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## **City of Hutchins, Texas**

### **Tax Note, Series 2024**

### **Plan of Finance**

# Summary



## Goals

- **Fund 2024 Capital Improvement Program**
  - **Capital Projects**
  - **Public Safety Equipment**
  - **Municipal Facilities Equipment**
- **Total Project Cost = Not-to-exceed \$4,000,000**
- **Financial Impact = No projected increase in City's existing \$0.15026 I&S Ad Valorem Tax Rate**
  - **Conservative TAV growth assumptions utilized based on City's historical growth**

## Implementation

- **Debt Instrument = Tax Note, Series 2024**
- **Par Amount = \$4,133,000**
- **Amortization = 7 years**
- **Debt Repayment Source = I&S Ad Valorem Tax (Debt Service Tax)**
- **Projected Cost = 5.25% budgeted interest rate, **subject to change****
- **Projected Total P&I = \$5,298,459**
- **Schedule of Events**
  - **Plan of Finance Presentation: March 18, 2024 – Regular Council Meeting**
  - **Pricing and Council Approval of Tax Note Issuance: April 15, 2024 – Regular Council Meeting**
  - **Closing and Delivery of funds – May 16, 2024 – After Attorney General Approval**



## City of Hutchins, Texas Taxable Assessed Value

Tax Year <sup>(1)</sup>	Fiscal Year <sup>(1)</sup>	Taxable Assessed Value <sup>(1)</sup>	Taxable Assessed Value Growth <sup>(1)</sup>			
			Annual		3 year average	
			\$	%	\$	%
<b>2023</b>	<b>2024</b>	<b>\$1,236,605,271</b>	<b>\$242,073,471</b>	<b>24.34%</b>		
2022	2023	\$994,531,800	\$178,398,575	21.86%	<b>\$146,053,226</b>	<b>16.14%</b>
2021	2022	\$816,133,225	\$17,687,632	2.22%		
2020	2021	\$798,445,593	\$26,427,349	3.42%		
2019	2020	\$772,018,244	\$88,303,489	12.92%		
2018	2019	\$683,714,755	\$133,967,954	24.37%	<b>\$110,578,103</b>	<b>12.95%</b>
2017	2018	\$549,746,801	\$59,894,756	12.23%		
2016	2017	\$489,852,045	\$119,510,948	32.27%		
2015	2016	\$370,341,097	\$88,141,864	31.23%		
2014	2015	\$282,199,233	\$25,451,885	9.91%	<b>\$97,985,792</b>	<b>17.48%</b>

**Footnotes:**

(1) As reported by the Dallas County Appraisal District.

# Tax Note, Series 2024 – Preliminary Cash Flows



<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>			<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>	<u>J</u>	<u>K</u>
Fiscal Year Ending 30-Sep	Growth %	Taxable Assessed Valuation	Existing I&S Tax Supported Debt Service	Tax Note, Series 2024 Budgeted Interest Rate = 5.25% <sup>(5)</sup>			Total New and Existing I&S Tax Supported Debt Service	Less: Debt Service Funds on Hand <sup>(6)</sup>	Projected TOTAL I&S Tax Supported Debt Service	Projected Debt Service I&S Tax Rate Equivalent <sup>(7)</sup>		
				Principal	Interest	Total D/S						
2024	24.34%	\$1,236,605,271 <sup>(1)</sup>	\$1,773,738	\$0	\$0	\$0	\$1,773,738	\$0	\$1,773,738	\$0.15026		
2025	16.14%	\$1,436,171,537 <sup>(2)</sup>	\$2,006,898	\$0	\$270,515	\$270,515	\$2,277,413	\$119,422	\$2,157,991	\$0.15026		
2026	12.95%	\$1,622,164,682 <sup>(3)</sup>	\$2,099,386	\$155,000	\$211,864	\$366,864	\$2,466,250	\$28,785	\$2,437,465	\$0.15026		
2027	10.00%	\$1,784,381,150 <sup>(4)</sup>	\$2,169,752	\$340,000	\$198,870	\$538,870	\$2,708,622	\$27,411	\$2,681,211	\$0.15026		
2028	7.50%	\$1,918,209,736 <sup>(4)</sup>	\$2,273,091	\$471,000	\$177,581	\$648,581	\$2,921,672	\$39,370	\$2,882,302	\$0.15026		
2029	5.00%	\$2,014,120,223 <sup>(4)</sup>	\$2,338,730	\$537,000	\$151,121	\$688,121	\$3,026,851	\$0	\$3,026,851	\$0.15028		
2030	2.50%	\$2,064,473,229 <sup>(4)</sup>	\$2,408,546	\$572,000	\$122,010	\$694,010	\$3,102,556	\$0	\$3,102,556	\$0.15028		
2031	0.00%	\$2,064,473,229	\$1,011,100	\$2,038,000	\$53,498	\$2,091,498	\$3,102,598	\$0	\$3,102,598	\$0.15029		
2032	0.00%	\$2,064,473,229	\$1,006,475	\$0	\$0	\$0	\$1,006,475	\$0	\$1,006,475	\$0.04875		
2033	0.00%	\$2,064,473,229	\$1,010,350	\$0	\$0	\$0	\$1,010,350	\$0	\$1,010,350	\$0.04894		
2034	0.00%	\$2,064,473,229	\$1,012,475	\$0	\$0	\$0	\$1,012,475	\$0	\$1,012,475	\$0.04904		
2035	0.00%	\$2,064,473,229	\$1,012,850	\$0	\$0	\$0	\$1,012,850	\$0	\$1,012,850	\$0.04906		
2036	0.00%	\$2,064,473,229	\$1,016,350	\$0	\$0	\$0	\$1,016,350	\$0	\$1,016,350	\$0.04923		
2037	0.00%	\$2,064,473,229	\$1,012,000	\$0	\$0	\$0	\$1,012,000	\$0	\$1,012,000	\$0.04902		
2038	0.00%	\$2,064,473,229	\$1,015,100	\$0	\$0	\$0	\$1,015,100	\$0	\$1,015,100	\$0.04917		
2039	0.00%	\$2,064,473,229	\$1,011,900	\$0	\$0	\$0	\$1,011,900	\$0	\$1,011,900	\$0.04901		
2040	0.00%	\$2,064,473,229	\$1,012,400	\$0	\$0	\$0	\$1,012,400	\$0	\$1,012,400	\$0.04904		
2041	0.00%	\$2,064,473,229	\$1,016,400	\$0	\$0	\$0	\$1,016,400	\$0	\$1,016,400	\$0.04923		
2042	0.00%	\$2,064,473,229	\$1,013,900	\$0	\$0	\$0	\$1,013,900	\$0	\$1,013,900	\$0.04911		
2043	0.00%	\$2,064,473,229	\$1,014,900	\$0	\$0	\$0	\$1,014,900	\$0	\$1,014,900	\$0.04916		
			\$28,236,340	\$4,113,000	\$1,185,459	\$5,298,459	\$33,534,799	\$214,988	\$33,319,811			

## Notes:

- (1) Certified Values for Fiscal Year 2024 as reported by DCAD.
- (2) Fiscal Year 2025 growth based on 3 year average TAV growth per year of 16.14%
- (3) Fiscal Year 2026 growth based on 5 year average TAV growth per year of 12.95%
- (4) Fiscal Year 2027 to 2030 growth assumptions for purposes of illustration only.
- (5) Budgeted interest rate for purposes of illustration only. Subject to change.
- (6) Assumes use of existing debt service funds. The budgeted FYE 2024 balance is \$287,400.
- (7) Actual tax rate for fiscal year 2024.

## USES OF FUNDS

Project Fund Deposit	\$4,000,000
Budgeted Financing Costs*	\$113,000
<b>Total Par Amount</b>	<b>\$4,113,000</b>

\*Budgeted; for purposes of illustration only



## March 18, 2024 – Regular City Council Meeting

- 1) HilltopSecurities presents the Plan of Finance to issue Tax Note, Series 2024
- 2) City Council authorizes City Staff & Consultants to move forward with Tax Note, Series 2024

## April 1 – April 12, 2024

- 1) Marketing of Tax Note

## April 15, 2024 – Regular City Council Meeting

- 1) Pricing of Tax Note, Series 2024
- 2) City Council approves an Ordinance authorizing the issuance of Tax Note, Series 2024

Before Closing – Attorney General approves issuance

## May 16, 2024

- 1) Closing of debt issue and delivery of funds to the City



# Questions and Discussion



# Appendix A

# Municipal Market Update



## Market Observations

### Primary Market:

- 30-Day Visible Supply is approximately \$12.401 billion
- The calendar consists of \$9.5 billion of negotiated deals and \$939 million of competitive deals
- The largest negotiated deal of the week is the \$2.985 billion Dormitory Authority of the State of New York General Purpose State Personal Income Tax Revenue Bonds

### Secondary Market:

- Municipal Bond Funds reported \$869 million of net inflows, compared with \$72 million of inflows the prior week
- Weekly trade volume of \$65.715 billion represents an increase of \$6.388 billion from the previous week's \$59.327 billion

### General Market Overview:

- The 4-week moving average for Municipal Supply has reached its high for 2024 at \$8.5B. While March has historically presented challenges due to increased supply, decreased redemptions, and tax season jitters, in the last 10 years only 2 years have seen the MMD benchmark scale end the month at higher yields than where it started.
- The first week of March 2024 saw a drop in interest rates on the MMD by 2-6bps, positive fund flows into the Asset class, and \$8.5B of Supply that was well received with positive pricing action and aggressive bidding.

Economic Calendar: CPI, Treasury Statement, EIA Petroleum Status Report, Jobless Claims, PPI Final Demand, Retail Sales, Business Inventories, EIA Natural Gas Report, Fed Balance Sheet, Empire State Manufacturing Index, Import and Export Prices, Industrial Production, Consumer Sentiment

## Statistics

	3/8/2024	3/1/2024	Change
5Y MMD	2.40	2.44	(0.04) ▼
10Y MMD	2.40	2.46	(0.06) ▼
15Y MMD	2.87	2.91	(0.04) ▼
20Y MMD	3.25	3.27	(0.02) ▼
30Y MMD	3.57	3.59	(0.02) ▼
MMD 2/30 Yield Curve Steepness	86	86	- -
Bond Buyer 11 GO Bond Index	3.42	3.44	(0.02) ▼
Bond Buyer 20 GO Bond Index	3.52	3.54	(0.02) ▼
Bond Buyer Revenue Bond Index	3.80	3.82	(0.02) ▼
1Y UST	4.92	4.94	(0.02) ▼
5Y UST	4.06	4.17	(0.11) ▼
7Y UST	4.08	4.20	(0.12) ▼
10Y UST	4.09	4.19	(0.10) ▼
30Y UST	4.26	4.33	(0.07) ▼
UST 2/30 Yield Curve Steepness	(22)	(21)	(1) ▼
10Y MMD/UST Ratio	58	58	(0.3) ▼
30Y MMD/UST Ratio	82	81	0.9 ▲
SIFMA	3.37	3.30	0.07 ▲
1M SOFR	5.32	5.32	(0.001) ▼
30-Day Negotiated Visible Supply	11,120.7	7,537.1	3,583.6 ▲
30-Day Competitive Visible Supply	1,280.3	1,154.5	125.8 ▲
Lipper Muni Bond Fund Flows	869	72	797 ▲

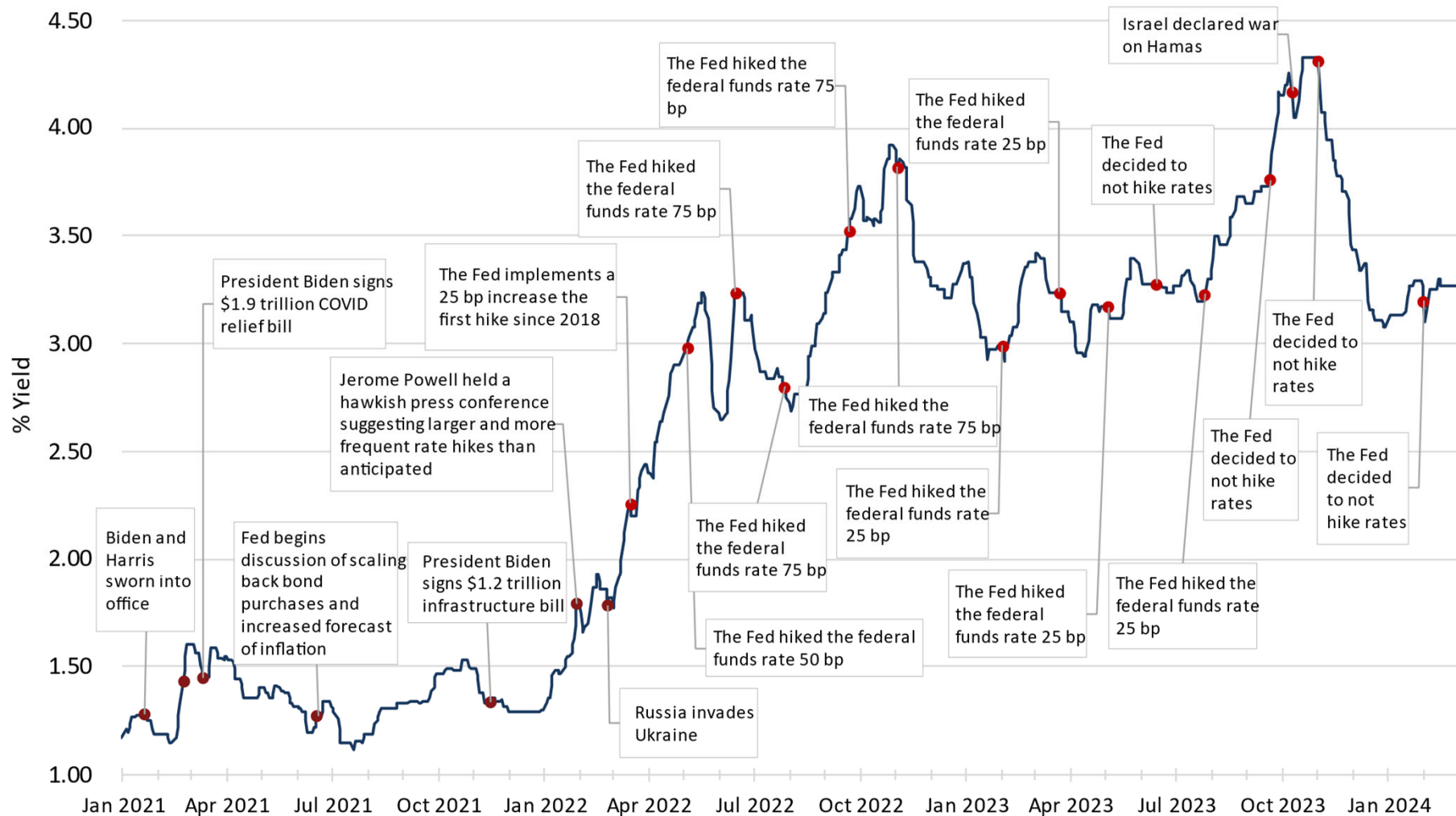
Source: Ipreo, TM3, Bloomberg, BBC, Wall Street Journal, New York Times, The Bond Buyer, Econoday, CNBC





# Change in 20-Year MMD

## Change in 20-Year MMD with Market Commentary – 1/1/21 to 3/8/2024

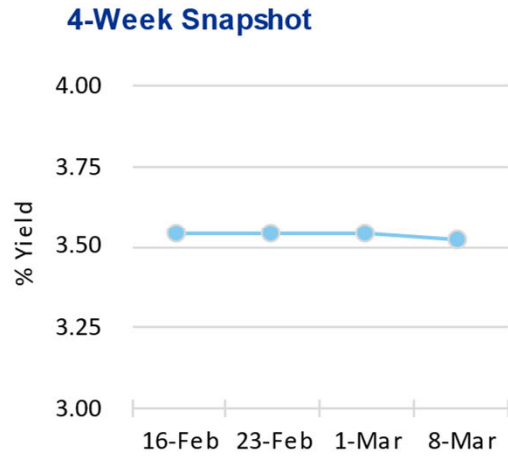
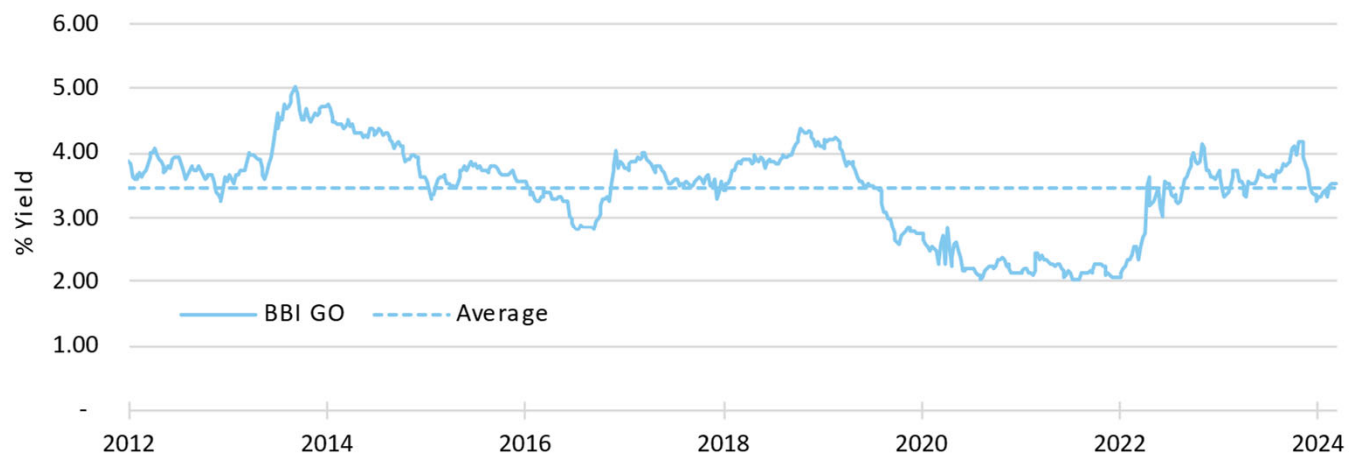


Source: Refinitiv Municipal Market Data and HilltopSecurities

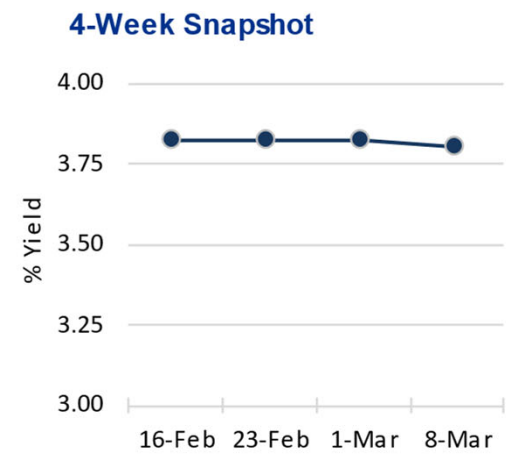
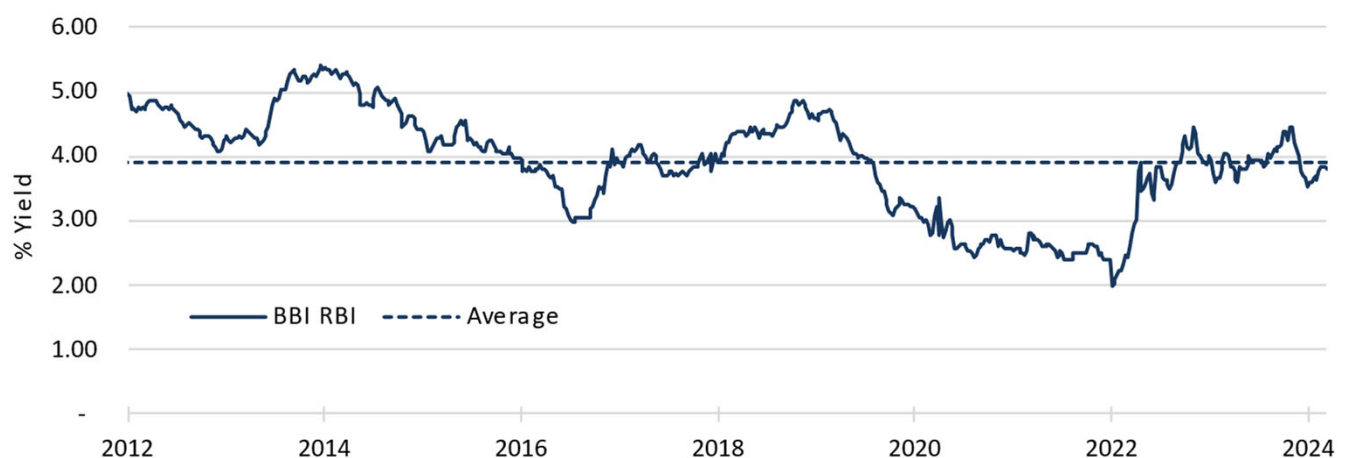


# Tax-Exempt Market Overview | The Bond Buyer

## The Bond Buyer 20-Bond General Obligation Index – 1/1/12 to 3/8/2024



## The Bond Buyer Revenue Bond Index – 1/1/12 to 3/8/2024



Source: The Bond Buyer