

Term Sheet

Borrower: Hutchins, Texas (the "City")

Amount: Approximately \$4,620,000 Limited Tax Note, Series 2024 (the "Note")

Purpose: The Note is being issued for the purpose of funding: (1) Public safety equipment and vehicles, (2) Municipal safety facilities improvements, equipment and vehicles, (3) funding general governmental projects and; (4) professional services rendered in connection with such projects and the financing thereof.

Security: The Note will be secured by a pledge of funds received from the levy and collection of ad valorem taxes in the City, within the limits prescribed by law, on all taxable property located within the City.

Authority for the Issuance: The Note is being issued pursuant to the applicable provisions of the Texas Constitution and laws of the State of Texas, including Chapter 1431, Texas Government Code, as amended, and an Ordinance to be adopted by City Council (the "City Council") authorizing the issuance of the Note (the "Ordinance").

Issuance Form and Transferability: The Note will be issued in the form of a single Note payable in installments. The Note will be transferable in whole, but not in part. The Note will be issued in a denomination equal to the principal amount of the issue.

Amortization: The Note will mature on February 15, 2031, with semiannual interest payments beginning on February 15, 2025, and each August 15 and February 15 thereafter until maturity. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. In addition, principal installment payments will be made on February 15 in each of the years 2026 through 2031.

Approximate principal amortization amounts have been listed on Schedule I attached hereto. The City reserves the right to modify the principal and amortization amount to ensure desired debt service payments upon the receipt of the proposed interest rate.

Interest Rate: The Note will bear interest at a fixed rate for the entire term of the Note, which upon the verbal commitment from the City's Finance Director, will be honored by prospective Purchaser through the Closing Date. Interest to accrue from the closing date, which is expected to be May 16, 2024.

Qualified Tax-Exempt Obligation: The Note will NOT be designated as a "Qualified Tax-Exempt Obligation" for financial institutions.

Proposals Due: Respondents must submit a signed copy of the Bid Form no later than 9:00 A.M. Central Time on Monday, April 15, 2024.

Award Date: Scheduled on Monday, April 15, 2024. The City reserves the right to reject any or all proposals and to waive any irregularities (except irregularities associated with the timeliness of any submission).

Closing Date: Anticipated to be May 16, 2024 closing date, but subject to change.

Redemption Provisions: Early optional redemption provisions will be as proposed by the prospective Purchaser.

Paying Agent: It is anticipated that the Purchaser will provide paying agent services. Please list any charge for this service on the Bid Form.

Note Ratings: None on this issue. The City's general obligation debt is currently rated "AA-" by S&P Global Ratings, a Division of S&P Global Inc.

Bond Insurance: None on this issue.

Payment Record: Never defaulted.

Physical Delivery: The Note will be delivered in the form of a single physical Note and will not be made subject to The Depository Trust Company's book-entry-only system of registrations and transfers. The City will not purchase or provide CUSIP Numbers.

Reporting Requirements: The placement of the Note is exempt from SEC Rule 15c2-12, but the City will agree to provide for the benefit of the holder of the Note, the City's annual financial information and operating data upon written request.

Credit Approval: Submitted proposals must be approved by appropriate officers of the prospective Purchaser before submission to the City. Any proposal expressly submitted and subject to credit approval will be considered only at the City's discretion and may or may not be accepted.

Basis for Award: The Note will be awarded to prospective Purchaser proposing the lowest interest cost and terms most advantageous to the City, such as amortization, paying agent fees, closing fees, bank counsel fees and early redemption provisions. The City has the right to determine which proposal contains the terms most advantageous to it and may reject all proposals if it determines the terms of no one proposal is satisfactory.

Document/ Covenant Provisions: The Ordinance will include standard terms regarding the security for the Note, covenants relating to the tax exemption of the Note and provisions for the payment of principal and interest on the Note. If other terms are required by the Purchaser, the submitted proposal should indicate any such other provisions, covenants or conditions being requested to be included in the authorizing documents as part of the proposal.

Conditions Precedent to Funding: Executed documentation prepared by the City's Bond Counsel and satisfactory to the City, Bond Counsel and the Purchaser including, but not limited to, the following:

Ordinance adopted by the City Council which contains all relevant provisions governing the financing (rate, term, amortization, security, prepayment provisions, and all other conditions and covenants as are usual and customary for transactions of the same general type)

No Litigation Certificate

Purchase Letter or Purchase Agreement prepared by Bond Counsel and executed by Purchaser, including representations and certifications of Purchaser required pursuant to Chapter 2271 (anti-boycott Israel), Chapter 2252 (transactions with prohibited nations and terrorist organizations), and Chapter 2274 (as added by Senate Bill 19 regarding discrimination against firearm entity or trade association and as added by Senate Bill 13 regarding energy company boycotts) of the Texas Government Code, and other customary provisions.

The Note will not be rated or insured.

Opinion of the Texas Attorney General as to validity of the Note under Texas Law; opinion of Bond Counsel to similar effect and as to tax-exemption of the interest on the Note for federal income tax purposes

No Material Adverse Change

Issue Price Certificate, executed by Purchaser, in substantially similar form to Exhibit A attached hereto.

Disclosure of Interested Parties: Obligation of the City to receive information from the apparent winning bidder. Pursuant to Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Note to the apparent winning bidder unless the bidder either: (a) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the City

as prescribed by the Texas Ethics Commission (“TEC”), or (b) represents to the City that it is a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity (the “Publicly Traded Entity Representation”) (see “DISCLOSURE OF INTERESTED PARTY FORM 1295 - Exemption” below). In the event that the bidder’s bid for the Note is the best bid received and the bidder does not provide the Publicly Traded Entity Representation, the City, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the 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 to 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/filinginfo/1295>.

For purposes of completing the Disclosure Form, the Purchaser will need the following information: (a) item 2 – name of governmental entity: the Hutchins, Texas and (b) item 3 – the identification number assigned to this contract by the City: Note 2024 and a description of the services to be provided under the contract: Purchase of Note. The Interested Party Disclosure Act and the Disclosure Rules require a business entity contracting with the City to complete the form at the TEC Internet “portal” that may be accessed at the url set forth above, and then print, sign and deliver the Disclosure Form in physical form to the City. Following the award of the Note, the City will acknowledge receipt of the completed Disclosure Form through the TEC website, as required by the law.

Preparations for completion, and the significance of, the reported information. Time will be of the essence in submitting the Disclosure Form to the City and no award will be made by the City of the Note until a completed Disclosure Form or the Publicly Traded Entity Representation is received. The City reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as described herein. Neither the City 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 Note should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the conditional winning bid.

Disclosure of Interested Party Form 1295 – Exemption. Pursuant to the Interested Party Disclosure Act, a publicly traded business entity, including a wholly owned subsidiary of such a business entity, is exempt from the requirements of the Interested Party Disclosure Act. The City is not responsible or liable for ascertaining or verifying whether any bidder satisfies this exemption. If any bidder, in its sole discretion, determines that it satisfies this exemption, the City will require receipt of the certification in the next paragraph via email to accompany its bid. The City will rely on such certification for purposes of satisfying its obligations under the Interested Party Disclosure Act.

Pursuant to Section 2252.908(c)(4), Texas Government Code, filing Certificate of Interested Parties Form 1295 does not apply to a contract with a publicly traded business entity, including a wholly owned subsidiary of the business entity. Therefore, we confirm that _____ [BIDDER] is a [wholly owned subsidiary of _____], which is a] publicly traded business entity and, pursuant to such law, we are not required to deliver to the Hutchins, Texas, a Certificate of Interested Parties Form 1295 with respect to our bid to purchase the Note.

These materials must be delivered electronically to the City’s Bond Counsel at tonya.t@westllp.com and the City’s Financial Advisor at jim.sabonis@hilltopsecurities.com no later than 1:00 p.m., Central Time, on the Sale Date. Time will be of the essence in submitting the form to the City, and no bid will be accepted by the City unless a completed Disclosure Form or a Publicly Traded Entity Representation is received on time.

Representations
Of Purchaser

By submission of a bid, the bidder verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will

not boycott Israel during the term of the agreement set forth in the bid form. The foregoing verification is made solely to enable the City to comply with Section 2271.002, Texas Government Code. As used in the foregoing verification, 'boycott Israel' a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, 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 bidder understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

By submission of a bid, the bidder 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 page of such Texas Comptroller of Public Accounts website:

<https://comptroller.texas.gov/purchasing/publications/divestment.php>.

The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and excludes the bidder 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 bidder understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

Pursuant to Section 2276.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the agreement set forth in the bid form. The foregoing verification is made solely to enable the City to comply with such Section. As used in the foregoing verification, "boycott energy companies," a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, 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 with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. As used in this Section, the bidder understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit."

Pursuant to Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session ("SB 19")), Texas Government Code, as amended, the bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the agreement set forth in the bid form. The foregoing verification is made solely to enable the City to comply with such Section.

As used in the foregoing verification and the following definitions,

- (A) 'discriminate against a firearm entity or firearm trade association,' a term defined in Section 2274.001(3), Texas Government Code (as enacted by SB 19), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based

solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association,

- (B) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by SB 19), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by SB 19, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by SB 19, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by SB 19, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and
- (C) firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by SB 19), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

As used in this Section, the bidder understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

By submitting the bid form, the bidder represents that it has, or will have prior to the date of Closing, on file with the Texas Attorney General a standing letter

addressing the representations and verifications set forth above and acceptable to the Texas Attorney General. In addition, the bidder, by submitting the bid form, represents that it (including any parent company, wholly- or majority-owned subsidiary or other affiliate of the winning bidder) (1)(A) has not received a letter from the Texas Comptroller of Public Accounts (the "Comptroller") pursuant to Chapter 809, Texas Government Code seeking written verification that such bidder does not boycott energy companies; or (B) if such bidder has received such a letter from the Comptroller, it has timely responded to the Comptroller's request; and (2) does not, and will not, appear on a list published by the Comptroller pursuant to Section 809.051, Texas Government Code prior to the Closing. The bidder, by submitting the bid form agrees to provided such written verification to the City and Bond Counsel, two Business Days before Closing, in a form acceptable to Bond Counsel and the Texas Attorney General.

Notwithstanding anything contained herein, the representations and covenants contained in the foregoing Representations of Purchaser shall survive termination of the Note until the statute of limitations for breach of contract has run.

Schedule I
Principal Installment Schedule
(Preliminary, subject to change)

<u>Maturity Date</u>	<u>Principal Installments</u>
February 15, 2026	\$175,000
February 15, 2027	\$340,000
February 15, 2028	\$479,000
February 15, 2029	\$583,000
February 15, 2030	\$702,000
February 15, 2031	\$2,341,000