, easements, works, improvements, facilities, plants, equipment and appliances, and associated professional and licensing or permitting fees and the refunding of such bonds, necessary.

1. To provide a water supply for municipal uses, domestic uses and commercial purposes;
2. To collect, transport, process, dispose of and control all domestic, commercial, industrial or communal wastes, whether in fluid, solid or composite state;
3. To gather, conduct, divert and control local storm water or other local harmful excesses of water in the District, related water quality facilities, and/or the payment of organization expenses, operation expenses during construction, and interest during construction;

4. To provide open space, conservation land, mitigation land, easements, parks and other recreational facilities as may be consistent with City ordinances and authorized pursuant to Chapters 49 and 54 of the Texas Water Code; and

5. To provide any other facilities, amenities and/or improvements that benefit the Property within the District, that are consistent with City ordinances, and that qualify for developer reimbursement pursuant to rules promulgated by the Commission.

C. The District agrees that it shall issue bonds only in the maximum amount of \$40,000,000 for the purpose of providing for construction or acquisition of water, sanitary sewer, fire protection or drainage facilities, or contract rights therefore and the purposes set out in Article III (the "Facilities"), and in the manner provided by the Commission and as permitted herein. The District shall submit to the City Administrator for City staff review a copy of the bond application, including the engineering report, at the time the District submits the same to the Commission. All bonds of the District shall be approved by the City Council prior to issuance. However, all bonds shall be deemed approved unless the City Council acts to expressly disapprove of the bonds within sixty (60) days after submission of the complete bond application to the City. Such disapproval shall only be in the event that either the landowners or the District is in material breach of this Agreement or the Development Agreement. Issuance of bonds is also contingent upon fees in escrow accounts being current.

D. The District further agrees to the following restrictions on the sale of, and on the terms and provisions of, District bonds, warrants or other obligations and notes (the "District Bonds") that are issued to provide service to the Property, so long as the restrictions do not generally render the bonds and notes unmarketable. The City may obtain the recommendation of the City's Financial Advisor, that the sale and amount of each particular bond issue is feasible and prudent based upon a number of considerations including, but not limited to any overlapping tax rates, the number of homes occupied, taxpayer concentrations and ratio of debt to assessed valuation within the District, and compliance with Commission rules. Further, unless the following conditions are waived by the City based on the advice of its Financial Advisor, the parties agree that the District Bonds:

1. are limited to a maximum maturity of 25 years;
2. may not have interest rates that exceed 2% above the weekly tax exempt Bond Buyer Index for 25 year revenue bonds;
3. may not be issued if the District's debt to certified taxable assessed valuation, as determined by the records of the Hays County Appraisal District, will exceed 25 percent upon issuance;
4. must have amortization that results in approximately level debt service payments considering all bond issues, except for an initial period of interest only payments; and
5. shall contain call redemption features.
6. may be refunded and additional bonds may be issued as refunding bonds.

E. One of the purposes of this Agreement is to authorize the District and the City, pursuant to the provisions of Section 54.016 of the Texas Water Code that allow a district and a city to contract regarding annexation, to enter into a binding contract regarding the terms and conditions of annexation of areas within the District by the City. The parties acknowledge that the City may annex area within the District in the future and the terms and conditions of the parties' agreement regarding annexation are contained within the Development Agreement. Accordingly, the Parties agree as follows:

1. If the City annexes the entire area in the District, the City will succeed to all the powers, duties, assets and obligations of the District, including but not limited to any rights and obligations under valid and duly-authorized contracts entered into by the District prior to the first notice of annexation (e.g., developer reimbursement agreement). The District will not enter into any developer reimbursement agreements or agreements for new projects or extraordinary expenses, except as necessary for continued operation and maintenance of existing District Facilities, after publication of the first notice of proposed annexation. The District further agrees that any agreements with the District in violation of this requirement shall be void.

2. Alternatively, subject to the terms of the Development Agreement, the City may exercise any options available under Chapter 43 of the Texas Local Government Code, or similar annexation laws of the State of Texas, that are in effect with regard to the provision of water and/or sewer service to areas within Municipal Utility Districts that are annexed by cities.

3. After annexation, the City may set rates for water and/or sewer services for property that was within the District at the time of annexation which may include a surcharge in addition to the rates charged to other ratepayers of the City for the purpose of wholly or partially compensating the City for the assumption of the District's obligations. Such additional surcharges shall be calculated solely to recover those District debts and other obligations assumed by the City upon annexation which are not covered by any increase in the City's ad valorem tax revenue arising out of the annexation. The surcharge may continue for thirty (30) years after the initial District debt is issued or until the bonded indebtedness of the District has been retired, whichever occurs last, but in no case for a longer period of time than is necessary to wholly compensate the City for its assumption of the obligations of the District. The District shall comply with all of the requirements of Section 54.016(h), or such similar laws as may be in effect, regarding filing with the county clerk a duly affirmed and acknowledged statement which includes certain notice information to purchasers of property regarding the City's right to collect this surcharge.

F. The District may negotiate and enter into developer reimbursement agreements, provided that the District will give the City the opportunity to review and provide comments to the District on such developer reimbursement agreements.

G. The District, after its creation, shall proceed to obtain the necessary authorization for and to issue District bonds for the financing of the acquisition or construction of the Facilities

to the extent and as permitted by laws applicable to the District. The City hereby consents to the issuance of the District's bonds to the extent, for the purposes, and in the manner described in this Agreement.

#### ARTICLE IV

#### CONSTRUCTION AND ACQUISITION OF FACILITIES

A. Landowners and the District shall cause the Facilities to be designed and constructed or acquired within or for the District in accordance with the plans prepared by the engineer for Landowners or the District, and approved as hereinafter provided.

B. The City has applied for and intends to obtain a Certificate of Convenience and Necessity ("CCN") from the Commission to become the retail provider of potable water to the Project. As allowed by law, including section 402.014 of the Local Government Code, the District will construct the water distribution system for the City to serve the District. The City and the District will set forth the terms under which the District will be the City's operations and maintenance contractor related to the City's provision of retail water service to the Property pursuant to the CCN in a separate interlocal agreement, to be attached hereto as **Exhibit B** (the "O&M Agreement").

C. The Landowners and the District will construct all facilities and infrastructure to serve the land within the District in accordance with plans and specifications that have been approved by the City, pursuant to City ordinance, as amended from time to time including those pertaining to utility design, construction and installation requirements. The City shall have the right to inspect, at reasonable times, all facilities being constructed by the Landowners or the District. The City agrees to timely review all plans and specifications provided by the Landowners or the District in a timely manner and pursuant to the procedures set forth in City ordinances and guidelines; not to unreasonably withhold its approval of such plans and specifications; and to conduct its inspections of ongoing construction in a manner that minimizes interference with such construction. Construction or acquisition of any of the Facilities within or for the District shall not commence unless the plans and specifications for them have been reviewed and approved by the City and any other governmental entities having governmental jurisdiction or contractual rights to do so. No additional fees for the foregoing inspections and reviews by the City will be charged pursuant to this Agreement; the parties intend that all such fees are to be assessed and paid pursuant to the Development Agreement and the O&M Agreement.

#### ARTICLE V

#### OPERATION AND MAINTENANCE OF THE DISTRICT FACILITIES

A. Subject to the terms of the O&M Agreement, the District may operate and maintain the Facilities serving the District or the District may contract in any manner allowed by law for the operation and maintenance of same. All water and sanitary sewer connections within the District shall be inspected by the District for compliance with the requirements of the Uniform Plumbing Code or its successor regulations and the City's local amendments thereto,

the water and sanitary sewer service detail promulgated by the City and the requirements of the Commission.

B. Every year, the District shall file with the City Administrator a copy of its annual audit and a copy of its proposed budget for the following year showing expenses, income and revenue.

#### **ARTICLE VI**

##### **AREA OF, AND LIMITATIONS ON, SERVICE**

Unless the prior approval of the City Council of the City is obtained, the District shall not: (1) construct, acquire or install Facilities to serve areas outside the District; (2) sell or deliver water or wastewater service to areas outside the District; or (3) annex any additional lands to the District. Any land for which annexation to the District or out-of-district service is hereafter requested and approved shall be subject to the terms of this Agreement.

#### **ARTICLE VII**

##### **ANNEXATION OF THE DISTRICT BY THE CITY**

A. The parties hereto acknowledge and agree that the Property lies, and will continue to lie, wholly within the ETJ of the City; is not bordered by another city, town, or village; and is not currently anticipated to be scheduled for annexation by the City in accordance with any annexation plan of the City. The parties further acknowledge that the creation of the District, and the City's consent thereto, are for the purpose of promoting the orderly development and extension of City services to the Property.

B. In furtherance of the purposes of this Agreement, the District and Landowners, and their respective successors and assigns, covenant and agree to the extent allowed by law that, except upon written consent of the City Council of the City or as otherwise set forth in Subsection C. below they will not: (1) seek or support any effort to incorporate any of the Property, or any part thereof; or (2) sign, join in, associate with or direct to be signed any petition seeking to incorporate any of the Property or to include any of the Property within the boundaries of any other district, incorporated entity, or political subdivision of the State of Texas.

#### **ARTICLE XI**

##### **SEVERABILITY AND ENFORCEABILITY**

The provisions of this Agreement are severable and, in the event any word, phrase, clause, sentence, paragraph, section or other provision of this Agreement, or the application thereof to any person or circumstance, shall ever be held or determined to be invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall remain in full force and effect and the application thereof to any other person or circumstance shall not be affected thereby.

**ARTICLE XII**

**ASSIGNMENT OF AGREEMENT**

Neither the District nor the City shall assign this Agreement without written consent of each of the other parties hereto. Landowners shall not assign this Agreement without written consent of the City, except that Landowners are specifically authorized to assign this Agreement to the District upon its creation; provided, however, that such assignment shall not relieve Landowners or any successors or assigns from their obligations hereunder. It is specifically intended that this Agreement and all terms, conditions and covenants herein shall survive a transfer, conveyance or assignment occasioned by the exercise of foreclosure of lien rights by a creditor or a party hereto, whether judicial or non-judicial.

**ARTICLE XIII**

**TERM OF AGREEMENT**

This Agreement shall be effective from the date of execution hereof by the City and Landowners, and shall continue in effect until the District is annexed and dissolved by the City.

**ARTICLE XIV**

**BENEFITS OF AGREEMENT**

This Agreement is for the benefit of the City, the District and the Landowners, their successors and assigns, and shall not be construed to confer any benefit on any other party except as expressly provided herein.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its undersigned duly authorized representative in multiple copies, each of equal dignity, on the date or dates indicated below.

Dated effective January 11, 2005.

CITY OF DRIPPING SPRINGS

By: Todd Purcell  
Name: Todd Purcell  
Its: Mayor

ATTEST:

By: Amanda Craig  
Name: Amanda Craig  
Its: City Secretary



HEADWATERS DEVELOPMENT COMPANY

By: \_\_\_\_\_  
Name: Edward R. Rathgeber  
Its: President

TOWNES FAMILY TRUST

By: \_\_\_\_\_  
Name: Susan Townes Gesford

By: \_\_\_\_\_  
Name: Goss Townes

By: \_\_\_\_\_  
Name: Townes G. Pressler

**EXHIBIT "A"**

**To the RESOLUTION GRANTING THE CONSENT OF  
THE CITY OF DRIPPING SPRINGS TO THE CREATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT,  
SUBJECT TO VARIOUS TERMS AND CONDITIONS**

**Description of the Land to be Included in the District**

The land to be included in the District, which also is described in the Petition, consists of:

1539.46 acres of land, more or less, located in Hays County, Texas, being more fully described in the attached metes and bounds description;

**SAVE AND EXCEPT** 29.78 acres of land, more or less, located in Hays County, Texas, and also more fully described in the attached metes and bounds description;

Comprising a total of 1509.68 Acres of land, more or less, situated in Hays County, Texas.

**EXHIBIT "B"**  
**Development Agreement**

(attach City Secretary Contract No. titled "The Headwaters at Barton Creek Development Agreement between City of Dripping Springs and Townes Family Trust and Headwaters Development Co., dated January 11, 2005)

**FIRST AMENDMENT TO AGREEMENT CONCERNING CREATION  
AND OPERATION OF HEADWATERS MUNICIPAL UTILITY DISTRICT**

State of Texas           §  
                                  §  
County of Hays         §

This First Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District (the "First Amendment") is made and entered into by and among the City of Dripping Springs, Texas (the "City"), a general law city situated in Hays County, Texas, Townes Family Trust (the "Trust"), Headwaters Development Co., a Texas corporation (collectively "Landowners"), and Headwaters Municipal Utility District, a municipal utility district organized and operating in Hays County, Texas (the "District"), is as follows:

**RECITALS**

- A. City and Landowners have previously entered into the Agreement for the Creation and Operation of Headwaters Municipal Utility District (the "Agreement"), approved by the Dripping Springs City Council on January 11, 2005.
- B. The Texas Commission on Environmental Quality ("Commission") approved the Landowner's application for the creation of Headwaters Municipal Utility District ("District") on August 8, 2007 and the District has been approved by the voters and has commenced operation.
- C. Before the District was created, a portion of the land over which the District was created was annexed into the corporate limits of the City, as authorized by the April 13, 2005 "Headwaters at Barton Creek Development Agreement between City of Dripping Springs and Townes Family Trust and Headwaters Development Company" ("Development Agreement") regarding certain property described in the Development Agreement recorded in the Official Public Records of Hays County, Texas in Volume 265, page 649, which property description is incorporated herein as the "Property"
- D. The District wishes to ratify and join in the Agreement.
- E. The Parties desire to amend portions of the Agreement.

NOW THEREFORE, for an in consideration of their mutual covenants and agreements, the Parties agree as follows:

**AMENDMENT ARTICLE 1**

The District consents to, adopts and joins as a Party to the Agreement, to be bound in all respects by the terms applicable to the District. Capitalized terms in this First Amendment have the same meaning that they have in the Agreement. Owner agrees to reimburse the City for professional fees incurred by the City in negotiating and preparing this First Amendment.

## AMENDMENT ARTICLE 2

Article III, Section C, is deleted and amended and replaced with the following:

C. The District agrees that it shall issue bonds only in the maximum amount of \$58,000,000 for the purpose of providing for construction or acquisition of water, sanitary sewer, fire protection or drainage facilities, or contract rights therefore, and the purposes set out in Article III (the "Facilities"), and for the payment of creation, organization, and other costs and expenses reimbursable under the rules of TCEQ, and in the manner provided by the Commission and as permitted herein. The District shall submit to the City Administrator for City staff review a copy of the bond application, including the engineering report, at the time the District submits the same to the Commission. All bonds of the District shall be approved by the City Council of the City prior to issuance. Review for such approval shall be performed by the City in a timely manner so as not to delay the TCEQ's schedule for approval of the District's bonds. In addition, such approval shall not be unreasonably withheld or delayed and may be withheld only if either Landowners or the District is in material breach of this Agreement or the Development Agreement. Issuance of bonds is also contingent upon fees in escrow accounts being current.

## AMENDMENT ARTICLE 3

Article III, Section C, is amended to add the following at the end of the section:

City agrees that the rights and obligations under the Agreement may be assigned to Rathgeber Investment Company, Ltd. City further agrees that portions of the rights and obligations under the Agreement may be further assigned in whole or in part by Rathgeber Investment Company, Ltd. to any person or entity ("Assignee"), under the following conditions:

- a. Assignee is a successor owner of all or any part of the Property;
- b. The assignment is in writing executed by the Assignor and Assignee;
- c. Assignee expressly assumes the obligations under the Agreement with regard to the portion of the Property owned by Assignee; and
- d. A copy of the fully executed assignment is provided to the City within fifteen (15) days after execution.

## AMENDMENT ARTICLE 4

Article VII, Section A, is deleted and amended and replaced with the following:

A. The parties hereto acknowledge and agree that, except for the 176.409 acre tract of the Property that was annexed by the City on August 14, 2007, the Property lies, and will continue to lie, wholly within the ETJ of the City; is not bordered by another city, town, or village; and is not

currently anticipated to be scheduled for annexation by the City in accordance with any annexation plan of the City. The parties further acknowledge and agree that the creation of the District, and the City's consent thereto, are for the purpose of promoting the orderly development and extension of City services to the Property. Finally, the parties acknowledge and agree that, when the entirety of the Property has been annexed by the City subject to the terms of the Development Agreement, then the District shall dissolve and cease to exist, and no portion of the District shall then exist or continue to exist within the City limits.

The parties now ratify and confirm that the Agreement, as amended by this First Amendment, is in full force and effect and is binding on all parties. The Effective Date of this First Amendment is June 10, 2008.

**CITY OF DRIPPING SPRINGS:**

**Attest:**

*Jo Ann Touchstone*  
Jo Ann Touchstone  
City Secretary

By: *Todd Purcell*  
Todd Purcell, Mayor

Date: 8/15/08

STATE OF TEXAS  
COUNTY OF Hays

§  
§  
§

This instrument was acknowledged before me on this 15<sup>th</sup> day of August, 2008 by Todd Purcell, Mayor of the City of Dripping Springs, Texas, a Texas municipality, on behalf of said city.

*Rebeca Rubio*  
Notary Public's Signature



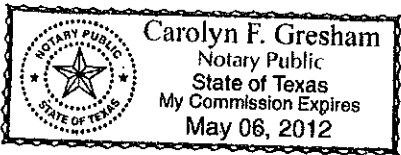
**HEADWATERS MUNICIPAL UTILITY DISTRICT:**

By: *Jeremy Martin*  
Jeremy Martin, President

STATE OF TEXAS  
COUNTY OF TRAVIS

§  
§  
§

This instrument was acknowledged before me on this 14th day of July, 2008 by Jeremy Martin, President of Headwaters Municipal Utility District, a Texas corporation, on behalf of said corporation.



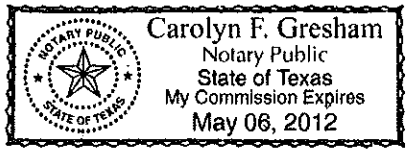
*Carolyn F. Gresham*  
Notary Public's Signature

**HEADWATERS DEVELOPMENT CO.:**

By: *Edward R. Rathgeber*  
Edward R. Rathgeber, President

STATE OF TEXAS                   §  
  §  
COUNTY OF TRAVIS           §

This instrument was acknowledged before me on this 12th day of July, 2008 by Edward R. Rathgeber, President of Headwaters Development Co., a Texas corporation, on behalf of said corporation.



*Carolyn F. Gresham*  
Notary Public's Signature

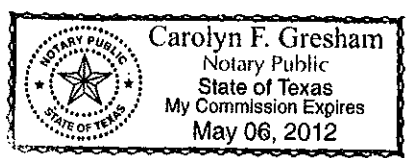
**RATHGEBER INVESTMENT COMPANY, LTD.**

By: **Rathgeber Investment G.P., Inc.,**  
its general partner

By: *Edward R. Rathgeber*  
Edward R. Rathgeber, President

STATE OF TEXAS                   §  
  §  
COUNTY OF TRAVIS           §

This instrument was acknowledged before me on this 12th day of July, 2008 by Edward R. Rathgeber, President of Rathgeber Investment Company, Ltd., a Texas corporation, on behalf of said corporation.



*Carolyn F. Gresham*  
Notary Public's Signature



Jul 17 08 02:47p  
Jul 17 2008 2:53PM

Susan Gesford  
HP LASERJET FAX

936-365-2244

P. 2  
P. 2

Item # 4.

**TOWNES FAMILY TRUST**

By: *Susan Townes Gesford*  
Name: **Susan Townes Gesford, Trustee**

STATE OF TEXAS

§  
§  
§

COUNTY OF Harris

This instrument was executed before me by Susan Townes Gesford, as Trustee of the Townes Family Trust on this the 17<sup>th</sup> day of July, 2008.

*Peggy Haymon*  
Notary Public, State of Texas



**SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT**

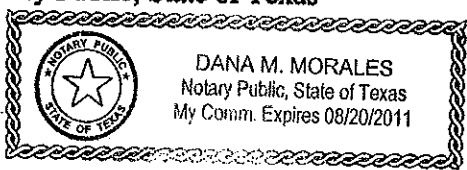
**TOWNES FAMILY TRUST**

By: Karen L. Aidman, Trustee  
Name: Karen L. Aidman, Trustee

STATE OF TEXAS                   §  
  §  
COUNTY OF Travis           §

This instrument was executed before me by Karen L. Aidman, as Trustee of the Townes Family Trust on this the 22 day of July, 2008.

Dana M. Morales  
Notary Public, State of Texas



**SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT**

TOWNES FAMILY TRUST

By: *Townes G. Pressler*  
Name: Townes G. Pressler, Trustee

STATE OF TEXAS

COUNTY OF HARRIS

§  
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§

This instrument was executed before me by Townes G. Pressler, as Trustee of the Townes Family Trust on this the 17<sup>th</sup> day of July, 2008.



*Peggy Haymon*  
Notary Public, State of Texas

SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT

\*\*\*\* Electronically Filed Document \*\*\*\*

Hays County Texas  
Liz Q. Gonzalez  
County Clerk

Document Number: 2015-15031503  
Recorded As : ELECTRONIC RECORDING

Recorded On: October 01, 2015  
Recorded At: 02:41:29 pm  
Number of Pages: 14  
Book-VI/Pg: Bk-OPR VI-5339 Pg-649  
Recording Fee: \$74.00

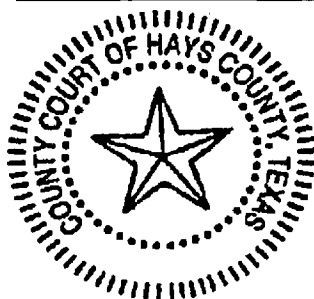
Parties:

Direct- WFC HEADWATER OWNER VII LP  
Indirect- DRIPPING SPRINGS CITY OF

Receipt Number: 410167  
Processed By: Rose Robinson

\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.



I hereby certify that this instrument was filed for record in my office on the date and time stamped hereon and was recorded on the volume and page of the named records of Hays County, Texas

*Liz Q. Gonzalez*

Liz Q. Gonzalez, County Clerk

**SECOND AMENDMENT TO AGREEMENT CONCERNING CREATION AND OPERATION  
OF HEADWATERS MUNICIPAL UTILITY DISTRICT**

THIS SECOND AMENDMENT TO AGREEMENT CONCERNING CREATION AND OPERATION OF HEADWATERS MUNICIPAL UTILITY DISTRICT ("Second Amendment") is made and entered into by and among: (i) the City of Dripping Springs, Texas (the "City"), (ii) WFC Headwaters Owner VII, L.P., a Delaware limited partnership registered to do business in Texas ("WFC"), (iii) Rathgeber Investment Company, Ltd. ("Rathgeber"), (iv) E.E. Townes Family Trust ("Trust") and (v) Headwaters Municipal Utility District, a municipal utility district organized and operating in Hays County, Texas pursuant to Chapters 49 and 54 of the Texas Water Code (the "District"). (The City, WFC, Rathgeber, Trust and the District are hereinafter sometimes collectively referred to as the "Parties" and singularly as a "Party").

**RECITALS:**

A. Effective February 8, 2005, the City, the Trust, Headwaters Development Company, a Texas corporation ("Headwaters"), and the District entered into that certain Agreement Concerning Creation and Operation of Headwaters Municipal Utility District ("Creation Agreement"), Trust and Headwaters being then owners of land in the District.

B. Effective June 10, 2008, the City, Trust, Headwaters and the District entered into that certain First Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District (the "First Amendment"). The Creation Agreement, as amended by the First Amendment, is hereinafter referred to as the "Agreement."

C. In accordance with the terms of the Agreement, Headwaters previously assigned its rights and obligations under the Agreement to Rathgeber Investment Company, Ltd. ("RIC"), RIC subsequently assigned its rights and interests under the Agreement to HABC, Ltd., ("HABC") in connection with the conveyance of certain real property to HABC; HABC subsequently assigned its rights and interests under the Agreement to Robert Pittenger Company, Inc. ("Pittenger"); Pittenger assigned its rights and interests under the Agreement to Austin-Highway 290 LLC ("Austin-Highway 290"); and Austin-Highway 290 assigned its rights and interests under the Agreement to WFC.

D. The Parties desire to amend portions of the Agreement relating to the District's authority to issue bonds.

**AGREEMENT**

**NOW, THEREFORE**, for and in consideration of their mutual covenants and agreements, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **District Bonds**. The Parties agree that Article III, Section C, of the Agreement is hereby amended to read in its entirety as follows:

"C. The District agrees that it shall issue bonds only in the maximum amount of \$80,000,000 for the purpose of: (i) providing for construction or acquisition of water, sanitary sewer, fire protection or drainage facilities, or contract rights therefor; (ii) the

purposes set out in Article III (the "Facilities"); (iii) for the payment of creation, organization, and other costs and expenses reimbursable under the rules of TCEQ, and in the manner provided by the Commission and as permitted herein; and (iv) to finance costs relating to road projects in the event the District secures road district powers under Section 52, Article III, Texas Constitution. The District shall submit to the City Administrator for City staff review a copy of the bond application, including the engineering report, at the time the District submits the same to the Commission for any bonds subject to review and approval by the Commission. All bonds of the District shall be approved by the City Council of the City prior to issuance. Review for such approval shall be performed by the City in a timely manner so as not to delay the TCEQ's schedule for approval of the District's bonds (if applicable). In addition, such approval shall not be unreasonably withheld or delayed and may be withheld only if either Landowners or the District is in material breach of this Agreement or the Development Agreement. Issuance of bonds is also contingent upon fees in escrow accounts being current."

2. **Road District Powers.** The Agreement is hereby amended to include a new Article XV to read in its entirety as follows:

**"ARTICLE XV**

**ROAD DISTRICT POWERS**

A. The City hereby consents to the acquisition and exercise of road district powers by the District under Section 52, Article III, Texas Constitution. The City agrees that the District may secure such powers by application to TCEQ pursuant to Section 54.234 of the Texas Water Code or by special act of the Legislature.

B. Simultaneously with approval of this Second Amendment, the City shall adopt a Resolution substantially in the form attached hereto as **Exhibit "A"** supporting the passage of legislation granting road district powers to the District. Upon request of the District, the City agrees to otherwise reasonably cooperate with and support the acquisition of road district powers by the District."

3. **Capitalized Terms.** Except as otherwise defined herein, all capitalized terms shall have the meanings set forth in the Agreement.
4. **Effect on Agreement.** Except as specifically modified by this Second Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this Second Amendment effective as of July 28th, 2015.

WFC:

WFC HEADWATERS OWNER VII, L.P.,  
a Delaware limited partnership

By: WFC Headwaters Holdings GP VII, L.L.C.,  
a Delaware limited liability company,  
its General Partner

By: WFC Headwaters Holdings JV VII, L.L.C.,  
a Delaware limited liability company,  
its Sole Member


By: [Signature]  
Name: Jesse R Baker  
Title: Authorized Signatory

STATE OF Massachusetts §  
COUNTY OF Suffolk §

This instrument was acknowledged before me on February 3, 2015 by Jesse R. Baker, as Authorized Signatory of WFC Headwaters Holdings JV VII, L.L.C., a Delaware limited liability company, as Sole Member of WFC Headwaters GP VII, L.L.C., a Delaware limited liability company, as General Partner of WFC HEADWATERS OWNER VII, L.P., a Delaware limited partnership, on behalf of said entities.

[Signature]  
Notary Public, State of

My Commission Expires: 4/7/17

 **KIERSTEN P. JESTER**  
Notary Public  
Commonwealth of Massachusetts  
My Commission Expires  
April 7, 2017

CITY:

CITY OF DRIPPING SPRINGS

Attest:

Keri Craig  
~~JoAnn Touchstone~~ Keri Craig  
City Secretary

By:

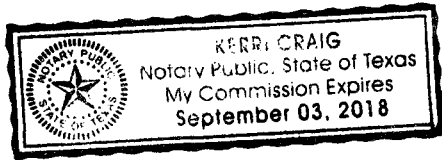
Todd Purcell  
Todd Purcell, Mayor

STATE OF TEXAS §  
COUNTY OF HAYS §

This instrument was acknowledged before me on 9<sup>th</sup>, December, by Todd Purcell, Mayor of the City of Dripping Springs, Texas, a Texas municipality, on behalf of said city.

Keri Craig  
Notary Public, State of Texas

My Commission Expires: 9/3/18





**DISTRICT:**

HEADWATERS MUNICIPAL UTILITY DISTRICT  
OF HAYS COUNTY:

By: Harvey Zinn, Jr.  
President

[Signature]  
District Secretary

STATE OF TEXAS  
COUNTY OF Travis

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This instrument was acknowledged before me on February 9, 2015, by Harvey Zinn, Jr., President of the Headwaters Municipal Utility District of Hays County, on behalf of said District.

[Signature]  
Notary Public, State of Texas

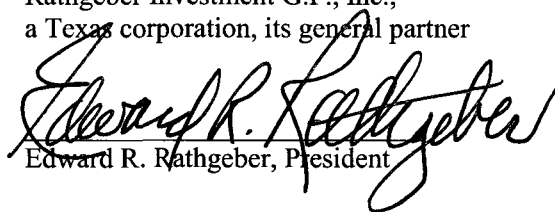
My Commission Expires: 11/16/2015



**RATHGEBER:**

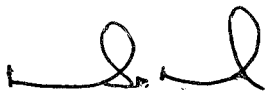
RATHGEBER INVESTMENT COMPANY, LTD., a  
Texas limited partnership

By: Rathgeber Investment G.P., Inc.,  
a Texas corporation, its general partner

By:   
Edward R. Rathgeber, President

STATE OF TEXAS §  
  §  
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 19th day of January,  
2015, by Edward R. Rathgeber, as President of Rathgeber Investment G.P., Inc., a Texas  
corporation, general partner of Rathgeber Investment Company, Ltd., a Texas limited partnership, on  
behalf of said entities.

  
\_\_\_\_\_  
Notary Public, State of TEXAS



TRUST:

E.E. TOWNES FAMILY TRUST

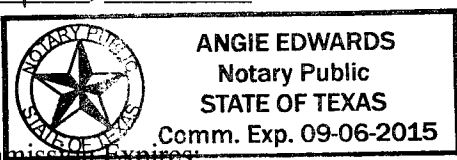
By: *Susan Townes Gesford*  
Susan Townes Gesford, Trustee

By: *Karen L. Aidman*  
Karen L. Aidman, Trustee

By: *Townes G. Pressler*  
Townes G. Pressler, Trustee

STATE OF TEXAS  
COUNTY OF Polk

This instrument was executed by Susan Townes Gesford before me on this the 23 day of July, 2015.



*Angie Edwards*  
Notary Public, State of Texas

My Commission Expires: 09-06-15

STATE OF TEXAS  
COUNTY OF TRAVIS

This instrument was executed by Karen L. Aidman before me on this the 28th day of July, 2015.

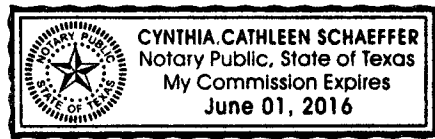


*Matt D. Matthews*  
Notary Public, State of Texas

My Commission Expires: 05-19-17

STATE OF TEXAS  
COUNTY OF HARRIS

This instrument was executed by Townes G. Pressler before me on this the 21<sup>st</sup> day of July.



*Cynthia C Schaeffer*  
Notary Public, State of Texas

My Commission Expires: 6/1/2016

**Exhibit A**  
**Form of Resolution**

**RESOLUTION NO. 2015-06**

**RESOLUTION EXPRESSING SUPPORT OF CITY OF DRIPPING SPRINGS  
FOR LEGISLATION GRANTING ROAD DISTRICT POWERS TO  
HEADWATERS MUNICIPAL UTILITY DISTRICT**

**WHEREAS**, Headwaters Municipal Utility District (the "District") is a Texas conservation and reclamation district created by Order of the Texas Commission on Environmental Quality dated August 8, 2007, and the District operates under the authority of Chapters 49 and 54 of the Texas Water Code;

**WHEREAS**, the City Council of the City of Dripping Springs has received a request to support the passage of legislation granting the District the authority of a road district under Section 52, Article III, Texas Constitution and specifically authorizing the District to construct and finance road projects, and to issue bonds and other obligations to finance road projects;

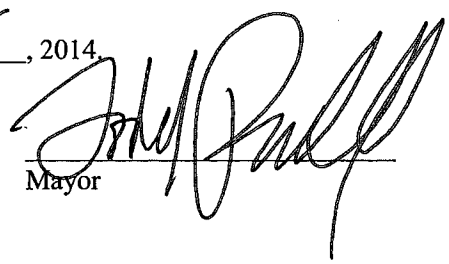
**WHEREAS**, the City Council of the City of Dripping Springs desires to adopt this Resolution to express its support for passage of legislation granting such authority to the District. **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DRIPPING SPRINGS THAT:**

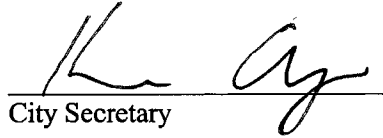
Section 1. The City Council of the City of Dripping Springs hereby expresses its support for passage of legislation granting road district authority to the District and authorizing the District to issue bonds or other obligations to finance road projects.

Section 2. This Resolution shall become effective from and after the date of its passage.

ADOPTED this 9<sup>th</sup> day December, 2014.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Secretary

## ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT is entered into on this 9th day of Dec., 2014 (“**Effective Date**”) by and between the City of Dripping Springs, Texas (the “**City**”); Headwaters Municipal Utility District (the “**District**”) and WFC Headwaters Owner VII, L.P., (“**WFC**” or “**Assignee**”). The City, District and WFC may be referred to herein individually as a “**Party**” or collectively as the “**Parties**”. This Assignment Agreement is hereafter referred to herein as the “**Assignment**”).

### RECITALS

WHEREAS, the City, Headwaters Development Co., and the Townes Family Trust entered into that certain Development Agreement (the “**Agreement**”) on or about April 13, 2005, recorded at Volume 2675, Page 675, Official Public Records of Hays County, Texas setting forth certain terms and conditions relating to the development of approximately 1,509 acres of real property described therein (the “**Land**”);

WHEREAS, the Agreement was amended by the First Amendment to The Headwaters at Barton Creek Development Agreement on or about June 10, 2008 (“**First Amendment**”);

WHEREAS, the Agreement was further amended by a Second Amendment to The Headwaters at Barton Creek Development Agreement on or about \_\_\_\_\_, 2014 (the “**Second Amendment**”);

WHEREAS, WFC has acquired a portion of the Land that it desires to develop for single family residential purposes;

WHEREAS, in connection with its acquisition of real property, on June 5, 2014, the Texas Commission on Environmental Quality (“**TCEQ**”) transferred to WFC Waste Disposal Permit No. WQ0014587001 authorizing the treatment and disposal of wastewater generated within the Land by a wastewater treatment plant that would be owned and operated by the District (the “**District WWTP**”);

WHEREAS, the City currently owns and operates the City of Dripping Springs Regional Wastewater Treatment System, which it plans to expand and extend from time to time to allow the City to provide wastewater service to existing and future customers in the City’s wastewater service area, as that area may be revised from time to time (the “**City Regional System**”);

WHEREAS, future extensions of the City Regional System may allow the City to provide wastewater treatment and disposal services to the Land in lieu of the District WWTP, or in lieu of future expansions to the District WWTP;

WHEREAS, expansion and extension of the City Regional System may require the City to amend its existing or any future TCEQ water quality permits to increase treatment and disposal

capacity, and to authorize disposal, including but not limited to a surface water discharge or direct potable reuse of treated wastewater effluent (the “**City Permit Amendment**”); and

WHEREAS, the District desires to contribute to the costs of the City Permit Amendment to facilitate implementation of the City Regional System and in return for such contribution, the City desires to assign certain fees to which it is entitled under the Agreement, as amended.

THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, including the agreements set forth below, the Parties agree as follows:

### AGREEMENT

1. Definitions. All capitalized terms used in this Assignment shall have the meanings ascribed to them in the Agreement, as amended, unless otherwise defined herein.
2. Payment to the City. Within ten business days of the execution of this Assignment by all Parties, WFC shall pay the City one million dollars (\$1,000,000) for and on behalf of the District (the “**City Permit Contribution**”). The City agrees that the City Permit Contribution shall be utilized only for funding costs and expenses relating to the City Permit Amendment, the City Regional System, or the City’s costs associated implementation of the “Agreement Concerning Creation and Operation of Headwaters Municipal Utility District” (effective January 11, 2005) as amended.
3. Assignment. The City hereby assigns, conveys, transfers and delivers to WFC, as Assignee, its successors and assigns, the first one million dollars (\$1,000,000) of the Facilities Expansion Fee to which the City is entitled under the Agreement, as amended (the “**Assigned Interests**”). Within ten (10) days of receipt of any such fees, the City shall provide payment thereof to WFC until such time as the City has provided payment of the Assigned Interests to WFC in full.

TO HAVE AND TO HOLD the Assigned Interests, together with all and singular the rights and appurtenances thereto in anywise belonging unto Assignee, its successors and assigns forever, and Assignor does hereby bind itself and its successors and assigns to WARRANT and FOREVER DEFEND all and singular the Assigned Interests unto Assignee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under the City, but not otherwise.

4. Limitation on Payment Obligation. Nothing in this Assignment addresses or affects the City’s right to Facilities Expansion Fees or Additional Facilities Expansion Fee beyond the first one million dollars (\$1,000,000) of Facilities Expansion Fees contemplated by the Agreement, as amended.
5. As Is — Where Is Transfer. THE CITY DOES NOT IN ANY WAY GUARANTEE THAT THE BOND REIMBURSEMENTS THAT GIVE RISE TO

THE FACILITIES EXPANSION FEES UNDER THE AGREEMENT WILL EVER BE COLLECTED OR THAT ASSIGNEE WILL OTHERWISE RECOUP THE MONEY IT AGREES TO PAY UNDER THIS ASSIGNMENT. ASSIGNEE UNDERSTANDS AND ACCEPTS THIS RISK. The property conveyed hereby is conveyed to the Assignee AS IS and WITH ALL FAULTS and no warranties are to be implied by this transaction.

6. District Reimbursement. The City agrees that the District may reimburse WFC for the City Permit Contribution with bond proceeds to the extent that the bonds are issued in accordance with the "Agreement Concerning Creation and Operation of Headwaters Municipal Utility District" (effective June 10, 2008) as amended, and the Texas Commission on Environmental Quality authorizes such reimbursement. This Assignment Agreement does not amend the Agreement or any other agreement previously entered into among the City, the District or owners of the Land.
7. Further Assurances. Each Party hereto agrees that it will, at any time and from time to time, upon the written request of the other, execute and deliver such further documents (in recordable form, if appropriate under the circumstances) and do such further acts and things, as the requesting party may reasonably request in order to effect the purposes of this Assignment.
8. Governing Law. The validity, interpretation and effect of this Assignment shall be governed by and construed in accordance with the laws of the State of Texas without regard to conflicts of law doctrines.
9. Counterparts. This Assignment may be executed in multiple counterparts, and all such executed counterparts shall constitute the same agreement. It shall be necessary to account for only one such counterpart in proving the existence, validity or content of this Assignment.
10. Binding Effect. This Assignment shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

[REMAINDER OF PAGE BLANK]



EXECUTED to be effective as of the Effective Date.

**CITY:**

CITY OF DRIPPING SPRINGS, TEXAS

By: [Signature]

Name: TODD Purcell

Title: Mayor

**ATTEST:**

By: [Signature]

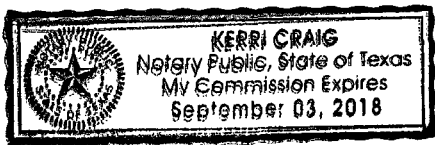
Name: Kerri Craig

Title: City Secretary

STATE OF TEXAS §  
  §  
COUNTY OF HAYS §

This instrument was acknowledged before me on this 9<sup>th</sup> day of December, 2014, by Todd Purcell, as Mayor of the City of Dripping Springs, Texas, a Texas municipality, on behalf of said city.

[Signature]  
Notary Public, State of Texas



**FIRST AMENDMENT TO AGREEMENT CONCERNING CREATION  
AND OPERATION OF HEADWATERS MUNICIPAL UTILITY DISTRICT**

State of Texas           §  
                                  §  
County of Hays         §

This First Amendment to Agreement Concerning Creation and Operation of Headwaters Municipal Utility District (the "First Amendment") is made and entered into by and among the City of Dripping Springs, Texas (the "City"), a general law city situated in Hays County, Texas, Townes Family Trust (the "Trust"), Headwaters Development Co., a Texas corporation (collectively "Landowners"), and Headwaters Municipal Utility District, a municipal utility district organized and operating in Hays County, Texas (the "District"), is as follows:

**RECITALS**

- A. City and Landowners have previously entered into the Agreement for the Creation and Operation of Headwaters Municipal Utility District (the "Agreement"), approved by the Dripping Springs City Council on January 11, 2005.
- B. The Texas Commission on Environmental Quality ("Commission") approved the Landowner's application for the creation of Headwaters Municipal Utility District ("District") on August 8, 2007 and the District has been approved by the voters and has commenced operation.
- C. Before the District was created, a portion of the land over which the District was created was annexed into the corporate limits of the City, as authorized by the April 13, 2005 "Headwaters at Barton Creek Development Agreement between City of Dripping Springs and Townes Family Trust and Headwaters Development Company" ("Development Agreement") regarding certain property described in the Development Agreement recorded in the Official Public Records of Hays County, Texas in Volume 265, page 649, which property description is incorporated herein as the "Property"
- D. The District wishes to ratify and join in the Agreement.
- E. The Parties desire to amend portions of the Agreement.

NOW THEREFORE, for an in consideration of their mutual covenants and agreements, the Parties agree as follows:

**AMENDMENT ARTICLE 1**

The District consents to, adopts and joins as a Party to the Agreement, to be bound in all respects by the terms applicable to the District. Capitalized terms in this First Amendment have the same meaning that they have in the Agreement. Owner agrees to reimburse the City for professional fees incurred by the City in negotiating and preparing this First Amendment.

## AMENDMENT ARTICLE 2

Article III, Section C, is deleted and amended and replaced with the following:

C. The District agrees that it shall issue bonds only in the maximum amount of \$58,000,000 for the purpose of providing for construction or acquisition of water, sanitary sewer, fire protection or drainage facilities, or contract rights therefore, and the purposes set out in Article III (the "Facilities"), and for the payment of creation, organization, and other costs and expenses reimbursable under the rules of TCEQ, and in the manner provided by the Commission and as permitted herein. The District shall submit to the City Administrator for City staff review a copy of the bond application, including the engineering report, at the time the District submits the same to the Commission. All bonds of the District shall be approved by the City Council of the City prior to issuance. Review for such approval shall be performed by the City in a timely manner so as not to delay the TCEQ's schedule for approval of the District's bonds. In addition, such approval shall not be unreasonably withheld or delayed and may be withheld only if either Landowners or the District is in material breach of this Agreement or the Development Agreement. Issuance of bonds is also contingent upon fees in escrow accounts being current.

## AMENDMENT ARTICLE 3

Article III, Section C, is amended to add the following at the end of the section:

City agrees that the rights and obligations under the Agreement may be assigned to Rathgeber Investment Company, Ltd. City further agrees that portions of the rights and obligations under the Agreement may be further assigned in whole or in part by Rathgeber Investment Company, Ltd. to any person or entity ("Assignee"), under the following conditions:

- a. Assignee is a successor owner of all or any part of the Property;
- b. The assignment is in writing executed by the Assignor and Assignee;
- c. Assignee expressly assumes the obligations under the Agreement with regard to the portion of the Property owned by Assignee; and
- d. A copy of the fully executed assignment is provided to the City within fifteen (15) days after execution.

## AMENDMENT ARTICLE 4

Article VII, Section A, is deleted and amended and replaced with the following:

A. The parties hereto acknowledge and agree that, except for the 176.409 acre tract of the Property that was annexed by the City on August 14, 2007, the Property lies, and will continue to lie, wholly within the ETJ of the City; is not bordered by another city, town, or village; and is not

currently anticipated to be scheduled for annexation by the City in accordance with any annexation plan of the City. The parties further acknowledge and agree that the creation of the District, and the City's consent thereto, are for the purpose of promoting the orderly development and extension of City services to the Property. Finally, the parties acknowledge and agree that, when the entirety of the Property has been annexed by the City subject to the terms of the Development Agreement, then the District shall dissolve and cease to exist, and no portion of the District shall then exist or continue to exist within the City limits.

The parties now ratify and confirm that the Agreement, as amended by this First Amendment, is in full force and effect and is binding on all parties. The Effective Date of this First Amendment is June 10, 2008.

**CITY OF DRIPPING SPRINGS:**

**Attest:**

*Jo Ann Touchstone*  
Jo Ann Touchstone  
City Secretary

By: *Todd Purcell*  
Todd Purcell, Mayor

Date: 8/15/08

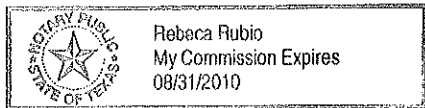
STATE OF TEXAS

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COUNTY OF Hays

This instrument was acknowledged before me on this 15<sup>th</sup> day of August, 2008 by Todd Purcell, Mayor of the City of Dripping Springs, Texas, a Texas municipality, on behalf of said city.

*Rebeca Rubio*  
Notary Public's Signature



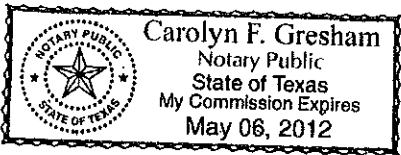
**HEADWATERS MUNICIPAL UTILITY DISTRICT:**

By: *Jeremy Martin*  
Jeremy Martin, President

STATE OF TEXAS  
COUNTY OF TRAVIS

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This instrument was acknowledged before me on this 14th day of July, 2008 by Jeremy Martin, President of Headwaters Municipal Utility District, a Texas corporation, on behalf of said corporation.



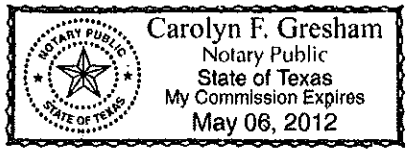
*Carolyn F. Gresham*  
Notary Public's Signature

**HEADWATERS DEVELOPMENT CO.:**

By: *Edward R. Rathgeber*  
Edward R. Rathgeber, President

STATE OF TEXAS                   §  
  §  
COUNTY OF TRAVIS           §

This instrument was acknowledged before me on this 12th day of July, 2008 by Edward R. Rathgeber, President of Headwaters Development Co., a Texas corporation, on behalf of said corporation.



*Carolyn F. Gresham*  
Notary Public's Signature

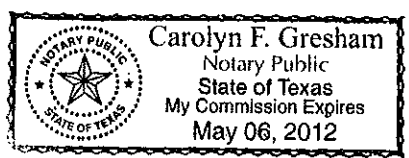
**RATHGEBER INVESTMENT COMPANY, LTD.**

By: **Rathgeber Investment G.P., Inc.,**  
its general partner

By: *Edward R. Rathgeber*  
Edward R. Rathgeber, President

STATE OF TEXAS                   §  
  §  
COUNTY OF TRAVIS           §

This instrument was acknowledged before me on this 12th day of July, 2008 by Edward R. Rathgeber, President of Rathgeber Investment Company, Ltd., a Texas corporation, on behalf of said corporation.



*Carolyn F. Gresham*  
Notary Public's Signature

Jul 17 08 02:47p  
Jul 17 2008 2:43PM

Susan Gesford  
HP LASERJET FAX

936-365-2244

P. 2  
P. 2

Item # 4.

**TOWNES FAMILY TRUST**

By: *Susan Townes Gesford*  
Name: **Susan Townes Gesford, Trustee**

STATE OF TEXAS

§  
§  
§

COUNTY OF Harris

This instrument was executed before me by Susan Townes Gesford, as Trustee of the Townes Family Trust on this the 17<sup>th</sup> day of July, 2008.

*Peggy Haymon*  
Notary Public, State of Texas



**SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT**

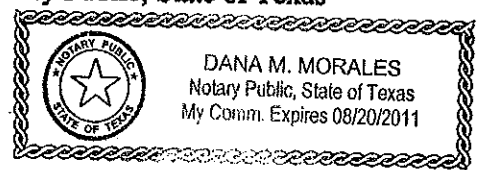
**TOWNES FAMILY TRUST**

By: Karen L. Aidman, Trustee  
Name: Karen L. Aidman, Trustee

STATE OF TEXAS                                   §  
  §  
COUNTY OF Travis                           §

This instrument was executed before me by Karen L. Aidman, as Trustee of the Townes Family Trust on this the 22 day of July, 2008.

Dana M. Morales  
Notary Public, State of Texas



**SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT**



TOWNES FAMILY TRUST

By: *Townes G. Pressler*  
Name: Townes G. Pressler, Trustee

STATE OF TEXAS

§  
§  
§

COUNTY OF HARRIS

This instrument was executed before me by Townes G. Pressler, as Trustee of the Townes Family Trust on this the 17<sup>th</sup> day of July, 2008.



*Peggy Haymon*  
Notary Public, State of Texas

SIGNATURE PAGE TO:  
FIRST AMENDMENT TO AGREEMENT  
CONCERNING CREATION AND OPERATION OF  
HEADWATERS MUNICIPAL UTILITY DISTRICT



**STAFF REPORT**  
**City of Dripping Springs**  
**PO Box 384**  
**511 Mercer Street**  
**Dripping Springs, TX 78602**

**Submitted By:** Kelly Schmidt, Parks & Community Services Director

**City Council Meeting Date:** June 15, 2021

**Agenda Item Wording:** **Discuss and consider approval of an amendment to the 2021 Tiger Splash Texas Amateur Athletic Federation Swim Team's Founders Memorial Pool Use Agreement**

**Agenda Item Requestor:** Wade King

**Summary/ Background:** The Annual Tiger Splash Founders Memorial Pool Use Agreement was approved in December of 2020. At that time, there were health and safety requirements and other elements of the contract that were included in the Use Agreement that are no longer applicable and some that were circumstantially omitted at time of passing that needed to be added. A summary of the amended points in the contract is listed below.

1. Change in Registration Fees passed by TS board after initial agreement from \$180 to \$160 per swimmer. 189 swimmers registered
2. Propane cost reimbursement requested at 40% TS and 60% City
3. Removed the requirement for the city to provide pool covers, as we did not have it in the budget and did not provide covers
4. One of the pavilion use dates was removed
5. Covid protocols removed from requirement
6. Capacity of 150 participants in the facility at any one time added

**Commission Recommendation:** The Parks and Recreation Commission unanimously recommended approval of the Use Agreement amendment on June 7, 2021.

**Staff Recommendation:** Staff recommends approval of all 2021 TS Founders Memorial Pool Use Agreement amendments.

**Attachments:** 1. 2021 Tiger Splash Use Agreement with proposed amendments

**Next Steps/Schedule:** Convey recommendation to City Secretary and present next steps to the City Council for review and approval.

TIG12182020-amended

**USE AGREEMENT****Tiger Splash and City of Dripping Springs for Founders Memorial Park Pool**

THIS USE AGREEMENT (the “Agreement”) is entered into by and between the City of Dripping Springs, Hays County, Texas, (the “City”), a general law municipality organized and operating under the general laws of the State of Texas, and Tiger Splash, a registered Texas non-profit organization.

**I. RECITALS**

- A. Tiger Splash is a registered Texas non-profit in good standing whose purpose is to provide the youth of Dripping Springs and surrounding areas swim programs that encourage confidence, positive self-esteem and good sportsmanship.
- B. Tiger Splash wishes to enter into a use agreement with the City to allow Tiger Splash to use Founders Memorial Park Pool (“Pool”) for Tiger Splash practices and swim meets.
- C. The City desires to aid Tiger Splash and, accordingly, agrees to allow Tiger Splash to use the Pool for their practices and swim meets.

**II. AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants described herein, the parties hereto agree as follows:

**A. Duties of Tiger Splash**

- a. Tiger Splash will collect all Swim Team Registration fees.
- b. Tiger Splash will provide all equipment needed for Swim Meets including, but not limited to, timing systems, and will provide for set-up and take down.

**B. Duties of the City**

- a. The City will allow Tiger Splash to use the on-site storage shed at the pool for storing swim meet items.
- b. Tiger Splash shall not operate or allow the sale of concessions without City written approval, which shall be requested in advance of any sale, unless otherwise specifically authorized by this agreement.

- c. The City will allow Tiger Splash to sell coffee and breakfast tacos on Swim Meet Days: May 22, May 29, June 5, June 19, and June 26.
- d. The City will provide a minimum of 2 lifeguards at every swim practice and meet.

### **C. Fee splits and Payment**

- a. Tiger Splash Meet Fees- 6 Hour Pool Rental rate at \$40/hr
- b. Tiger Splash Practice Fees- Tiger Splash will give the City a minimum of 30% of all Swim Team registration fees that are collected by Tiger Splash (189 swimmers who pay \$160.00 each = \$30,240 Gross). Estimated payment to the City will be a minimum of \$9072.00 to compensate the City for facility use, utilities and lifeguard staff for the swim season. (Normal hourly rental would yield an approximate rental revenue of \$13,230.00.). Payment to the City of the Practice Fees will occur by August 1, 2021.
- c. If Tiger Splash chooses to heat the pool for any practices or meets during the swim season, Tiger Splash will reimburse the City the current market rate per gallon of propane.

### **D. Access to Facilities**

- a. Tiger Splash swim team is permitted access to Founders Memorial Park Pool during reserved times for swim team practices and meets. If a pre-scheduled practice or swim meet time is going to be utilized for a team social event that is not already documented in this agreement, the use change and supporting details must be communicated at least two weeks in advance, in writing to the Pool Manager to allow for proper staffing and accommodations.
- b. Tiger Splash is permitted to host social events outside the dates detailed in this Agreement. However, the organization will have to reserve and pay the associated rental fees at the current Fee Schedule Pool Rental rates and terms.
- c. In order to provide the safest operational standards, no more than 150 people can be in the facility at one time including swimmers, spectators and volunteers.
- d. A designated spectator area for families and guests is preferred. The designated location will be in an area that does not prevent ingress or egress around the pool and through the facility.
- e. Tiger Splash shall have access to the Pool for the following times on the following dates, Monday, May 3, 2021 – Wednesday, July 27, 2021, and contingent on the completion of pool repairs:
  - i. May 3, 2021 – May 27, 2021: Monday – Thursday, 5:00 p.m. – 8:00 p.m.

- ii. June 1, 2021 – July 15, 2021: Monday – Thursday, 6:00 p.m. – 9:00 p.m.
- iii. July 19, 2021 – July 27, 2021: Monday – Thursday, 6:30 p.m. – 9:00 p.m.
- iv. Five Meet Dates: Saturday, May 22, 2021, Saturday, May 29, 2021, Saturday, June 5, 2021, Saturday, June 19, 2021, and Saturday, June 26, 2021, 6:30 a.m. – 12:30 p.m.
- v. Tiger Splash may also have exclusive use of Founders Memorial Park Pavilion for a team social event during practice on July 15, 2021, 6:00 p.m. – 9:00 p.m.
- f. If there is an emergency such as inclement weather or an unforeseen circumstance, the City may decide to close the Pool or limit access to the Pool on one of these days. If that occurs, the City will work with Tiger Splash to reschedule and/or not charge Tiger Splash for that scheduled swim meet date.
- g. Tiger Splash will not have access to the pool Memorial Day, May 31, 2021, or Independence Day, July 4, 2021.

**E. It is understood and agreed between the parties that:**

- a. Tiger Splash will maintain its own liability insurance through Texas Amateur Athletic Federation (TAAF) and will name the City as an additional named insured and provide a copy of such policy prior to the beginning of the terms of this Use Agreement.
- b. It is specifically agreed that nothing herein is intended to convey any real property rights of the Pool to Tiger Splash.
- c. The City assumes no responsibility for any property placed by Tiger Splash or any Tiger Splash member, agent, or guest, at the Pool or in the storage facilities or any part thereof, and the City is hereby expressly released and discharged from any and all liability for any loss, injury, or damage to persons or property that may be sustained by reason of the use of the Pool and related facilities under this Agreement.
- d. Tiger Splash accepts the premises as-is. Tiger Splash may not change any part of the Pool or layout of its related facilities unless it receives prior written approval from the Founders Pool Manager or the Manager's designee for the proposed changes.
- e. Tiger Splash will cooperate with the City to comply with all applicable laws (federal, state, and local), including ordinances of the City. Tiger Splash agrees to abide by and conform with all rules and regulations from time to time adopted or prescribed by the City for the government and management of the Pool.

- F. TIGER SPLASH AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY, ITS AGENTS, SERVANTS, AND EMPLOYERS, FROM AND AGAINST ANY AND ALL CLAIMS FOR DAMAGES OR INJURIES TO PERSONS OR PROPERTY ARISING OUT OF OR INCIDENT TO THEIR USE OF, OR THE USE AND OCCUPANCY OF, THE POOL BY TIGER SPLASH, AND TIGER SPLASH DOES HEREBY ASSUME ALL LIABILITY AND RESPONSIBILITY FOR INJURIES, CLAIMS OR SUITS FOR DAMAGES TO PERSONS OR PROPERTY WHATSOEVER KIND OR CHARACTER, WHETHER REAL OR ASSERTED, OCCURRING DURING THE TERM OF THIS AGREEMENT IN CONNECTION WITH THE USE OR OCCUPANCY OF THE POOL BY TIGER SPLASH OR ITS AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS OR SUBCONTRACTORS, MEMBERS, GUESTS OR INVITEES.
- g. **Mandatory Disclosures:** Texas law requires that vendors make certain disclosures. Prior to the effective date of this Contract, the Contractor must fill out Form 1295, as required by the Texas Ethics Commission, and submit it to the City. The form may be found here: <https://www.ethics.state.tx.us/filinginfo/QuickFileAREport.php>
- h. Tiger Splash shall not assign this Agreement, or any rights, obligations or entitlements created under this Agreement to any other person or entity.
- i. Either party may terminate this Agreement without cause upon the terminating party giving the non-terminating party thirty (30) days written notice.
- j. This Agreement will automatically terminate if Tiger Splash fails to adequately respond and remedy any complaints or concerns from the City within thirty (30) days of a written request by the City.
- k. All notices in connection with this Agreement shall be in writing and shall be considered given as follows:

When delivered personally to the recipient's address as stated in this Agreement; or Five (5) days after being sent by certified mail in the United States mail, with postage prepaid to the recipient's address as stated in this Agreement:

**To the City:**

City of Dripping Springs  
Attn: City Administrator  
PO Box 384  
Dripping Spring, TX 78620

**To Tiger Splash:**

Tiger Splash  
Attn: Vice - President  
1521 Kemp Hills Dr.  
Austin, TX 78737

Nothing contained herein shall be construed to restrict the transmission of routine communications between representatives of City and Tiger Splash.

- l. This Agreement shall be effective upon final signing by both parties.

**IN WITNESS WHEREOF, The City of Dripping Springs and Tiger Splash have executed this Agreement on the dates indicated.**

**CITY OF DRIPPING SPRINGS:**

**TIGER SPLASH:**

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

\_\_\_\_\_  
Mike Lemonds, President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**ATTEST:**

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







**STAFF REPORT**  
**City of Dripping Springs**  
**PO Box 384**  
**511 Mercer Street**  
**Dripping Springs, TX 78620**

**Submitted By:** Michelle Fischer, City Administrator

**Council Meeting Date:** June 15, 2021

**Agenda Item Wording:** **Discuss and consider approval of a Professional Services Agreement between the City of Dripping Springs and Environmental Concepts, LLC for services related to Environmental Health and On Site Sewage Facilities.** *Sponsor: Council Member Harris-Allison*

**Agenda Item Requestor:** Kyle DeHart, Environmental Concepts, LLC

**Summary/Background:** Kyle DeHart is the city's Environmental Health and OSSF Inspector. His current contract was approved in December 2017. Kyle submitted a revised contract with increased rates. City Secretary Laura Mueller reviewed the contract and provided the draft document in your packet for consideration.

Kyle conducts inspections and issues permits for food establishments, child/adult care facilities, schools, health care facilities, and on site sewage facilities. He also assists with Code Enforcement.

Kyle works at City Hall on Thursdays and an additional day a week as need.

Kyle proposes the following rate increases:

Regular office hours increase to \$66 per hour from \$60;

Heath, food, and OSSF inspections increase from \$125 per hour to \$140;

and

Other duties outside the realm of scheduled office hours increase from

\$125 per hour to \$135.

City Staff has reviewed the increased rates and found them to be reasonable.

**Commission Recommendations:** N/A

**Recommended  
Council Actions:**

Approve the professional services agreement with Environmental Concepts, LLC.

**Attachments:**

Draft 2021 agreement; 2017 agreement.

**Next Steps/Schedule:**

If approved, staff will review the city's Fee Schedule to determine if any fees associated with Kyle's services need to be increased to cover costs, and if so, will make a recommendation on amending the Fee Schedule.

EVC06152021

## PROFESSIONAL SERVICES AGREEMENT

This Agreement, made and entered into this 15<sup>th</sup> day of June 2021, by and between the **City of Dripping Springs**, Texas, hereinafter referred to as the “City” and **Environmental Concepts, LLC**, hereinafter referred to as “Inspector,” is understood and agreed to be as set forth herein:

1. **Description of Services:** The City, in connection with carrying out the duties of its various ordinances and permitting processes regulating the health and safety of food establishments, day cares, and the construction and operation of On-Site Sewage Facilities (OSSF, also known as “septic systems”) and State Regulations as they refer to various OSSF and environmental health codes and requirements, requires the services of a City Inspector.
  - (a) The Inspector shall be retained by the City under the designation of “City Inspector.”
  - (b) Inspector agrees to make all inspections and issue permits required or requested by the City under appropriate ordinances of the City. Such inspections and permits shall include, but not be limited to, those related to food establishments, schools, childcare facilities, health care facilities, and on-site sewage facilities.
  - (c) Upon City’s request, Inspector will make written reports noting ordinance compliance or any deviations from all inspections and deliver a copy of such reports to the office via mail, in person, facsimile, or other electronic means within two (2) business days after the receipt of request for inspection.
  - (d) Inspector shall investigate complaints of poor sanitation in public establishments and private property.
  - (e) Inspector shall explain City health ordinances and recommend corrective actions to the public.
  - (f) Inspector shall perform follow-up inspections, issue warnings and/or citations and ensure proper issuance of City health permits.
  - (g) Inspector shall review OSSF permit applications and issue OSSF permits.
  - (h) Inspector shall submit required reports to the State regarding environmental health and OSSFs.
  - (i) Inspector may from time to time be called upon to perform the following services:
    - (1) attend meetings of the City Council, when requested by the Mayor, Council Member, or other City Official; and/or
    - (2) attend other public or private meetings involving inspection matters related to the duties performed under this Agreement.

- (j) Request for the inspection may be made by telephone or fax. Upon notification and when available, Inspector will honor the request within two (2) business days.
- (k) Request for inspection services may be made by telephone or fax.
- (l) Inspector shall conduct business as an agent of the City in good faith displaying professionalism and a courteous manner in dealings with the citizens of the City. City Inspector agrees to abide by the Building Official Code of Ethics as established by the International Code Council. Inspector will report to the City, verbally or in writing, any conflicts between Inspector and any citizen in the course of performing said duties.
- (m) City may conduct customer satisfaction surveys from time to time without notice to Inspector. The City will incur cost of materials to perform such surveys.
- (n) Inspector shall maintain complete and accurate records of work performed for the City. Inspector shall manage both public and confidential records that Inspector obtains pursuant to this Agreement with the understanding that some records may be subject to state, "open government laws."

**2. Payment for Services:** The City will employ the Inspector for the following fee structure:

- (a) **Office Hours:** Inspector shall observe regular office hours on Thursdays and one other day, as available, until needed or duties are completed. Office Hours shall be maintained in the City Hall complex. Office Hours shall be compensated at an Hourly Rate of \$66.00 per hour, plus mileage reimbursement at the current IRS rate. Office Hours may be rescheduled by the City and/or Inspector as needed to conform to the City's holiday schedule. The City and/or Inspector reserves the right to change office hours upon consultation with the other.
- (b) **Inspections:** Health, Food & OSSF Inspections shall be compensated at a rate of \$140.00 per inspection, plus mileage to be reimbursed at the current IRS rate. All inspections shall be performed at times other than the Inspector's Office Hours. Other duties occurring outside the realm of scheduled office hours/days (i.e. special events, council meetings, etc.) will be compensated at \$135.00 per hour plus mileage at the current IRS rate.
- (c) **Invoices:** Inspector shall invoice City monthly for office hours and for each inspection and re-inspection performed. Invoices shall include a description of the work performed during office hours and the address and type of inspection performed. Re-inspection fees shall be those fees identified above.

**3. Termination:** Either party may terminate this Agreement by a thirty (30) day written notice to the other party.

**4. Relationship of Parties:** It is understood by the parties that Inspector is an independent contractor with respect to the City and not an employee of the City. City will not provide fringe

benefits, including health insurance benefits, paid vacation, or any employee benefit, for the benefit of Inspector. Inspector shall maintain a separate place of business, from which inspector can provide services to other customers unrelated to the City. Inspector shall provide the tools, equipment and supplies necessary for completion of the tasks covered by this Agreement.

5. **Employees:** Inspector's employees, if any, who perform services for City under this Agreement shall also be bound by the provisions of this Agreement. At the request of City, Inspector shall provide adequate evidence that such persons are Inspector's employees.
6. **Mandatory Disclosures:** Texas law requires that vendors make certain disclosures. Prior to the effective date of this Contract, the Contractor has submitted to the City a copy of the Conflict-of-Interest Questionnaire form (CIQ Form) approved by the Texas Ethics Commission (Texas Local Government Code Chapter 176) and the Affidavit regarding Prohibition on Contracts with Companies Boycotting Israel (Texas Government Code Chapter 2270).

The Contractor must also fill out Form 1295, as required by the Texas Ethics Commission, and submit it to the City. The form may be found here: <https://www.ethics.state.tx.us/filinginfo/QuickFileAReport.php>

7. **Injuries/Insurance:** Inspector acknowledges Inspector's obligation to obtain appropriate insurance coverage for the benefit of Inspector's employees, if any. Inspector waives the rights to recovery from City for any injuries that Inspector and/or Inspector's employees may sustain while performing services under this Agreement. Inspector to provide a copy of insurance coverage to City at least ten (10) days prior to end of any existing coverage period.
8. **Indemnification:** INSPECTOR AGREES TO INDEMNIFY AND HOLD CITY HARMLESS FROM ALL CLAIMS, LOSSES, EXPENSES, FEES, INCLUDING ATTORNEY'S FEES, COSTS AND JUDGMENTS THAT MAY BE ASSERTED AGAINST CITY THAT RESULT FROM ACTS OR OMISSIONS OF INSPECTOR, INSPECTOR'S EMPLOYEES, IF ANY, AND INSPECTOR'S AGENTS.
9. **Assignment:** Inspector's obligation under this Agreement may not be assigned or transferred to any other person, firm, or corporation without the prior written consent of City.
10. **Notice:** All notice required or permitted under this Agreement shall be in writing and shall be delivered either in person or deposited in the United States mail, postage prepaid, addressed as follows:

**If for the City:**

City of Dripping Springs  
PO Box 384  
Dripping Springs, TX 78620

**If for the Inspector:**

Environmental Concepts, LLC  
PO Box 585  
Wimberley, TX 78676

Either party may change such address from time to time by providing written notice to the other in the manner set forth above. Notice is deemed to have been received three (3) days after deposit in U.S. mail.

**11. Entire Agreement:** This Agreement contains the entire Agreement of the parties and there are no other promises or conditions in any other Agreement whether oral or written. This Agreement supersedes any prior written agreements between the parties.

**12. Amendment:** This agreement may be modified or amended if the amendment is made in writing and is signed by both parties.

**13. Severability:** If any provision of this Agreement shall be held to be invalid or unenforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

**14. Waiver of Contractual Right:** The failure of any party to enforce any provision of this Agreement shall not be construed as a waiver of limitation to that party's right to subsequently enforce and compel strict compliance with every provision of the Agreement.

**15. Applicable Law:** The laws of the State of Texas shall govern this Agreement.

**16. Venue:** The venue for any disputes arising under this Agreement shall be in *Hays County, Texas*.

**17. Consequential Damages.** Neither party shall be liable to the other for loss of profits or revenue; loss of use or opportunity; loss of good will; cost of substitute facilities, goods, or services; cost of capital; or for any special, consequential, indirect, punitive, or exemplary damages.

**CITY OF DRIPPING SPRINGS:**

**ENVIRONMENTAL CONCEPTS, LLC:**

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

\_\_\_\_\_  
Kyle DeHart, Owner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**ATTEST:**

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

DEH12192017

**ENVIRONMENTAL HEALTH/  
OSSF INSPECTION & CITY INSPECTION SERVICES AGREEMENT**

This Agreement, made and entered into this the 19<sup>th</sup> day of December 2017, by and between the **City of Dripping Springs, Texas**, hereinafter referred to as the “City” and **Environmental Concepts, LLC**, hereinafter referred to as “Inspector,” is understood and agreed to be as set forth herein:

1. **Description of Services:** The City, in connection with carrying out the duties of its various ordinances and permitting processes regulating the health and safety of food establishments, day cares, and the construction and operation of On-Site Sewage Facilities (OSSF, also known as “septic systems”) and City ordinances as they refer to various codes and building requirements, requires the services of a City Inspector.
  - (a) The Inspector shall be retained by the City under the designation of “City Inspector.”
  - (b) Inspector agrees to make all inspections and issue permits required or requested by the City under appropriate ordinances of the City. Such inspections and permits shall include, but not be limited to, those related to food establishments, schools, child care facilities, health care facilities, and on-site sewage facilities.
  - (c) Upon City’s request, Inspector will make written reports noting ordinance compliance or any deviations from all inspections and deliver a copy of such reports to the office via mail, in person, facsimile, or other electronic means within two (2) business days after the receipt of request for inspection.
  - (d) Inspector shall investigate complaints of poor sanitation in public establishments and private property.
  - (e) Inspector shall explain City health ordinances and recommend corrective actions to the public.
  - (f) Inspector shall perform follow-up inspections, issue warnings and/or citations and ensure proper issuance of City health permits.
  - (g) Inspector shall provide food handler classes from time to time when requested by the City.
  - (h) Inspector shall review OSSF permit applications and issue OSSF permits.
  - (i) Inspector shall submit required reports to the State regarding environmental health and OSSFs.
  - (j) Inspector shall assist in the compliance of City ordinances and codes as they pertain to building permits, signage and any other code or ordinance compliance issues as requested by the City. To be known as "Code Enforcement".
  - (k) Inspector may from time to time be called upon to perform the following services:

- (1) attend meetings of the City Council, when requested by the Mayor, Council Member, or other City Official; and/or
  - (2) attend other public or private meetings involving inspection matters related to the duties performed under this Agreement.
- (l) Request for the inspection may be made by telephone or email. Upon notification and when available, Inspector will honor the request within two (2) business days.
  - (m) Inspector shall conduct business as an agent of the City in good faith displaying professionalism and a courteous manner in dealings with the citizens of the City. City Inspector agrees to abide by the Building Official Code of Ethics as established by the International Code Council. Inspector will report to the Planning Director, verbally or in writing, any conflicts between Inspector and any citizen in the course of performing said duties.
  - (n) City may conduct customer satisfaction surveys from time to time without notice to Inspector. The City will incur cost of materials to perform such surveys.
  - (o) Inspector shall maintain complete and accurate records of work performed for the City. Inspector shall manage both public and confidential records that Inspector obtains pursuant to this Agreement with the understanding that some records may be subject to state open government laws.”
  - (p) Performs other related duties as needed.

**2. Payment for Services:** The City will employ the Inspector for the following fee structure:

- (a) **Office Hours**—Inspector shall observe regular office hours on Thursdays and one other day (either a Monday, Wednesday or Friday) as available, from 9:00 am until needed or duties are completed. Office Hours shall be maintained in the City Hall complex. Office Hours & Code Enforcement shall be compensated at an Hourly Rate of \$60.00 per hour, plus mileage reimbursement at the current IRS rate. Office Hours may be rescheduled by the City and/or Inspector as needed to conform to the City’s holiday schedule. The City and/or Inspector reserves the right to change office hours upon consultation with the other.
- (b) **Inspections:** Health, Food & OSSF Inspections shall be compensated at a rate of \$125.00 per inspection, plus mileage to be reimbursed at the current IRS rate. All inspections shall be performed at times other than the Inspector’s Office Hours. Other inspection duties occurring outside the realm of scheduled office hours/days (i.e. special events) will be compensated at \$125.00 per hour plus mileage at the current IRS rate.
- (c) **Invoices:** Inspector shall invoice City monthly for office hours and for each inspection and re-inspection performed. Invoices shall include a description of the work performed during office hours and the address and type of inspection performed. Re-inspection fees shall be those fees identified above.
- (d) After a properly completed invoice is received and acceptable to the City, and such acceptance shall not be unreasonably withheld, City shall remit payment to Contractor within thirty (30) days of receiving the invoice.



3. **Termination:** Either party may terminate this Agreement by a thirty (30) day written notice to the other party.
4. **Relationship of Parties:** It is understood by the parties that Inspector is an independent contractor with respect to the City and not an employee of the City. City will not provide fringe benefits, including health insurance benefits, paid vacation, or any employee benefit, for the benefit of Inspector. Inspector shall maintain a separate place of business, from which inspector can provide services to other customers unrelated to the City. Inspector shall provide the tools, equipment and supplies necessary for completion of the tasks covered by this Agreement.
5. **Employees:** Inspector's employees, if any, who perform services for City under this Agreement shall also be bound by the provisions of this Agreement. At the request of City, Inspector shall provide adequate evidence that such persons are Inspector's employees.
6. **Limitations:** During the period the Consultant is covered by this agreement, the Consultant will contact the City in writing if a potential conflict of interest with a third party client may exist. If the City Council finds that a project for a third party client of the Consultant has a direct conflict with the City, the City Council shall contact the Consultant in writing. If the conflict of interest cannot be resolved to either party's satisfaction, either the Consultant or the City Council may terminate this Agreement with seven (7) days' notice to the other party.
7. **Mandatory Disclosures:** Texas law requires that vendors make certain disclosures. Prior to the effective date of this Contract, the Contractor has submitted to the City a copy of the Conflict of Interest Questionnaire form (CIQ Form) approved by the Texas Ethics Commission (Texas Local Government Code Chapter 176) and the Affidavit regarding Prohibition on Contracts with Companies Boycotting Israel (Texas Government Code Chapter 2270). The Contractor must also fill out Form 1295, as required by the Texas Ethics Commission, and submit it to the City. The form may be found here: [http://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](http://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm)
8. **Injuries/Insurance:** Inspector acknowledges Inspector's obligation to obtain appropriate insurance coverage for the benefit of Inspector's employees, if any. Inspector waives the rights to recovery from City for any injuries that Inspector and/or Inspector's employees may sustain while performing services under this Agreement. Inspector to provide a copy of insurance coverage to City at least ten (10) days prior to end of any existing coverage period.
9. **Indemnification:** Inspector agrees to indemnify and hold City harmless from all claims, losses, expenses, fees, including attorney's fees, costs and judgments that may be asserted against City that result from acts or omissions of Inspector, Inspector's employees, if any, and Inspector's agents.
10. **Assignment:** Inspector's obligation under this Agreement may not be assigned or transferred to any other person, firm, or corporation without the prior written consent of City.

**11. Notice:** All notice required or permitted under this Agreement shall be in writing and shall be delivered either in person or deposited in the United States mail, postage prepaid, addressed as follows:

**If for the City:**

City of Dripping Springs  
 Kyle Dannhaus, Code Enforcement Manager  
 P.O. Box 384  
 Dripping Springs, TX 78620

**If for Inspector:**

Environmental Concepts, LLC  
 Kyle B. DeHart, R.S., Owner  
 P.O. Box 585  
 Wimberley, TX 78676

Either party may change such address from time to time by providing written notice to the other in the manner set forth above. Notice is deemed to have been received three (3) days after deposit in U.S. mail.

**12. Entire Agreement:** This Agreement contains the entire Agreement of the parties and there are no other promises or conditions in any other Agreement whether oral or written. This Agreement supersedes and prior written agreements between the parties.

**13. Amendment:** This agreement may be modified or amended if the amendment is made in writing and is signed by both parties.

**14. Severability:** If any provision of this Agreement shall be held to be invalid or unenforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

**15. Waiver of Contractual Right:** The failure of any party to enforce any provision of this Agreement shall not be construed as a waiver of limitation to that party's right to subsequently enforce and compel strict compliance with every provision of the Agreement.

**16. Applicable Law:** The laws of the State of Texas shall govern this Agreement.

**17. Venue:** for any disputes arising under this Agreement shall be in *Hays County*, Texas.

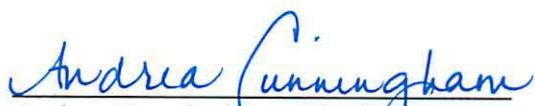
**CITY OF DRIPPING SPRINGS:**

  
 \_\_\_\_\_  
 Todd Purcell, Mayor

**ENVIRONMENTAL CONCEPTS, LLC:**

  
 \_\_\_\_\_  
 Kyle B. DeHart, R.S., Environmental Health/OSSF  
 Inspector & City Inspector

**ATTEST:**

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



## House Bill 89 Verification Form

### Prohibition on Contracts with Companies Boycotting Israel

The 85<sup>th</sup> Texas Legislature approved new legislation, effective Sept. 1, 2017, which amends Texas Local Government Code Section 1. Subtitle F, Title 10, Government Code by adding Chapter 2270 which states that a governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it:

- 1) does not boycott Israel; and
- 2) will not boycott Israel during the term of the contract

Pursuant to Section 2270.001, Texas Government Code:

1. "Boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes; and
2. "Company" means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or any limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of those entities or business associations that exist to make a profit.

---

I, (authorized official) Kyle B. DeHart, do hereby depose and verify the truthfulness and accuracy of the contents of the statements submitted on this certification under the provisions of Subtitle F, Title 10, Government Code Chapter 2270 and that the company named below:

- 1) does not boycott Israel currently; and
- 2) will not boycott Israel during the term of the contract; and
- 3) is not currently listed on the State of Texas Comptroller's Companies that Boycott Israel List located at <https://comptroller.texas.gov/purchasing/publications/divestment.php>

Environmental Concepts, LLC

Company Name



Signature of Authorized Official

Owner/Manager

12-15-2017

Title of Authorized Official

Date

**CONFLICT OF INTEREST QUESTIONNAIRE****FORM CIQ**

For vendor doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

**OFFICE USE ONLY**

Date Received

**1 Name of vendor who has a business relationship with local governmental entity.**

Kyle B DeHart

**2**  Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

**3 Name of local government officer about whom the information is being disclosed.**

None

Name of Officer

**4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.**

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

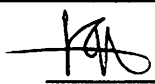
 Yes No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

 Yes No

**5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.**

**6**  Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

**7**   
Signature of vendor doing business with the governmental entity

12-15-2017

Date



# City of Dripping Springs

Post Office Box 384  
 511 Mercer Street  
 Dripping Springs, Texas 78620

## **Agenda Item Report from:** Laura Mueller, City Attorney

<b>Meeting Date:</b>	June 15, 2021
<b>Agenda Item Wording:</b>	<b>Discuss and consider acceptance of annexation petition for a portion of the Cannon Tract of approximately 97.049 acres of land out of the Philip A. Smith Survey Number 26, Abstract Number 415, and the C.H. Malott Survey, Abstract Number 693, Hays County, Texas located directly east of Rob Shelton Blvd. and directly south of Founders Park Road in the extraterritorial jurisdiction of the City of Dripping Springs, Texas. Applicant: Steven Pierce, Ashton Austin Residential LLC.</b>
<b>Agenda Item Requestor:</b>	Laura Mueller, City Attorney
<b>Member Sponsor:</b>	
<p><b>Summary/Background:</b></p> <p>The property is currently located in the extraterritorial jurisdiction (ETJ) but is requesting to be annexed into the City by voluntary petition. The annexation will occur through the process of petition and then an annexation agreement. Upon annexation, the applicant is requesting a Planned Development District for an approximately 97.049 acre tract of land, generally located at Cannon Ranch. The applicant is requesting a Planned Development District with base zoning district of SF-3 with the intent of developing 375 single family homes including up to 148 40-foot lots, 312 45-foot lots, and the remainder as 60-foot lots. This project also involves an Offsite Road Agreement for roads connecting the property to 290 and improvements on Rob Shelton for which they are seeking reimbursement.</p>	

Item # 7.



<p><b>Commission Recommendations:</b></p>	<p>The DAWG requested various road improvements for the 375 density v the developer agreed to in the form of construction with some reimbursement.</p> <p>The Transportation Committee recommended approval at the April 2021 meeting; and</p> <p>The Parks &amp; Recreation Commission recommended approval at their June 7, 2021 meeting.</p>
<p><b>Actions by Other Jurisdictions/Entities:</b></p>	<p>The TIA is still under review by the Texas Department of Transportation.</p>
<p><b>Previous Action:</b></p>	
<p><b>Recommended Action:</b></p>	<p>Acceptance of the Annexation Petition.</p>
<p><b>Alternatives/Options:</b></p>	
<p><b>Budget/Financial Impact:</b></p>	<p>The City will gain additional property tax, roads, a partial park development fee, and various development fees.</p>
<p><b>Attachments:</b></p>	<ul style="list-style-type: none"> <li>- Annexation Application</li> <li>- Annexation Petition</li> <li>- Proposed Lotting Plan</li> <li>- Staff Report</li> </ul>
<p><b>Related Documents at City Hall:</b></p>	
<p><b>Public Notice Process:</b></p>	<p>If accepted, notice will be published in the newspaper. The zoning notice has been published.</p>
<p><b>Public Comments:</b></p>	<p>None Received at this time.</p>
<p><b>Enforcement Issues:</b></p>	<p>N/A</p>
<p><b>Comprehensive Plan Element:</b></p>	<p>This property is listed as Mixed Use on the Future Land Use Plan.</p>
<p><b>Next Steps:</b></p>	<ol style="list-style-type: none"> <li>1. Annexation Petition accepted.</li> <li>2. P&amp;Z reviews PDD proposal.</li> <li>3. July 6, 2021: City Council presented with annexation, PDD, and Offsite Road Agreement.</li> </ol>

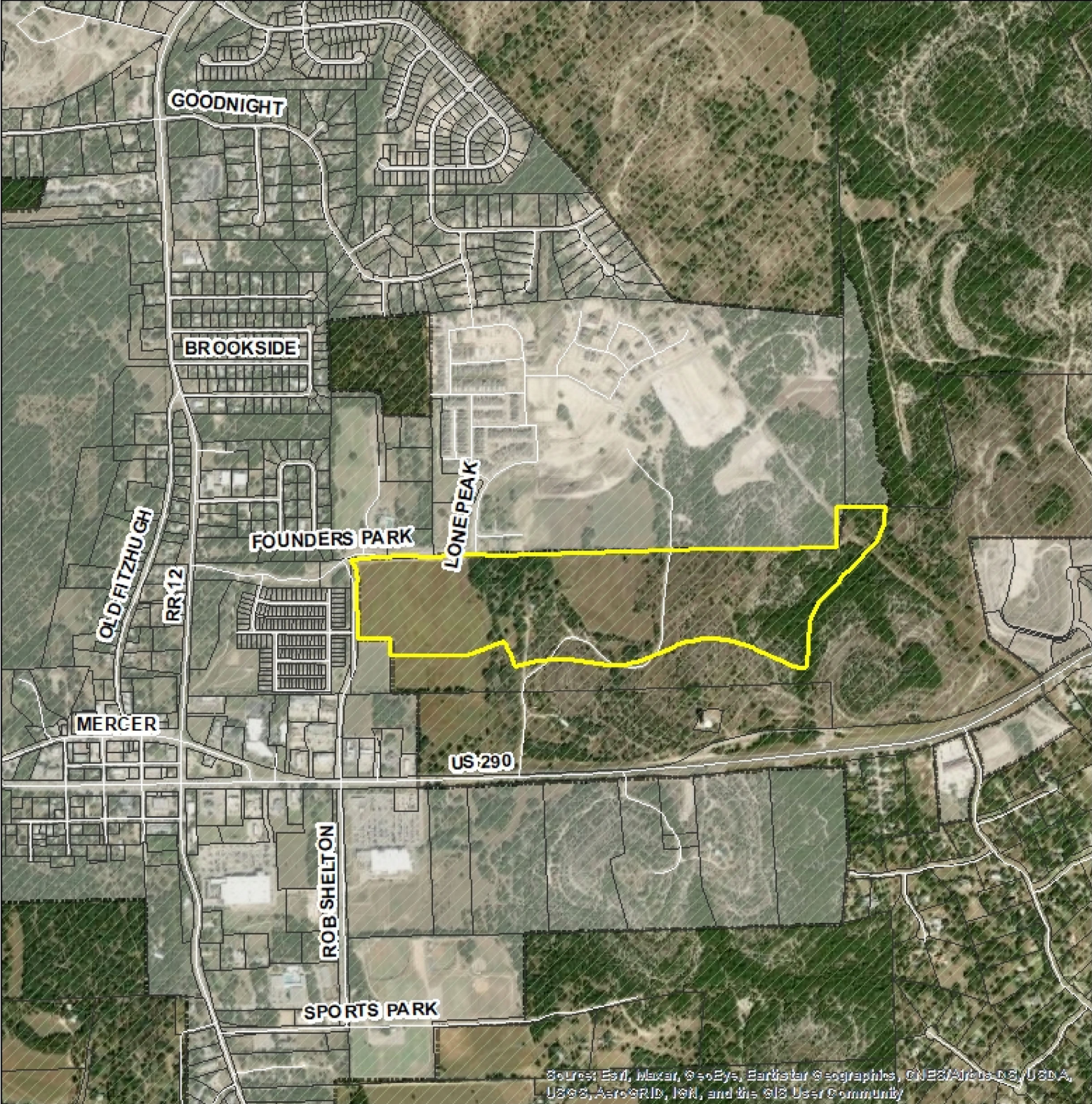









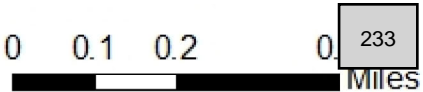


# Location Map

*Ashton Woods - Cannon*



-  Cannon Site
-  Roads
-  Parcel Lines
-  Dripping Springs ETJ
- City Limits**
-  Full Purpose



Source: Esri, Maxar, © GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

**PETITION REQUESTING ANNEXATION OF TERRITORY  
IN WHICH THERE ARE FEWER THAN THREE VOTERS**

TO THE MAYOR AND GOVERNING BODY OF THE CITY OF DRIPPING SPRINGS, TEXAS.

The undersigned owner of the hereinafter described tract of land, which is vacant and without residents, or on which less than three qualified voters reside, hereby petition your Honorable Body to extend the present city limits so as to include as part of the City of Dripping Springs, Texas, the territory being more fully described on Exhibit "A" attached hereto and incorporated herein for all purposes.

**I certify that the above described tract of land is contiguous and adjacent to the City of Dripping Springs, Texas, is not more than one-half (1/2) mile in width**, and that this petition is signed and duly acknowledged by each and every person or corporation having an interest in said land.

Dated: June 3, 2020.

**Cannon Family, Ltd.**

a Texas limited partnership

by its sole general partner:

Cannon Family Partnership Corporation

A Texas corporation

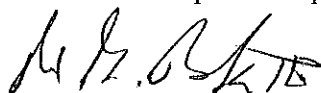
By: \_\_\_\_\_

Name: Susan Houston

Title: President

STATE OF TEXAS  
COUNTY OF HAYS

This instrument was acknowledged before me on June 3, 2020 by Susan Houston, President of Cannon Family partnership Corporation, a Texas corporation, which is the sole general partner of Cannon Family Ltd., a Texas limited partnership, on behalf of said limited partnership.



\_\_\_\_\_  
Notary Public, State of Texas



7401B Highway 71 West, Suite 160  
 Austin, TX 78735  
 Office: 512.583.2600  
 Fax: 512.583.2601  
 Doucete@att.net

Cannon Ranch  
 Hays County, Texas

D&A Job No. 1298-003  
 April 29, 2020

**DESCRIPTION**

For a 97.049 Acre [4,227,433 Square Feet] Tract

BEING A 97.049 ACRE [4,227,433 SQUARE FEET] TRACT OF LAND OUT OF THE PHILIP A. SMITH SURVEY NUMBER 26, ABSTRACT NUMBER 415, AND THE C.H. MALOTT SURVEY, ABSTRACT NUMBER 693, HAYS COUNTY, TEXAS, SAID TRACT BEING OUT OF THAT CALLED 209.697 ACRE TRACT CONVEYED TO CANNON FAMILY, LTD., AS RECORDED IN VOLUME 1619, PAGE 313 OF THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS [O.P.R.H.C.T.], SAID TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** at a 1/2-inch iron rod with cap stamped "DOUCET" on the north line of said 209.697 acre tract, same being the southwest corner of a called 200.4 acre tract, recorded in Document Number 18036374 [O.P.R.H.C.T.], being further described as a called 200 acre tract, recorded in Volume 171, Page 279, of the Deed Records of Hays County, Texas [D.R.H.C.T.], and same being at the southeast corner of a called 1.978 acre tract, recorded in Volume 1714, Page 289 [O.P.R.H.C.T.];

**THENCE** with a common line between said 209.697 acre tract and said 200.4 acre tract, the following two (2) courses and distances:

- 1) N88°34'55"E, a distance of 3,741.16 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at an interior ell corner of said 209.697 acre tract, same being at the southeast corner of said 200 acre tract, also being on the east line of said Abstract Number 415, and the west line of said Abstract Number 693, and
- 2) N00°30'48"W, also with the common lines of said abstracts, and said 200 acre tract, a distance of 365.86 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an exterior ell corner of said 209.697 acre tract, same being the southwest corner of a called 291-1/3 acre tract, recorded in Volume 258, Page 123 [D.R.H.C.T.], also being at the northwest corner of said Abstract Number 693, same being the southwest corner of the I.V. Davis, Jr. Preemption Survey, Abstract Number 673;

**THENCE** N89°00'33"E, with the north line of said Abstract Number 693, same being the south line of said Abstract Number 673, also being the north line of said 209.697 acre tract, and also being the south line of said 291-1/3 acre tract, a distance of 456.94 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for the northeast corner of the tract described herein;

(CONTINUED ON NEXT PAGE)

COMMITMENT YOU EXPECT.  
 EXPERIENCE YOU NEED.  
 PEOPLE YOU TRUST.



THENCE over and across said 209.697 acre tract, the following twenty-one (21) courses and distances:

- 1) S01°05'40"E, a distance of 69.82 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 2) S10°05'59"W, a distance of 106.90 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 3) S22°51'12"W, a distance of 151.89 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 4) S42°50'39"W, a distance of 368.76 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 5) S56°32'56"W, a distance of 68.53 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 6) S31°27'14"W, a distance of 77.76 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 7) S41°42'08"W, a distance of 288.31 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 8) S33°10'59"W, a distance of 82.38 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 9) S22°35'14"W, a distance of 106.02 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 10) S02°33'22"W, a distance of 420.17 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for the southeast corner of the tract described herein, same being at the beginning of a curve to the right,
- 11) With said curve to the right, having an arc length of 222.97 feet, a radius of 500.00 feet, a delta angle of 25°33'03", and a chord which bears N77°36'44"W, a distance of 221.13 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 12) N64°50'13"W, a distance of 277.81 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at the beginning of a curve to the left,
- 13) With said curve to the left, having an arc length of 796.60 feet, a radius of 975.00 feet, a delta angle of 46°48'43", and a chord which bears N88°14'34"W, a distance of 774.62 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,

(CONTINUED ON NEXT PAGE)



- 14) S68°21'05"W, a distance of 330.60 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at the beginning of a curve to the right,
- 15) With said curve to the right, having an arc length of 315.38 feet, a radius of 625.00 feet, a delta angle of 28°54'42", and a chord which bears S82°48'26"W, a distance of 312.04 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 16) N82°44'13"W, a distance of 352.20 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at the beginning of a curve to the left,
- 17) With said curve to the left, having an arc length of 351.23 feet, a radius of 925.00 feet, a delta angle of 21°45'21", and a chord which bears S86°23'06"W, a distance of 349.13 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 18) S75°30'26"W, a distance of 165.02 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point of the tract described herein at the beginning of a curve to the left,
- 19) With said curve to the left, having an arc length of 249.67 feet, a radius of 750.00 feet, a delta angle of 19°04'25", and a chord which bears N24°01'47"W, a distance of 248.52 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 20) S70°59'50"W, a distance of 354.44 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point, and
- 21) S89°21'11"W, a distance of 715.61 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set on the west line of said 209.697 acre tract, same point being on the east line of a called 4.078 acre tract, described as Tract 2, conveyed to City of Dripping Springs, recorded in Volume 5200, Page 886 [O.P.R.H.C.T.], and for an angle point of the tract described herein;

THENCE with the common line of said 209.697 acre tract and said 4.078 acre tract, the following four (4) courses and distances:

- 1) N00°51'53"W, a distance of 161.19 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 2) S88°22'44"W, a distance of 299.63 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 3) N00°50'55"W, a distance of 517.61 feet to a 1/2-inch iron rod with cap stamped "DOUCET", set at the beginning of a curve to the left, and

(CONTINUED ON NEXT PAGE)



- 4) With said curve to the left, having an arc length of 210.34 feet, a radius of 355.63 feet, a delta angle of 33°53'17" and a chord which bears N17°49'24"W, a distance of 207.29 feet to a 1/2-inch iron rod with cap stamped "DOUCET", set for the northwest corner of said 209.697 acre tract, same being in the south line of a called 11.61 acre tract, recorded in Volume 733, Page 101 of the Real Property Records of Hays County, Texas [R.P.R.H.C.T.], and for the northwest corner of the tract described herein;

THENCE with the lines common to said 209.697 acre tract and said 11.61 acre tract, the following three (3) courses and distances:

- 1) N84°18'45"E, a distance of 142.18 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 2) N79°26'34"E, a distance of 100.24 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set, and
- 3) N88°45'18"E, a distance of 33.52 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set, at the southwest corner of said 1.978 acre tract;

THENCE with the common line of said 209.697 acre tract and said 1.978 acre tract, the following two (2) courses and distances:

- 1) N87°41'40"E, a distance of 226.58 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point of the tract described herein, and

(CONTINUED ON NEXT PAGE)



- 2) N89°32'34"E, a distance of 270.93 feet to the POINT OF BEGINNING of the tract described herein, and containing 97.049 Acres [4,227,433 Square Feet].

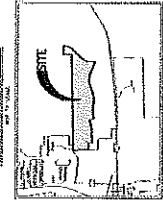
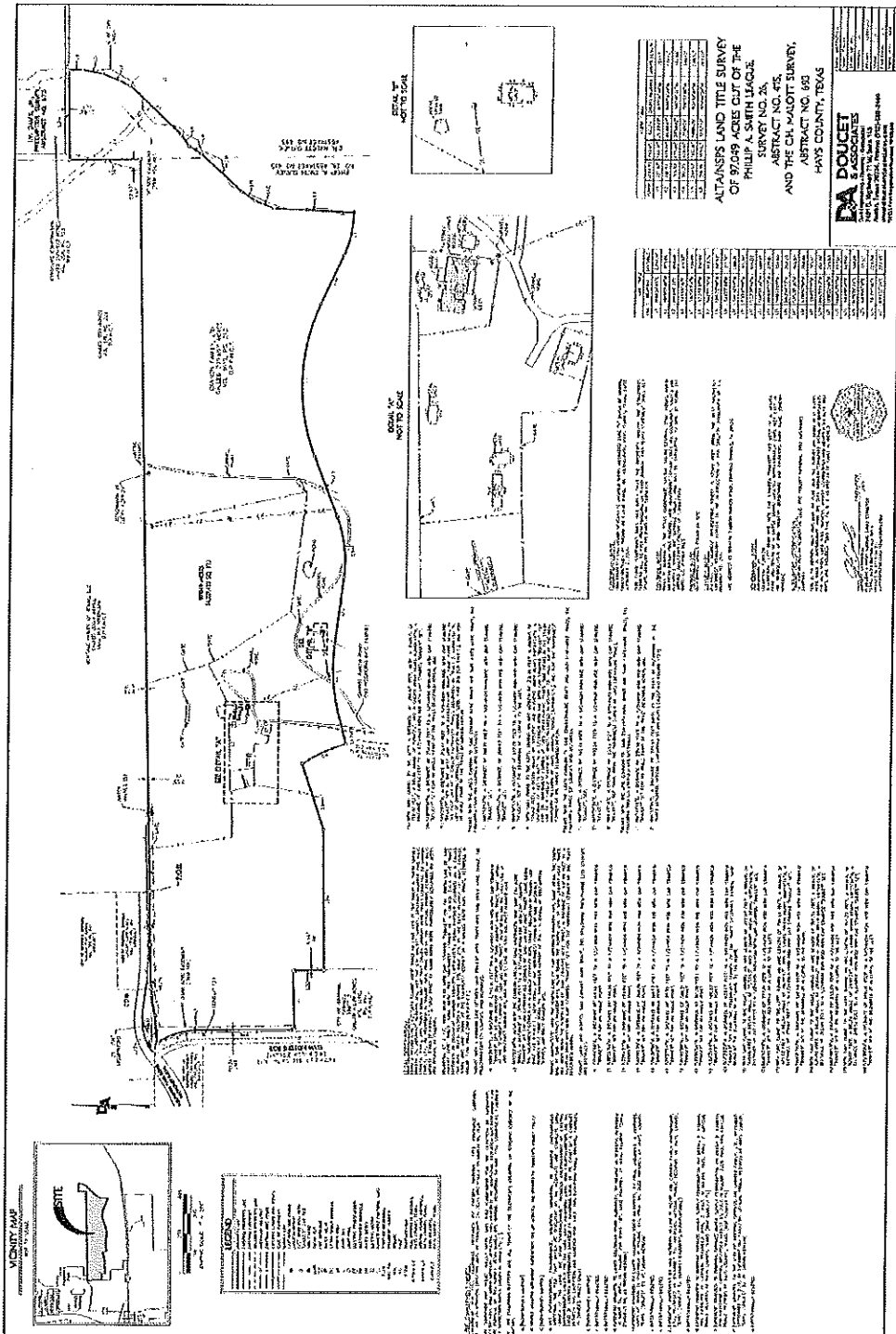
Basis of bearings is the Texas Coordinate System, South Central Zone [4204], NAD83 (2011), Epoch 2010. All distances are surface values and may be converted to grid by using the surface adjustment factor of 1.000077936. Units: U.S. Survey Feet.

This survey was performed with the benefit of a title commitment issued by Fidelity National Title Insurance Company, GI No. 20-0354-CH, with an Effective Date of February 24, 2020, and an Issued date of March 6, 2020. The surveyor has relied upon the referenced title commitment for easements, restrictions and other matters affecting this property. No additional research was performed for the purpose of this survey.

I, Garrett Cavaiuolo, Registered Professional Land Surveyor, hereby certify that this property description and accompanying plat of even date represent an actual survey performed on the ground under my supervision.

*GCav* 4/29/20  
 \_\_\_\_\_ Date  
 Garrett Cavaiuolo  
 Registered Professional Land Surveyor  
 Texas Registration No. 6714  
 Doucet & Associates  
 GCavaiuolo@DoucetEngineers.com  
 TBPELS Firm Registration No. 10105800





**LEGEND**

1	Survey Boundary
2	Survey Easement
3	Survey Right-of-Way
4	Survey Encumbrance
5	Survey Structure
6	Survey Well
7	Survey Pipeline
8	Survey Fence
9	Survey Monument
10	Survey Corner
11	Survey Area
12	Survey Object
13	Survey Note
14	Survey Reference
15	Survey Marker
16	Survey Point
17	Survey Line
18	Survey Curve
19	Survey Area
20	Survey Object
21	Survey Note
22	Survey Reference
23	Survey Marker
24	Survey Point
25	Survey Line
26	Survey Curve
27	Survey Area
28	Survey Object
29	Survey Note
30	Survey Reference
31	Survey Marker
32	Survey Point
33	Survey Line
34	Survey Curve
35	Survey Area
36	Survey Object
37	Survey Note
38	Survey Reference
39	Survey Marker
40	Survey Point
41	Survey Line
42	Survey Curve
43	Survey Area
44	Survey Object
45	Survey Note
46	Survey Reference
47	Survey Marker
48	Survey Point
49	Survey Line
50	Survey Curve
51	Survey Area
52	Survey Object
53	Survey Note
54	Survey Reference
55	Survey Marker
56	Survey Point
57	Survey Line
58	Survey Curve
59	Survey Area
60	Survey Object
61	Survey Note
62	Survey Reference
63	Survey Marker
64	Survey Point
65	Survey Line
66	Survey Curve
67	Survey Area
68	Survey Object
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72	Survey Point
73	Survey Line
74	Survey Curve
75	Survey Area
76	Survey Object
77	Survey Note
78	Survey Reference
79	Survey Marker
80	Survey Point
81	Survey Line
82	Survey Curve
83	Survey Area
84	Survey Object
85	Survey Note
86	Survey Reference
87	Survey Marker
88	Survey Point
89	Survey Line
90	Survey Curve
91	Survey Area
92	Survey Object
93	Survey Note
94	Survey Reference
95	Survey Marker
96	Survey Point
97	Survey Line
98	Survey Curve
99	Survey Area
100	Survey Object

**ALTAIR'S LAND TITLE SURVEY OF 97.039 ACRES CUT OF THE PHILIP A. SMITH LACQUE AND THE CH. WALSH SURVEY, ABSTRACT NO. 643 HAYS COUNTY, TEXAS**

THIS SURVEY WAS MADE BY ME OR UNDER MY CLOSE PERSONAL SUPERVISION AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IT COMES IN ACCORDANCE WITH THE REQUIREMENTS OF THE STATUTES OF THE STATE OF TEXAS.

DATE OF SURVEY: 10/15/2010

BY: [Signature]

STATE OF TEXAS: [Signature]

NOTARY PUBLIC

TRACT	ACRES	OWNER
1	1.00	ALTAIR
2	1.00	ALTAIR
3	1.00	ALTAIR
4	1.00	ALTAIR
5	1.00	ALTAIR
6	1.00	ALTAIR
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**DA DOUCET & ASSOCIATES**  
 1001 W. 10th Street, Suite 100  
 Hays, Kansas 67601  
 Phone: 785.625.1111  
 Fax: 785.625.1112  
 www.dadoucet.com



Item # 7.

# TAX RECEIPT

Jenifer O'Kane, Tax Assessor-Collector, Hays County  
 712 S. Stagecoach Trail  
 San Marcos, TX 78666  
 Ph: 512-393-5545 Fax: 512-393-5517



Scan this code with your mobile phone to view this bill!



**Receipt Number: SM-2019-1186021**

**Payor:** CANNON FAMILY LTD  
 ATTN: SUSAN HOUSTON  
 211 CANNON RANCH RD  
 DRIPPING SPRINGS, TX 78620-5348

**Owner:** CANNON FAMILY LTD  
 ATTN: SUSAN HOUSTON  
 211 CANNON RANCH RD  
 DRIPPING SPRINGS, TX 78620-5348

**Quick Ref ID:** R17786  
**Owner:** CANNON FAMILY LTD

**Property:** 10-0415-0005-00000-4  
**Legal Description:** ACRES 237.3845; A0415 PHILIP A SMITH SURVEY, A0044 EDWARD W BROWN SURVEY, A0475 WM WALKER JR SURVEY, ABS 673 I V DAVIS JR SURVEY, ABS 693 C H MALOTT SURVEY  
**Situs Address:** US 290 DRIPPING SPRINGS TX 78620

**Owner Address:** ATTN: SUSAN HOUSTON  
 211 CANNON RANCH RD  
 DRIPPING SPRINGS, TX 78620-5348

Tax Year/Taxing Unit	Taxable Value	Tax Rate	Levy	Tax Paid	Penalty, Interest, & Attorney Fees	Amount Paid
<b>2019</b>						
Hays County ESD #6 - FIRE	30650	0.088500	27.13	27.13	0.00	27.13
Hays County	30650	0.389900	119.50	119.50	0.00	119.50
North Hays County ESD #1 - EMS	30650	0.030000	9.20	9.20	0.00	9.20
Dripping Springs ISD	30650	1.418300	434.71	434.71	0.00	434.71
Special Road Dist	30650	0.033800	10.36	10.36	0.00	10.36
<b>Total Payment Amount</b>						<b>\$600.90</b>

**Date Paid:** 12/16/2019  
**Effective Date:** 12/16/2019  
**Station/Till:** JESSICA/Jessica's Till



# CITY OF DRIPPING SPRINGS

PHYSICAL: 511 Mercer Street • MAILING: PO Box 384

Dripping Springs, TX 78620

• 512.858.4725 • www.cityofdrippingsprings.com

## ANNEXATION APPLICATION

Case Number (staff use only): \_\_\_\_\_ - \_\_\_\_\_

### CONTACT INFORMATION

PROPERTY OWNER NAME Cannon Family Ltd

STREET ADDRESS 100 Cannon Road

CITY Dripping Springs STATE TX ZIP CODE 78620

PHONE 512 913-9569 EMAIL shouston1963@gmail.com

APPLICANT NAME Steven Pierce

COMPANY Ashton Austin Residential LLC

STREET ADDRESS 10721 Research Blvd., Suite B-210

CITY Austin STATE TX ZIP CODE 78759

PHONE 512 610-7000 EMAIL steven.pierce@ashtonwoods.com

### TYPE OF ANNEXATION APPLICATION

PROPERTY OWNER(S) WITH ANNEXATION AGREEMENT (TEXAS LOCAL GOVERNMENT CODE 43.0671).

VOTERS-LESS THAN 200 POPULATION-AT LEAST 50% APPROVAL (TEXAS LOCAL GOVERNMENT CODE 43.0681)

DEVELOPMENT AGREEMENT (TEXAS LOCAL GOVERNMENT CODE 212.172)

## PROPERTY INFORMATION

PROPERTY OWNER NAME	Cannon Family Ltd
PROPERTY ADDRESS	100 Cannon Ranch Road
CURRENT LEGAL DESCRIPTION	see attached
TAX ID#	
CURRENT LAND USE	ranching
REQUESTED ZONING	PDD-11
REASON FOR REQUEST <i>(Attach extra sheet if necessary)</i>	Land is being purchased by Ashton Austin Residential LLC for residential development.
INFORMATION ABOUT PROPOSED USES <i>(Attach extra sheet if necessary)</i>	Single family residences

**APPLICANT'S SIGNATURE**

The undersigned, hereby confirms that he/she/it is the owner of the above described real property and further, that Steven Pierce is authorized to act as my agent and representative with respect to this Application and the City's zoning amendment process.  
(As recorded in the Hays County Property Deed Records, Vol. \_\_\_\_\_, Pg. \_\_\_\_\_.)

*Susan Houston*  
Name Susan Houston

Authorized representative of Cannon Family Ltd.  
Title

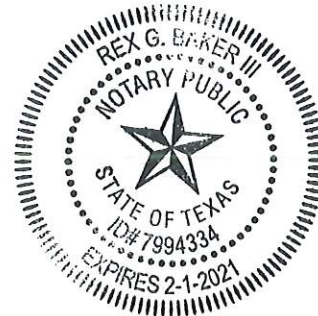
STATE OF TEXAS           §  
  §  
COUNTY OF HAYS       §

This instrument was acknowledged before me on the 27 day of May,  
<sup>2020</sup>~~201~~ by Susan Houston

*R.G. Baker III*  
Notary Public, State of Texas

My Commission Expires: \_\_\_\_\_

Steven Pierce  
Name of Applicant



**ANNEXATION APPLICATION SUBMITTAL**

All required items and information (including all applicable above listed exhibits and fees) must be received by the City for an application and request to be considered complete. **Incomplete submissions will not be accepted.** By signing below, I acknowledge that I have read through and met the above requirements for a complete submittal:

  
Applicant Signature

5/27/20  
Date

**CHECKLIST**

STAFF	APPLICANT	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Completed Application Form - including all required signatures and notarized
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Agreement of All Owners with Signatures or Registered Voters (at least 50%)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	PDF/Digital Copies of all submitted Documents  When submitting digital files, a cover sheet must be included outlining what digital contents are included.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Zoning Application (if applicable)
<input type="checkbox"/>	<input type="checkbox"/>	GIS Data
<input type="checkbox"/>	<input type="checkbox"/>	List of requested utilities or services (if any)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Legal Description
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Maps
<input type="checkbox"/>	<input checked="" type="checkbox"/>	List of Current Uses
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Explanation for request ( <i>attach extra sheets if necessary</i> )
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Information about proposed uses ( <i>attach extra sheets if necessary</i> )
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Public Notice Sign - ( <i>refer to Fee Schedule</i> )
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Proof of Ownership-Tax Certificate or Deed
<input type="checkbox"/>	<input type="checkbox"/>	Copy of any Agreements with City including Utility or Development ( <i>if applicable</i> )
<input type="checkbox"/>	<input type="checkbox"/>	Information related to property's presence in a special district



7401B Highway 71 West, Suite 160  
Austin, TX 78735  
Office: 512.583.2600  
Fax: 512.583.2601

[Doucetengineers.com](http://Doucetengineers.com)

Cannon Ranch  
Hays County, Texas

D&A Job No. 1298-003  
April 29, 2020

#### DESCRIPTION

For a 97.049 Acre [4,227,433 Square Feet] Tract

**BEING A 97.049 ACRE [4,227,433 SQUARE FEET] TRACT OF LAND OUT OF THE PHILIP A. SMITH SURVEY NUMBER 26, ABSTRACT NUMBER 415, AND THE C.H. MALOTT SURVEY, ABSTRACT NUMBER 693, HAYS COUNTY, TEXAS, SAID TRACT BEING OUT OF THAT CALLED 209.697 ACRE TRACT CONVEYED TO CANNON FAMILY, LTD., AS RECORDED IN VOLUME 1619, PAGE 313 OF THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS [O.P.R.H.C.T.], SAID TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:**

**BEGINNING** at a 1/2-inch iron rod with cap stamped "DOUCET" on the north line of said 209.697 acre tract, same being the southwest corner of a called 200.4 acre tract, recorded in Document Number 18036374 [O.P.R.H.C.T.], being further described as a called 200 acre tract, recorded in Volume 171, Page 279, of the Deed Records of Hays County, Texas [D.R.H.C.T.], and same being at the southeast corner of a called 1.978 acre tract, recorded in Volume 1714, Page 289 [O.P.R.H.C.T.];

**THENCE** with a common line between said 209.697 acre tract and said 200.4 acre tract, the following two (2) courses and distances:

- 1) N88°34'55"E, a distance of 3,741.16 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at an interior ell corner of said 209.697 acre tract, same being at the southeast corner of said 200 acre tract, also being on the east line of said Abstract Number 415, and the west line of said Abstract Number 693, and
- 2) N00°50'48"W, also with the common lines of said abstracts, and said 200 acre tract, a distance of 365.86 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an exterior ell corner of said 209.697 acre tract, same being the southwest corner of a called 291-1/3 acre tract, recorded in Volume 258, Page 123 [D.R.H.C.T.], also being at the northwest corner of said Abstract Number 693, same being the southwest corner of the I.V. Davis, Jr. Preemption Survey, Abstract Number 673;

**THENCE** N89°00'33"E, with the north line of said Abstract Number 693, same being the south line of said Abstract Number 673, also being the north line of said 209.697 acre tract, and also being the south line of said 291-1/3 acre tract, a distance of 456.94 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for the northeast corner of the tract described herein;

(CONTINUED ON NEXT PAGE)

COMMITMENT YOU EXPECT.  
EXPERIENCE YOU NEED.  
PEOPLE YOU TRUST.



**THENCE** over and across said 209.697 acre tract, the following twenty-one (21) courses and distances:

- 1) S01°05'40"E, a distance of 69.82 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 2) S10°05'59"W, a distance of 106.90 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 3) S22°51'12"W, a distance of 151.89 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 4) S42°50'39"W, a distance of 368.76 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 5) S56°32'56"W, a distance of 68.53 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 6) S31°27'14"W, a distance of 77.76 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 7) S41°42'08"W, a distance of 288.31 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 8) S33°10'59"W, a distance of 82.38 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 9) S22°35'14"W, a distance of 106.02 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 10) S02°33'22"W, a distance of 420.17 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for the southeast corner of the tract described herein, same being at the beginning of a curve to the right,
- 11) With said curve to the right, having an arc length of 222.97 feet, a radius of 500.00 feet, a delta angle of 25°33'03", and a chord which bears N77°36'44"W, a distance of 221.13 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 12) N64°50'13"W, a distance of 277.81 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at the beginning of a curve to the left,
- 13) With said curve to the left, having an arc length of 796.60 feet, a radius of 975.00 feet, a delta angle of 46°48'43", and a chord which bears N88°14'34"W, a distance of 774.62 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,

**(CONTINUED ON NEXT PAGE)**



- 14) S68°21'05"W, a distance of 330.60 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at the beginning of a curve to the right,
- 15) With said curve to the right, having an arc length of 315.38 feet, a radius of 625.00 feet, a delta angle of 28°54'42", and a chord which bears S82°48'26"W, a distance of 312.04 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 16) N82°44'13"W, a distance of 352.20 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at the beginning of a curve to the left,
- 17) With said curve to the left, having an arc length of 351.23 feet, a radius of 925.00 feet, a delta angle of 21°45'21", and a chord which bears S86°23'06"W, a distance of 349.13 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 18) S75°30'26"W, a distance of 165.02 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point of the tract described herein at the beginning of a curve to the left,
- 19) With said curve to the left, having an arc length of 249.67 feet, a radius of 750.00 feet, a delta angle of 19°04'25", and a chord which bears N24°01'47"W, a distance of 248.52 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 20) S70°59'50"W, a distance of 354.44 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point, and
- 21) S89°21'11"W, a distance of 715.61 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set on the west line of said 209.697 acre tract, same point being on the east line of a called 4.078 acre tract, described as Tract 2, conveyed to City of Dripping Springs, recorded in Volume 5200, Page 886 [O.P.R.H.C.T.], and for an angle point of the tract described herein;

**THENCE** with the common line of said 209.697 acre tract and said 4.078 acre tract, the following four (4) courses and distances:

- 1) N00°51'53"W, a distance of 161.19 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 2) S88°22'44"W, a distance of 299.63 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 3) N00°50'55"W, a distance of 517.61 feet to a 1/2-inch iron rod with cap stamped "DOUCET", set at the beginning of a curve to the left, and

(CONTINUED ON NEXT PAGE)





- 4) With said curve to the left, having an arc length of 210.34 feet, a radius of 355.63 feet, a delta angle of  $33^{\circ}53'17''$  and a chord which bears  $N17^{\circ}49'24''W$ , a distance of 207.29 feet to a 1/2-inch iron rod with cap stamped "DOUCET", set for the northwest corner of said 209.697 acre tract, same being in the south line of a called 11.61 acre tract, recorded in Volume 733, Page 101 of the Real Property Records of Hays County, Texas [R.P.R.H.C.T.], and for the northwest corner of the tract described herein;

**THENCE** with the lines common to said 209.697 acre tract and said 11.61 acre tract, the following three (3) courses and distances:

- 1)  $N84^{\circ}18'45''E$ , a distance of 142.18 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 2)  $N79^{\circ}26'34''E$ , a distance of 100.24 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set, and
- 3)  $N88^{\circ}45'18''E$ , a distance of 33.52 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set, at the southwest corner of said 1.978 acre tract;

**THENCE** with the common line of said 209.697 acre tract and said 1.978 acre tract, the following two (2) courses and distances:

- 1)  $N87^{\circ}41'40''E$ , a distance of 226.58 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point of the tract described herein, and

(CONTINUED ON NEXT PAGE)




- 2) N89°32'34"E, a distance of 270.93 feet to the **POINT OF BEGINNING** of the tract described herein, and containing 97.049 Acres [4,227,433 Square Feet].

Basis of bearings is the Texas Coordinate System, South Central Zone [4204], NAD83 (2011), Epoch 2010. All distances are surface values and may be converted to grid by using the surface adjustment factor of 1.000077936. Units: U.S. Survey Feet.

This survey was performed with the benefit of a title commitment issued by Fidelity National Title Insurance Company, GF No. 20-0354-CH, with an Effective Date of February 24, 2020, and an Issued date of March 6, 2020. The surveyor has relied upon the referenced title commitment for easements, restrictions and other matters affecting this property. No additional research was performed for the purpose of this survey.

I, Garrett Cavaiuolo, Registered Professional Land Surveyor, hereby certify that this property description and accompanying plat of even date represent an actual survey performed on the ground under my supervision.

  
 \_\_\_\_\_  
 Garrett Cavaiuolo  
 Registered Professional Land Surveyor  
 Texas Registration No. 6714  
 Doucet & Associates  
 GCavaiuolo@DoucetEngineers.com  
 TBPELS Firm Registration No. 10105800

4/29/20  
Date





Received on/by:

Date, initials



**LIGHTING ORDINANCE COMPLIANCE AGREEMENT**

Property Address: 100 Cannon Ranch Road, Dripping Springs, TX 78620

Commercial  Residential

Applicant's Name (and Business Name, if Applicable):  
Ashton Austin Residential LLC c/o Steven Pierce

Applicant's Address: 10721 Research Blvd, Suite B-210, Austin, TX 78759

Applicant's Email: steven.pierce@ashtonwoods.com

VOLUNTARY COMPLIANCE with mitigation conditions:

MANDATORY COMPLIANCE:

IF APPLYING FOR:

- |  |   |
|--|---|
| <input type="checkbox"/> Conditional Use Permit                  | <input type="checkbox"/> Site Development Permit        |
| <input checked="" type="checkbox"/> Zoning Amendment Application | <input type="checkbox"/> Sign Permit                    |
| <input type="checkbox"/> Subdivision Approval                    | <input type="checkbox"/> Alcoholic Beverage Permit      |
| <input type="checkbox"/> Building Permit                         | <input type="checkbox"/> Food Establishment Permit      |
|  | <input type="checkbox"/> On-Site Sewage Facility Permit |

By applying for a Conditional Use Permit, Zoning Amendment Application, Subdivision Approval, or Building Permit for a major addition, all existing outdoor lighting shall be brought into conformance with the City of Dripping Spring's Lighting Ordinance (see Ch. 24, Sec 1, 24.06.005 in CODS Code of Ord.) before: final inspection, issuance of a certificate of occupancy, or final plot recordation.

Applicants receiving a permit for: Site Development, Sign Permit for externally or internally-illuminated outdoor sign, initial Alcoholic Beverage Permit, initial Food Establishment Permit, and On-Site Sewage Facility Permit shall have a maximum of 90 days from permit issuance to conform with the City of Dripping Spring's Lighting Ordinance (see Ch. 24, Sec 1, 24.06.005 in CODS Code of Ord.).

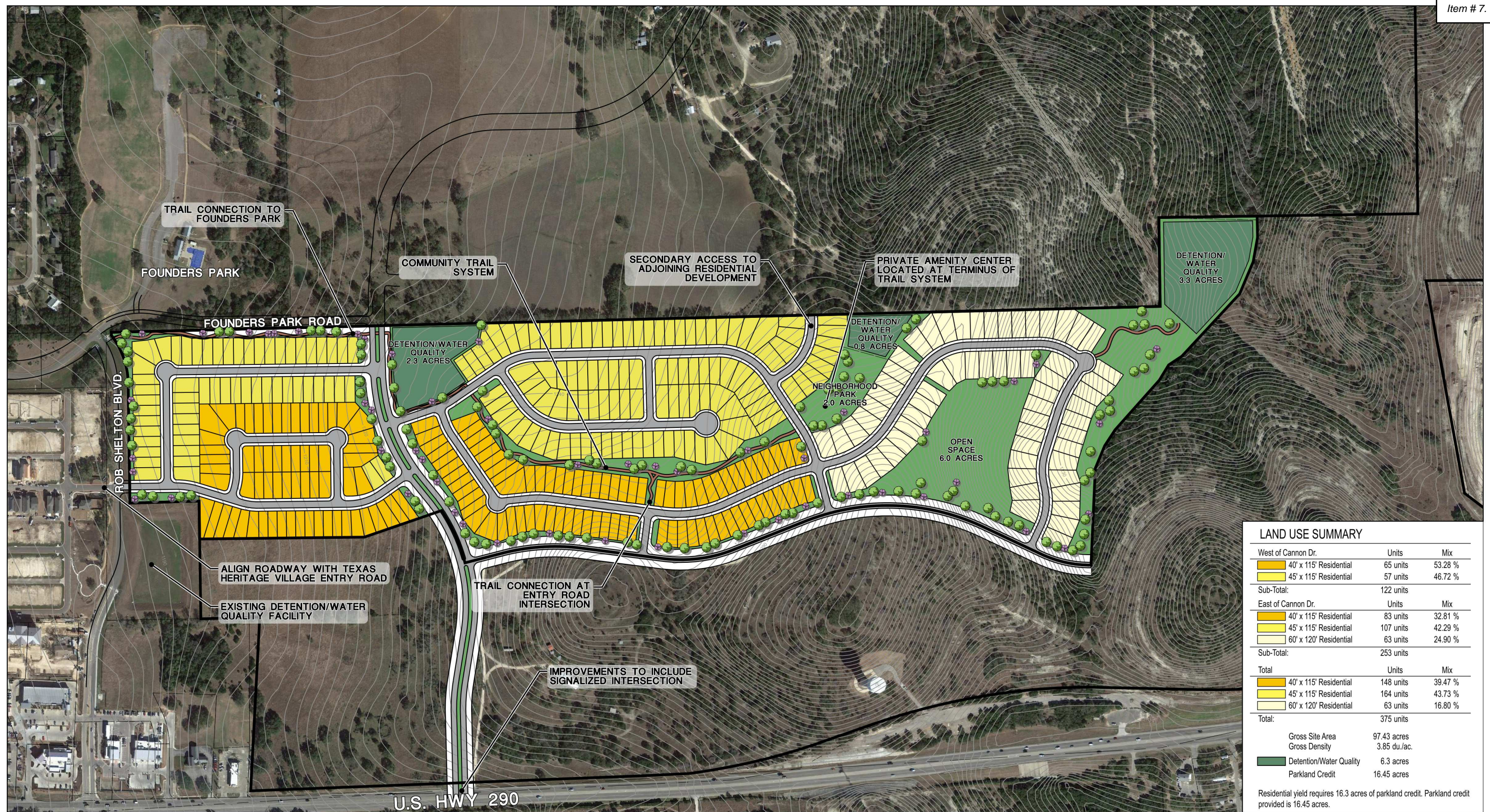
-If existing lighting is nonconforming, plans for bringing the lighting into conformance are required to be attached to this agreement.

-If existing lighting is already in conformity with the lighting ordinance, photos of all on-site lighting are required to be attached to this agreement for verification.

By signing below, I acknowledge that I have read and agreed to these terms and conditions and accept responsibility for conforming to the above stated ordinance specifications:

[Signature]  
Signature

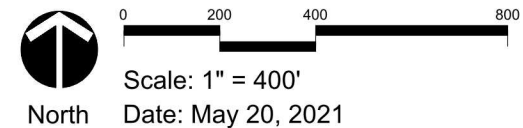
5/27/20  
Date



**LAND USE SUMMARY**

West of Cannon Dr.	Units	Mix
40' x 115' Residential	65 units	53.28 %
45' x 115' Residential	57 units	46.72 %
<b>Sub-Total:</b>	<b>122 units</b>	
East of Cannon Dr.	Units	Mix
40' x 115' Residential	83 units	32.81 %
45' x 115' Residential	107 units	42.29 %
60' x 120' Residential	63 units	24.90 %
<b>Sub-Total:</b>	<b>253 units</b>	
Total	Units	Mix
40' x 115' Residential	148 units	39.47 %
45' x 115' Residential	164 units	43.73 %
60' x 120' Residential	63 units	16.80 %
<b>Total:</b>	<b>375 units</b>	
Gross Site Area	97.43 acres	
Gross Density	3.85 du./ac.	
Detention/Water Quality	6.3 acres	
Parkland Credit	16.45 acres	

Residential yield requires 16.3 acres of parkland credit. Parkland credit provided is 16.45 acres.



**MUNICIPAL SERVICES AGREEMENT BETWEEN THE  
CITY OF DRIPPING SPRINGS, TEXAS AND ASHTON WOODS**

This Municipal Services Agreement ("Agreement") is entered into on \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between the City of Dripping Springs, Texas, a General Rule municipality of the State of Texas, ("City") and Ashton Woods ("Owner").

**RECITALS**

The parties agree that the following recitals are true and correct and form the basis upon which the parties have entered into this Agreement.

**WHEREAS**, Owner owns certain parcels of land situated in Hays County, Texas, which consists of approximately 97.049 acres, in the City's extraterritorial jurisdiction, such property being more particularly described and set forth in Exhibit A attached and incorporated herein by reference ("Property");

**WHEREAS**, City and Owner desires to set out the City services to be provided for the Property on or after the effective date of annexation; and

**WHEREAS**, Sections 43.0671 and 43.0672 of the Texas Local Government Code authorizes the City and the Owner to enter into an Agreement for annexation and provision of city services.

**NOW THEREFORE**, in exchange for the mutual covenants, conditions and promises contained herein, City and Owner agree as follows:

1. **PROPERTY.** This Agreement is only applicable to the Property, more specifically described in Exhibit A.
2. **INTENT.** It is the intent of the City that this Agreement provide for the delivery of full, available municipal services to the Property in accordance with state law, which may be accomplished through any means permitted by law.
3. **MUNICIPAL SERVICES.** Commencing on the effective date of annexation, the City will provide the municipal services set forth below. As used in this Agreement, "providing services" includes having services provided by any method or means by which the City may extend municipal services to any other area of the City.

The City of Dripping Springs hereby declares the following services to be made available to the property and its owner(s):

**a. POLICE PROTECTION**

The City does not provide municipal police protection but has an agreement with Hays County for protection through the Hays County Sheriff's Office.

**b. FIRE SERVICE**

The City does not provide municipal fire services but this area is served by the North Hays County Volunteer Fire Department. Fire prevention activities will be provided by the Hays County Fire Marshal's Office.

**c. BUILDING INSPECTION/CODE ENFORCEMENT SERVICES**

The Building Department will provide Code Enforcement Services upon annexation. This includes issuing building, electrical, mechanical and plumbing permits for any new construction and remodeling, and enforcing all other applicable codes which regulate building construction within the City of Dripping Springs.

**d. LIBRARIES**

The City does not own a municipal library. A community library is provided by the Dripping Springs Community Library.

**e. ENVIRONMENTAL HEALTH & HEALTH CODE ENFORCEMENT SERVICES**

The City has a septic system/on-site sewage facility ordinance. Complaints of ordinance or regulation violations within this area will be answered and investigated by City personnel, beginning with the effective date of the annexation ordinance.

**f. PLANNING & ZONING**

The planning and zoning jurisdiction of the City will be extended to this area on the effective date of the annexation ordinance. All services provided by the City will be extended to the area on the effective date of the annexation ordinance.

**g. PARKS & RECREATION**

All services and amenities associated with the City's Parks and Recreation activities will extend to this area on the effective date of the annexation ordinance.

**h. STREET & DRAINAGE MAINTENANCE**

The City will provide street and drainage maintenance to public streets in the area in accordance with standard City Policy as the area develops.

**i. STREET LIGHTING**

The City will provide street lighting to the area in accordance with standard City Policy as the area develops.

**j. TRAFFIC ENGINEERING**

The City will provide, as appropriate, street names signs, traffic control devices, and other traffic system design improvements to the area.

**k. SANITATION/SOLID WASTE COLLECTION & DISPOSAL**

The City does not directly provide municipal sanitation/solid waste collection and disposal services. However, the City has granted an exclusive franchise for these services to Waste Connections, which will be notified of all newly-annexed parcels.

**l. WATER SERVICE**

The City is a water provider however, the City will not be the water provider for this property. does not provide for a municipal water supply and distribution system. Water service is available from the Dripping Springs Water Supply Corporation.

**m. SEWER SERVICE**

The City municipal sewage collection treatment and disposal system is limited in geographic scope and ability to serve. Newly-annexed parcels will be included in the Capital Improvements Plan as appropriate, and extended services when deemed feasible in light of topography and other relevant factors. In some instances, the owners of annexed property have expressly waived any demands for sewer service pursuant to development agreements.

**n. MISCELLANEOUS**

All other applicable municipal services will be provided to the area in accordance with policies established by the City of Dripping Springs.

**5. ANNEXED PROPERTY REQUIREMENTS.**

**a. Zoning**

The property has applied for zoning upon annexation, but the property will be zoned Agriculture if zoning is not approved simultaneously with annexation.

- 6. AUTHORITY.** City and Owner represent that they have full power, authority and legal right to execute, deliver and perform their obligations pursuant to this Agreement.
- 7. SEVERABILITY.** If any term or provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining terms or provisions of this Agreement shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable term or provision, there shall be added automatically to this Agreement a legal, valid or enforceable term or provision as similar as possible to the term or provision declared illegal, invalid or unenforceable
- 8. INTERPRETATION.** The parties to this Agreement covenant and agree that in any litigation relating to this Agreement, the terms and conditions of the Agreement will be interpreted according to the laws of the State of Texas. The parties acknowledge that they are of equal bargaining power and that each of them was represented by legal counsel in the negotiation and drafting of this Agreement.
- 9. GOVERNING LAW AND VENUE.** This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this Agreement are performable in Travis



County, Texas such that exclusive venue for any action arising out of this Agreement shall be in Travis County, Texas.

- 10. **NO WAIVER.** The failure of either party to insist upon the performance of any term or provision of this Agreement or to exercise any right granted hereunder shall not constitute a waiver of that party’s right to insist upon appropriate performance or to assert any such right on any future occasion.
- 11. **GOVERNMENTAL POWERS.** It is understood that by execution of this Agreement, the City does not waive or surrender any of its governmental powers or immunities.
- 12. **COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.
- 13. **CAPTIONS.** The captions to the various clauses of this Agreement are for informational purposes only and shall not alter the substance of the terms and conditions of this Agreement.
- 14. **AGREEMENT BINDS SUCCESSORS AND RUNS WITH THE LAND.** This Agreement is binding on and inures to the benefit of the parties, their successors, and assigns. The term of this Agreement constitutes covenants running with the land comprising the Property and is binding on the Owner.
- 15. **ENTIRE AGREEMENT.** It is understood and agreed that this Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements or understandings between the parties relating to the subject matter. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally.

Executed as of the day and year first above written to be effective on the effective date of annexation of the Property.

**CITY OF DRIPPING SPRINGS**

**ASHTON WOODS RESIDENTIAL, LLC**

By: \_\_\_\_\_  
**MICHELLE FISCHER**  
**CITY ADMINISTRATOR**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Attest:

\_\_\_\_\_  
**ANDREA CUNNINGHAM**  
**CITY SECRETARY**

**State of Texas** §  
**County of Hays** §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2021, by Michelle Fischer, City Administrator of the City of Dripping Springs, a Texas municipal corporation, on behalf of said corporation.

By: \_\_\_\_\_

Notary Public, State of Texas

**State of Texas** §  
**County of Hays** §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, \_\_\_\_\_ of [Name of individual signing, title (if any)] on behalf of said \_\_\_\_\_ [insert name of company or individual where applicable].

By: \_\_\_\_\_

Notary Public, State of Texas

After Recording Return to:

City Secretary  
City of Dripping Springs  
PO Box 384  
Dripping Springs, Texas 78620

## Legal Description and Location Map



Exhibit "A"

7401B Highway 71 West, Suite 160  
Austin, TX 78735  
Office: 512.583.2600  
Fax: 512.583.2601  
[Doucetengineers.com](http://Doucetengineers.com)

Cannon Ranch  
Hays County, Texas

D&A Job No. 1298-003  
April 29, 2020

### DESCRIPTION

For a 97.049 Acre [4,227,433 Square Feet] Tract

**BEING A 97.049 ACRE [4,227,433 SQUARE FEET] TRACT OF LAND OUT OF THE PHILIP A. SMITH SURVEY NUMBER 26, ABSTRACT NUMBER 415, AND THE C.H. MALOTT SURVEY, ABSTRACT NUMBER 693, HAYS COUNTY, TEXAS, SAID TRACT BEING OUT OF THAT CALLED 209.697 ACRE TRACT CONVEYED TO CANNON FAMILY, LTD., AS RECORDED IN VOLUME 1619, PAGE 313 OF THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS [O.P.R.H.C.T.], SAID TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:**

**BEGINNING** at a 1/2-inch iron rod with cap stamped "DOUCET" on the north line of said 209.697 acre tract, same being the southwest corner of a called 200.4 acre tract, recorded in Document Number 18036374 [O.P.R.H.C.T.], being further described as a called 200 acre tract, recorded in Volume 171, Page 279, of the Deed Records of Hays County, Texas [D.R.H.C.T.], and same being at the southeast corner of a called 1.978 acre tract, recorded in Volume 1714, Page 289 [O.P.R.H.C.T.];

**THENCE** with a common line between said 209.697 acre tract and said 200.4 acre tract, the following two (2) courses and distances:

- 1) N88°34'55"E, a distance of 3,741.16 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at an interior ell corner of said 209.697 acre tract, same being at the southeast corner of said 200 acre tract, also being on the east line of said Abstract Number 415, and the west line of said Abstract Number 693, and
- 2) N00°50'48"W, also with the common lines of said abstracts, and said 200 acre tract, a distance of 365.86 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an exterior ell corner of said 209.697 acre tract, same being the southwest corner of a called 291-1/3 acre tract, recorded in Volume 258, Page 123 [D.R.H.C.T.], also being at the northwest corner of said Abstract Number 693, same being the southwest corner of the I.V. Davis, Jr. Preemption Survey, Abstract Number 673;

**THENCE** N89°00'33"E, with the north line of said Abstract Number 693, same being the south line of said Abstract Number 673, also being the north line of said 209.697 acre tract, and also being the south line of said 291-1/3 acre tract, a distance of 456.94 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for the northeast corner of the tract described herein;

(CONTINUED ON NEXT PAGE)



THENCE over and across said 209.697 acre tract, the following twenty-one (21) courses and distances:

- 1) S01°05'40"E, a distance of 69.82 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 2) S10°05'59"W, a distance of 106.90 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 3) S22°51'12"W, a distance of 151.89 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 4) S42°50'39"W, a distance of 368.76 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 5) S56°32'56"W, a distance of 68.53 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 6) S31°27'14"W, a distance of 77.76 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 7) S41°42'08"W, a distance of 288.31 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 8) S33°10'59"W, a distance of 82.38 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 9) S22°35'14"W, a distance of 106.02 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point,
- 10) S02°33'22"W, a distance of 420.17 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for the southeast corner of the tract described herein, same being at the beginning of a curve to the right,
- 11) With said curve to the right, having an arc length of 222.97 feet, a radius of 500.00 feet, a delta angle of 25°33'03", and a chord which bears N77°36'44"W, a distance of 221.13 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 12) N64°50'13"W, a distance of 277.81 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at the beginning of a curve to the left,
- 13) With said curve to the left, having an arc length of 796.60 feet, a radius of 975.00 feet, a delta angle of 46°48'43", and a chord which bears N88°14'34"W, a distance of 774.62 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,

(CONTINUED ON NEXT PAGE)



- 14) S68°21'05"W, a distance of 330.60 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at the beginning of a curve to the right,
- 15) With said curve to the right, having an arc length of 315.38 feet, a radius of 625.00 feet, a delta angle of 28°54'42", and a chord which bears S82°48'26"W, a distance of 312.04 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 16) N82°44'13"W, a distance of 352.20 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set at the beginning of a curve to the left,
- 17) With said curve to the left, having an arc length of 351.23 feet, a radius of 925.00 feet, a delta angle of 21°45'21", and a chord which bears S86°23'06"W, a distance of 349.13 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 18) S75°30'26"W, a distance of 165.02 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point of the tract described herein at the beginning of a curve to the left,
- 19) With said curve to the left, having an arc length of 249.67 feet, a radius of 750.00 feet, a delta angle of 19°04'25", and a chord which bears N24°01'47"W, a distance of 248.52 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 20) S70°59'50"W, a distance of 354.44 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point, and
- 21) S89°21'11"W, a distance of 715.61 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set on the west line of said 209.697 acre tract, same point being on the east line of a called 4.078 acre tract, described as Tract 2, conveyed to City of Dripping Springs, recorded in Volume 5200, Page 886 [O.P.R.H.C.T.], and for an angle point of the tract described herein;

**THENCE** with the common line of said 209.697 acre tract and said 4.078 acre tract, the following four (4) courses and distances:

- 1) N00°51'53"W, a distance of 161.19 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 2) S88°22'44"W, a distance of 299.63 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 3) N00°50'55"W, a distance of 517.61 feet to a 1/2-inch iron rod with cap stamped "DOUCET", set at the beginning of a curve to the left, and

(CONTINUED ON NEXT PAGE)



- 4) With said curve to the left, having an arc length of 210.34 feet, a radius of 355.63 feet, a delta angle of  $33^{\circ}53'17''$  and a chord which bears  $N17^{\circ}49'24''W$ , a distance of 207.29 feet to a 1/2-inch iron rod with cap stamped "DOUCET", set for the northwest corner of said 209.697 acre tract, same being in the south line of a called 11.61 acre tract, recorded in Volume 733, Page 101 of the Real Property Records of Hays County, Texas [R.P.R.H.C.T.], and for the northwest corner of the tract described herein;

**THENCE** with the lines common to said 209.697 acre tract and said 11.61 acre tract, the following three (3) courses and distances:

- 1)  $N84^{\circ}18'45''E$ , a distance of 142.18 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set,
- 2)  $N79^{\circ}26'34''E$ , a distance of 100.24 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set, and
- 3)  $N88^{\circ}45'18''E$ , a distance of 33.52 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set, at the southwest corner of said 1.978 acre tract;

**THENCE** with the common line of said 209.697 acre tract and said 1.978 acre tract, the following two (2) courses and distances:

- 1)  $N87^{\circ}41'40''E$ , a distance of 226.58 feet to a 1/2-inch iron rod with cap stamped "DOUCET" set for an angle point of the tract described herein, and

(CONTINUED ON NEXT PAGE)



- 2) N89°32'34"E, a distance of 270.93 feet to the **POINT OF BEGINNING** of the tract described herein, and containing 97.049 Acres [4,227,433 Square Feet].

Basis of bearings is the Texas Coordinate System, South Central Zone [4204], NAD83 (2011), Epoch 2010. All distances are surface values and may be converted to grid by using the surface adjustment factor of 1.000077936. Units: U.S. Survey Feet.

This survey was performed with the benefit of a title commitment issued by Fidelity National Title Insurance Company, GF No. 20-0354-CH, with an Effective Date of February 24, 2020, and an Issued date of March 6, 2020. The surveyor has relied upon the referenced title commitment for easements, restrictions and other matters affecting this property. No additional research was performed for the purpose of this survey.

I, Garrett Cavaiuolo, Registered Professional Land Surveyor, hereby certify that this property description and accompanying plat of even date represent an actual survey performed on the ground under my supervision.

*GCav* 4/29/20  
 \_\_\_\_\_  
 Garrett Cavaiuolo Date  
 Registered Professional Land Surveyor  
 Texas Registration No. 6714  
 Doucet & Associates  
 GCavaiuolo@DoucetEngineers.com  
 TBPELS Firm Registration No. 10105800







TO: CITY OF DRIPPING SPRINGS  
 FROM: Kim Fernea  
 RE: ECONOMIC DEVELOPMENT COMMITTEE MONTHLY REPORT  
 DATE: June 10, 2021

Please accept this memo as the City of Dripping Springs Economic Development Committee's (the "Committee") monthly update to Council regarding projects and progress during the months of May 2021.

The Committee convened via Zoom May 26<sup>th</sup>.

**Agenda:**

- **Call to Order**
- **Business Agenda**
  - Presentation and discussion regarding the City of Dripping Springs 2020 Annual Report. *Presenters: Mayor Bill Foulds, Jr., Senior Planner Amanda Padilla, Deputy City Administrator Ginger Faught, and City Administrator Michelle Fischer*
  - Presentation and discussion regarding Dripping Springs single family rental projects. *Ken Perlman, John Burns Real Estate Consulting*
- **Reports**
  - City Council Monthly Report – *Mayor Pro Tem Taline Manassian*
    - 1) We declined a real property agreement from the school, which means we are no longer pursuing a town center on the school site, but we are exploring alternative sites;
    - (2) We seated two new council members - Geoffrey Tahuahua and Sherrie Parks;
    - (3) We considered changes to the mobile food vendor ordinance in the Mercer Historic District and changed the procedure but declined to change the overall approach of the ordinance at this time; and
    - (4) We approved a couple of resolutions seeking funding from TXDOT for sidewalk improvements, one on the eastern part of Mercer and one up near DSRP (Event Center Drive and 12).
  - TIRZ Projects Monthly Report – *Committee Members Dave Edwards and Keenan Smith*
    - TIRZ Board approved budget, focused on efforts on Old Fitzhugh Rd, downtown parking
    - Grant writers working on potential funding for the aforementioned projects and matching funds for Hays County POSAC.
  - Reviewed May Planning Report
  - Chamber of Commerce Report – *Committee Member Susan Kimball*
    - STARR Awards at Dreamland – 175 in attendance
    - Ribbon Cuttings
    - GSMP Fam Tour
    - Leadership Dripping Springs
- Starting in July, Council will meet 1<sup>st</sup> and 3<sup>rd</sup> Tuesdays; P&Z 2<sup>nd</sup> and 4<sup>th</sup> Tuesdays

**Committee members present:** Rex Baker, Whit Hanks, Susan Kimball, Andrea Nicholas, Keenan Smith, Robert Avera, Council Member Taline Manassian, Kim Fernea

**Chamber members present:** Denise Schroeder

**City representatives present:** Mayor Bill Foulds, Michelle Fischer, Andrea Cunningham

