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City of Hutchins, Texas

Funding of 2025 Capital Improvement Plan by Issuance of Certificates of Obligation, Series 2025A



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Bond Issuance Assumptions and Constraints

Debt Instrument = Certificates of Obligation, Series 2025

Credit Pledge = I&S Ad Valorem Tax and Net Revenues of the Utility System

Planned Repayment = I&S Ad Valorem Tax Levy

Tax Status = Tax Exempt

Current City Bond Rating = "AA-"

Interest Rate Assumptions = "AA-" tax-exempt interest rates plus 0.25% as of May 27, 2025

Optional Call = Standard 10 year par call

Council Approval of Issuance Ordinance = Monday, August 4, 2025

Closing and Delivery of Funds = Thursday, August 28, 2025

Funding of 2025 Capital Improvement Program



Transaction Statistics

Par Amount of Bonds	\$5,775,000
Less: Cost of Issuance	(\$194,150)
<u>Less: Underwriter's Discount</u>	<u>(\$80,850)</u>
Project Fund	\$5,500,000
Amortization	20 Years
All-in True Interest Cost	5.07%
Total P&I	\$9,858,438
Average Annual P&I	\$492,922

Projected TAV Growth and Impact to I&S Tax Rate

Historical TAV Growth

Last 2 years actual TAV Growth	\$604,445,007
Last 2 years actual average TAV Growth Rate	22.06%
Last 5 years actual TAV Growth	\$1,042,604,685
Last 5 years actual average TAV Growth Rate	18.51%

Projected TAV Growth

Projected TAV Growth for next 5 years	\$1,000,000,000
Projected TAV Average Growth Rate for next 5 years	9.10%

Projected I&S Ad Valorem Tax Rate Impact

Projected Max I&S Tax Rate after Debt Issuance	\$0.1875
<u>Current I&S Tax Rate</u>	<u>\$0.1875</u>
Projected Tax Rate Impact of Debt Issuance	\$0.0000

Historical Taxable Assessed Values



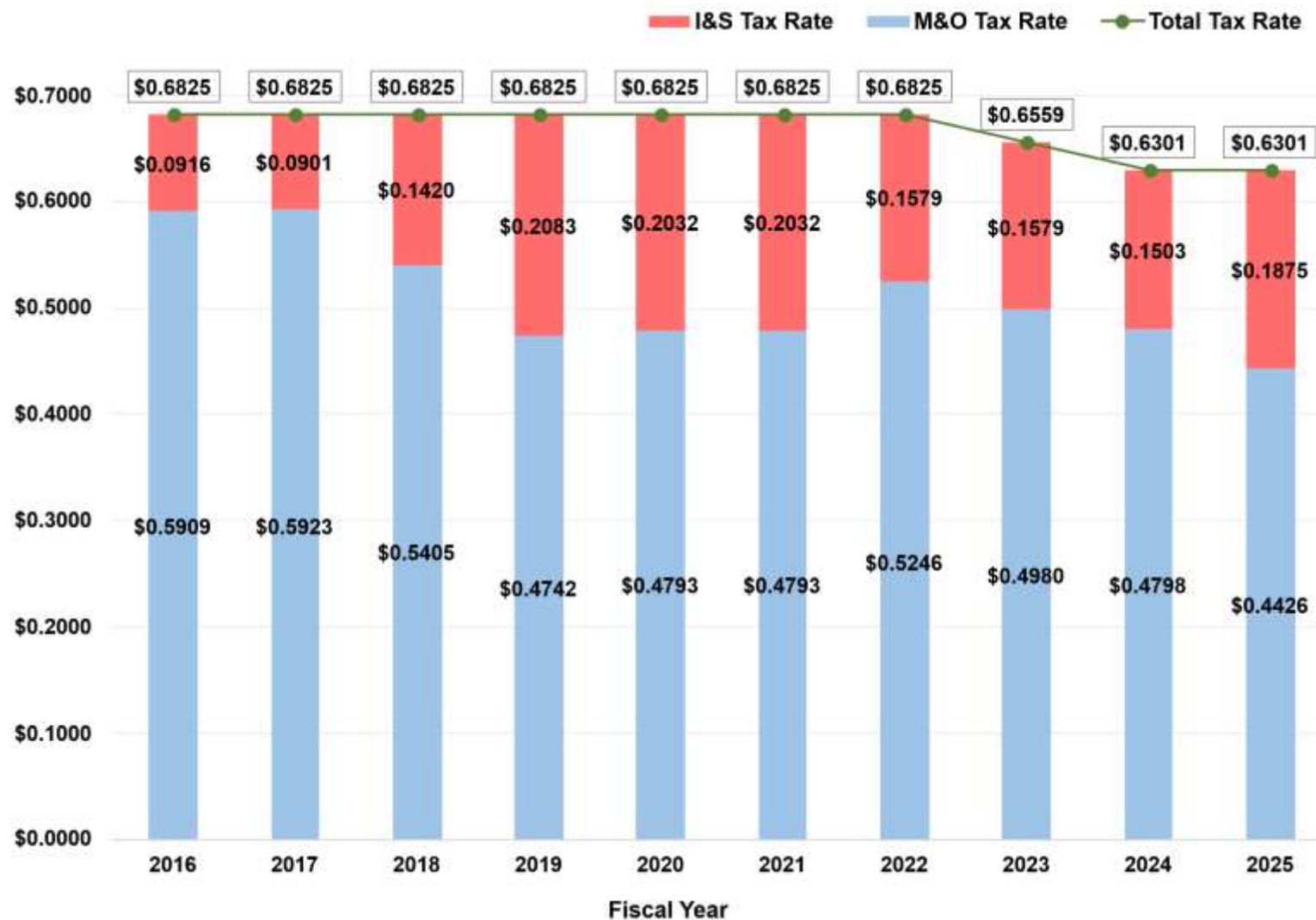
Tax Year	Fiscal Year	Taxable Assessed Value ^{(1) (2)}	Taxable Assessed Value Growth ^{(1) (2)}			
			Annual		3-Year Average	
			\$	%	\$	%
2025	2026	\$1,841,050,278	\$292,991,801	18.93%		
2024	2025	\$1,548,058,477	\$311,453,206	25.19%	\$243,975,084	23.80%
2023	2024	\$1,236,605,271	\$242,073,471	24.34%		
2022	2023	\$994,531,800	\$178,398,575	21.86%	5-Year Average	
2021	2022	\$816,133,225	\$17,687,632	2.22%	\$	%
2020	2021	\$798,445,593	\$26,427,349	3.42%	\$155,208,047	15.40%
2019	2020	\$772,018,244	\$88,303,489	12.92%		
2018	2019	\$683,714,755	\$133,967,954	24.37%	10-Year Average	
2017	2018	\$549,746,801	\$59,894,756	12.23%	\$	%
2016	2017	\$489,852,045	\$119,510,948	32.27%	\$126,585,924	19.00%
2015	2016	\$370,341,097	\$88,141,864	31.23%		

Footnotes:

1) Black - actual value

2) Purple - preliminary values from Dallas CAD indicate \$2,045,611,420 for Tax Year 2025.
Showing a 90% capture for purposes of illustration.

Historical Ad Valorem Tax Rates



Certificates of Obligation, Series 2025 – Projected P&I and I&S Tax Rate



Fiscal Year	Annual Tax Base Growth		Taxable Assessed	Existing I&S Tax Supported	Certificates of Obligation, Series 2025 Closing Date = 8/28/2025 All-in True Interest Cost = 5.07% ⁽⁴⁾			Total New and Existing I&S Tax Supported	Less: Debt Service Funds on Hand ⁽⁵⁾	Less: CO 2025 Project Fund Investment Earnings ⁽⁶⁾	Less: GO 2025 Project Fund Investment Earnings ⁽⁷⁾	Projected TOTAL I&S Tax Supported	Projected Debt Service I&S Tax Rate Equivalent ⁽⁸⁾	Variance from Current I&S Tax Rate
Ending 30-Sep	%	\$	Valuation	Debt Service	Principal	Interest	Total D/S	Debt Service				Debt Service		\$0.1875
2025	25.19%	\$311,453,206	\$1,548,058,477 ⁽¹⁾	\$2,263,111	\$0	\$0	\$0	\$2,263,111	\$0	\$0	\$0	\$2,263,111	\$0.1875	NA
2026	18.93%	292,991,801	1,841,050,278 ⁽²⁾	4,223,124	0	250,080	250,080	4,473,204	102,000	180,000	739,049	3,452,155	0.1875	0.0000
2027	13.58%	250,000,000	2,091,050,278 ⁽³⁾	3,970,492	0	259,450	259,450	4,229,942	311,386	0	0	3,918,556	0.1874	-0.0001
2028	10.76%	225,000,000	2,316,050,278 ⁽³⁾	4,404,193	60,000	258,466	318,466	4,722,658	381,259	0	0	4,341,399	0.1874	0.0000
2029	8.64%	200,000,000	2,516,050,278 ⁽³⁾	4,602,774	60,000	256,495	316,495	4,919,268	203,800	0	0	4,715,468	0.1874	-0.0001
2030	6.96%	175,000,000	2,691,050,278 ⁽³⁾	4,763,560	60,000	254,500	314,500	5,078,059	33,000	0	0	5,045,059	0.1875	0.0000
2031	5.57%	150,000,000	2,841,050,278 ⁽³⁾	4,918,567	60,000	252,463	312,463	5,231,030	0	0	0	5,231,030	0.1841	-0.0034
2032	0.00%	0	2,841,050,278	3,470,425	190,000	248,118	438,118	3,908,543	0	0	0	3,908,543	0.1376	-0.0499
2033	0.00%	0	2,841,050,278	3,473,675	195,000	241,312	436,312	3,909,987	0	0	0	3,909,987	0.1376	-0.0499
2034	0.00%	0	2,841,050,278	3,476,800	200,000	234,112	434,112	3,910,912	0	0	0	3,910,912	0.1377	-0.0498
2035	0.00%	0	2,841,050,278	3,474,675	210,000	226,380	436,380	3,911,055	0	0	0	3,911,055	0.1377	-0.0498
2036	0.00%	0	2,841,050,278	3,481,925	210,000	218,201	428,201	3,910,126	0	0	0	3,910,126	0.1376	-0.0499
2037	0.00%	0	2,841,050,278	3,477,325	220,000	209,577	429,577	3,906,902	0	0	0	3,906,902	0.1375	-0.0500
2038	0.00%	0	2,841,050,278	3,481,050	230,000	200,304	430,304	3,911,354	0	0	0	3,911,354	0.1377	-0.0498
2039	0.00%	0	2,841,050,278	3,474,225	245,000	190,241	435,241	3,909,466	0	0	0	3,909,466	0.1376	-0.0499
2040	0.00%	0	2,841,050,278	3,476,600	255,000	179,414	434,414	3,911,014	0	0	0	3,911,014	0.1377	-0.0498
2041	0.00%	0	2,841,050,278	3,482,850	260,000	168,058	428,058	3,910,908	0	0	0	3,910,908	0.1377	-0.0498
2042	0.00%	0	2,841,050,278	3,478,750	275,000	156,030	431,030	3,909,780	0	0	0	3,909,780	0.1376	-0.0499
2043	0.00%	0	2,841,050,278	3,478,775	290,000	142,741	432,741	3,911,516	0	0	0	3,911,516	0.1377	-0.0498
2044	0.00%	0	2,841,050,278	2,462,375	1,345,000	102,674	1,447,674	3,910,049	0	0	0	3,910,049	0.1376	-0.0499
2045	0.00%	0	2,841,050,278	2,465,125	1,410,000	34,827	1,444,827	3,909,952	0	0	0	3,909,952	0.1376	-0.0499
2046	0.00%	0	2,841,050,278	0	0	0	0	0	0	0	0	0	0.0000	-0.1875
				\$75,800,396	\$5,775,000	\$4,083,438	\$9,858,438	\$85,658,834	\$1,031,445	\$180,000	\$739,049	\$83,708,340		

Notes:

(1) Certified Values for Fiscal Year 2025 as reported by DCAD.

(2) Preliminary Values for Fiscal Year 2026 at 90% capture as provided by DCAD on 5/12/2025.

(3) Fiscal Year 2027 to 2031 growth assumptions for illustration purposes.

(4) Assumes "AA-" Tax-Exempt Insured Interest Rates + 0.25% as of 5/27/2025. Subject to change.

(5) Assumes use of existing debt service funds. The estimated FYE2025 balance is \$1,368,257 per FYE 2024 Disclosure Report.

(6) Assumes use of project fund interest earnings. Assumes investing at 4% for 18 months with equal monthly draw.

(7) Assumes use of project fund interest earnings from GO Series 2025. Assumes investing at 4% for 18 months with equal monthly draw.

(8) Actual tax rate for Fiscal Year 2025.

USES OF FUNDS

Project Fund Deposit	\$5,500,000
Budgeted Financing Costs	\$194,150
Underwriter's Discount	\$80,850
Par Amount	\$5,775,000

Proposed Schedule of Events



May-25						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

HOLIDAY

Jun-25						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

HOLIDAY

Jul-25						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

HOLIDAY

Aug-25						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Date	Event
Monday, 06/2/25	<u>Regular City Council Meeting</u> 1) Presentation by Hilltop Securities of Plan of Finance to Fund 2025 Governmental Projects 2) City Council directs staff and consultants to implement Plan of Finance
Monday, 06/16/25	<u>Regular City Council Meeting</u> 1) City Council approves a Resolution authorizing publication of a Notice of Intent to issue Certificates of Obligation
TBD	1) First Publication of Notice of Intent to issue the Certificates of Obligation, Series 2025 (no later than June 19, 2025) 2) Publication of Notice of Intent on City's website (Notice to be on City's website continuously until the Ordinance is adopted)
TBD	Second Publication of Notice of Intent to issue the Certificates of Obligation, Series 2025 (must be 7 days after first publication)
Monday, 08/4/25	Pricing of Combination Tax & Revenue Certificates of Obligation, Series 2025 <u>Regular City Council Meeting</u> 1) Presentation by Hilltop Securities of Pricing Results and Final Transaction Numbers 2) City Council considers and approves an Ordinance authorizing the issuance of the Certificates of Obligations, Series 2025
Prior to Closing	Attorney General Approves Sale
Thursday, 08/28/25	Closing of the Certificates and delivery of funds to the City

Note:

Key Actions to be Taken by City Council

Key Actions to be Taken by City Staff



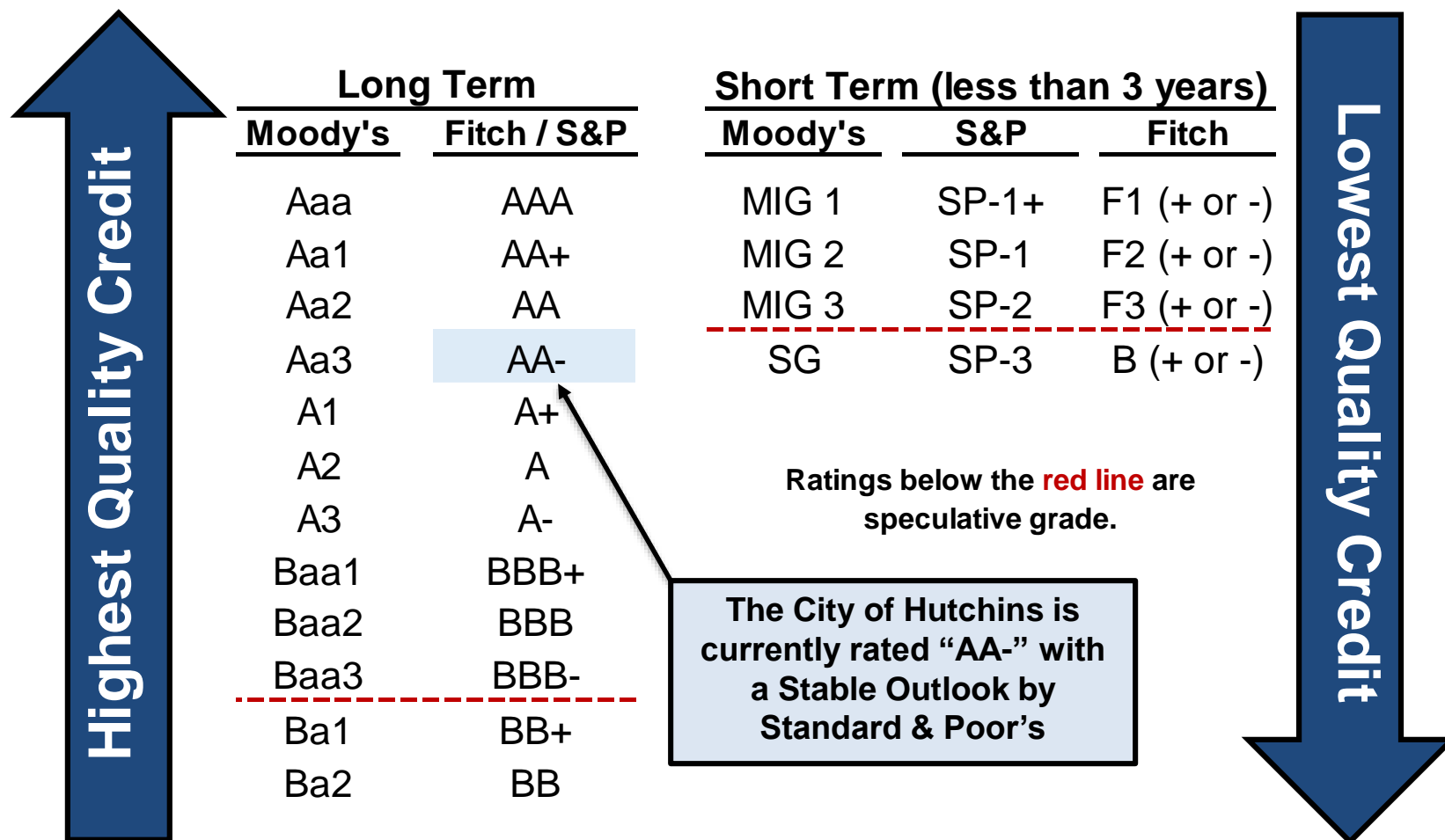
Questions and Discussion



Appendix A

S&P Global Ratings

City of Hutchins, Texas – “AA-” Bond Rating





“Economic expansion is driving increasing service needs, but Hutchins has maintained positive financial performance and very healthy reserves. Recent positive performance is the results of significant revenue growth, both in ad valorem and sales taxes, but also investment income exceeding expectations . . .”

S&P Global
Ratings

“AA-”/Stable Outlook

“The rating reflects our opinion of the city’s:”

- ***“Recent rapid growth, especially in the industrial sector, which has increased market value per capita, although local incomes are significantly below county and national levels. The tax base remains concentrated but this concentration has decreased with the growth.”***
- ***“Management practices that include formal debt-, investment- and fund-balance policies, regular monitoring of financial performance, and some capital planning, but no long-term financial forecasting.”***
- ***“Balanced operations in most years, with the maintenance of healthy reserves, supported by growing sales and property tax revenue.”***



Appendix B

May 23, 2025 Municipal Market Update

Market Commentary



Market Observations

Primary Market:

- 30-Day Visible Supply is approximately \$14.528 billion
- The calendar consists of \$6.5 billion of negotiated deals and \$500 million of competitive deals
- The largest negotiated deal of the week is the \$1.0 billion New Jersey Turnpike Authority Revenue Bonds

Secondary Market:

- Municipal Bond Funds reported \$768 million of net inflows, compared with \$769 million of inflows the prior week
- Weekly trade volume of \$69.299 billion represents a decrease of \$12.040 billion from the previous week's \$81.339 billion

General Market Overview:

- The House approved a 1,000-page tax and spending bill by a 215-214 vote, preserving the municipal bond tax exemption and raising the SALT deduction cap to \$40,000 for incomes under \$500,000.
- A weak \$16 billion Treasury auction, and rising budget deficit fear caused munis and Treasury yields to weaken, however strong demand from crossover buyers continue to support the muni market with positive inflows.

Economic Calendar: Durable Goods Orders, Consumer Confidence, OPEC Meeting, FOMC Minutes, GDP, Jobless Claims, Pending Home Sales Index, Fed Balance Sheet, Chicago PMI, Consumer Sentiment, International Trade in Goods, Personal Income and Outlays

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

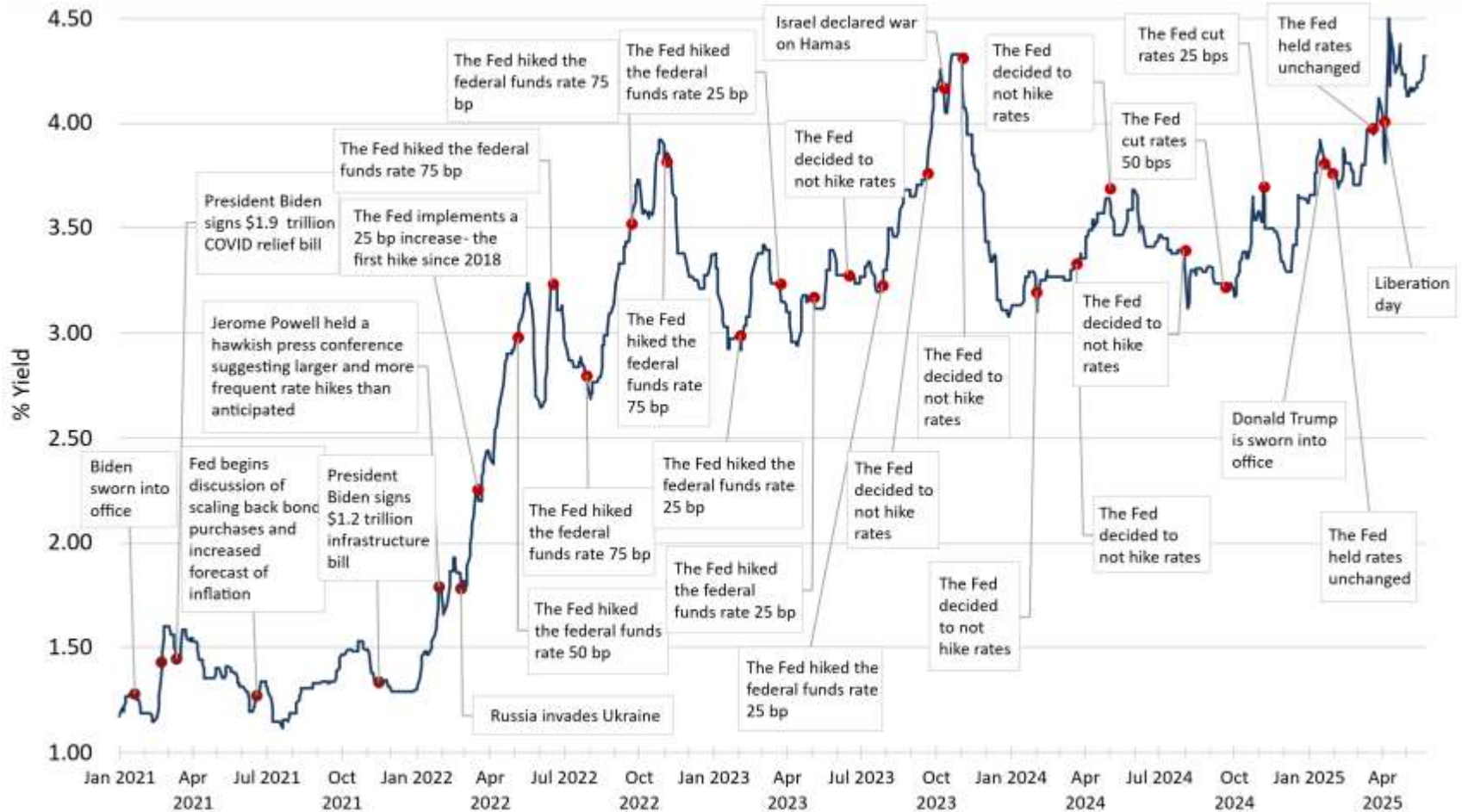
Statistics

	5/23/2025	5/16/2025	Change
5Y MMD	2.92	2.90	0.02 ▲
10Y MMD	3.37	3.27	0.10 ▲
15Y MMD	3.87	3.77	0.10 ▲
20Y MMD	4.32	4.19	0.13 ▲
30Y MMD	4.54	4.43	0.12 ▲
MMD 2/30 Yield Curve Steepness	171	159	13 ▲
Bond Buyer 11 GO Bond Index	5.17	5.10	0.07 ▲
Bond Buyer 20 GO Bond Index	5.27	5.20	0.07 ▲
Bond Buyer Revenue Bond Index	5.56	5.49	0.07 ▲
1Y UST	4.15	4.13	0.02 ▲
5Y UST	4.08	4.06	0.02 ▲
7Y UST	4.29	4.24	0.05 ▲
10Y UST	4.51	4.43	0.08 ▲
30Y UST	5.04	4.89	0.15 ▲
UST 2/30 Yield Curve Steepness	104	91	13 ▲
10Y MMD/UST Ratio	75	74	0.9 ▲
30Y MMD/UST Ratio	90	90	(0.4) ▼
SIFMA	2.57	3.34	(0.77) ▼
1M SOFR	4.33	4.33	0.003 ▲
30-Day Negotiated Visible Supply	10,884.0	13,697.0	(2,813.0) ▼
30-Day Competitive Visible Supply	3,644.0	5,158.0	(1,514.0) ▼
Lipper Muni Bond Fund Flows	768	769	(1) ▼

Change in 20-Year MMD



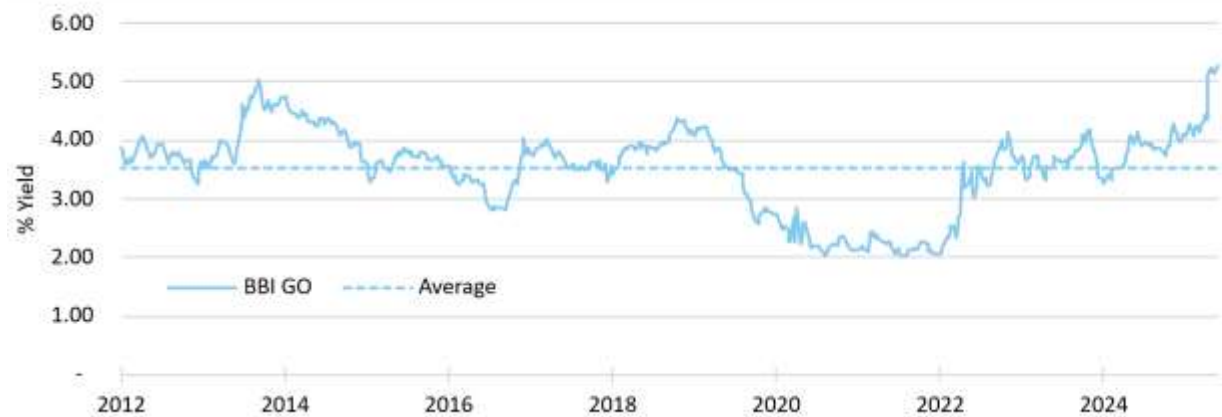
Change in 20-Year MMD with Market Commentary – 1/1/21 to 5/23/2025



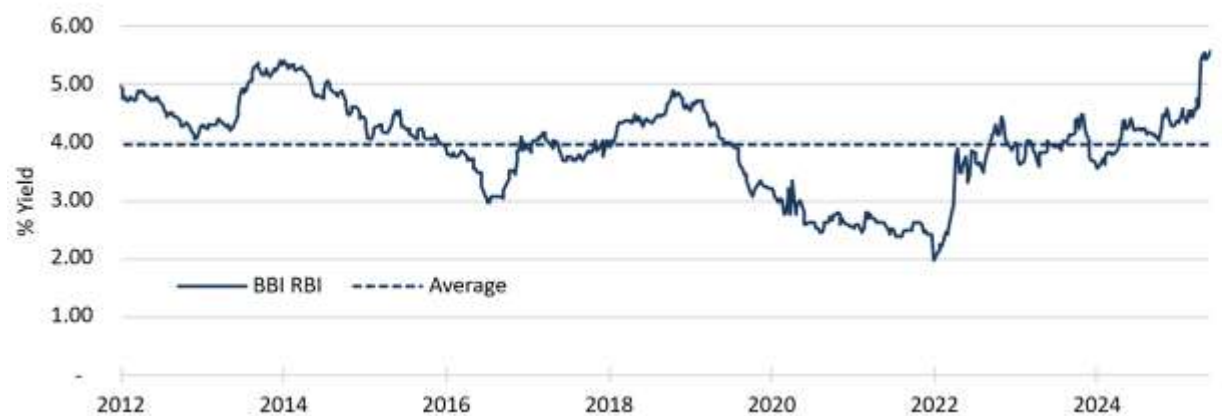
Source: Refinitiv Municipal Market Data and HilltopSecurities



The Bond Buyer 20-Bond General Obligation Index – 1/1/12 to 5/23/2025



The Bond Buyer Revenue Bond Index – 1/1/12 to 5/23/2025



Source: The Bond Buyer