

Dated February 24, 2025

Ratings:

S&P: "AA" (BAM Insured)

S&P: "AA-" (Underlying)

See "OTHER INFORMATION - Ratings"; "BOND INSURANCE" and "BOND INSURANCE RISKS"

NEW ISSUE - Book-Entry-Only

In the opinion of Jackson Walker LLP, Special Tax Counsel to the City, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Special Tax Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Special Tax Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

\$26,145,000*
CITY OF HUTCHINS, TEXAS
(Dallas County)
GENERAL OBLIGATION BONDS, SERIES 2025

Dated Date: March 1, 2025

Due: February 15, as shown on page 2

Interest accrues from the Delivery Date (defined herein)

PAYMENT TERMS. . . Interest on the \$26,145,000* City of Hutchins, Texas (the "City"), General Obligation Bonds, Series 2025 (the "Bonds") will accrue from the date of initial delivery to the Underwriter of the Bonds (the "Delivery Date", anticipated to be on or about March 31, 2025), will be payable February 15 and August 15 of each year commencing February 15, 2026, until 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. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., 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 BONDS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A. (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Texas Government Code Chapter 1331, as amended, an election held by the City on November 5, 2024, and are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (the "Ordinance") (see "THE BONDS - Authority for Issuance of the Bonds").

PURPOSE. . . Proceeds from the sale of the Bonds will be used for the purpose of (i) purchasing, acquiring, constructing, repairing, improving facilities and equipment for the recreation center and library building, and (ii) paying the costs of issuance associated with the sale of the Bonds (see "PLAN OF FINANCING - Purpose").

CUSIP PREFIX: 448125
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

MUNICIPAL BOND INSURANCE . . . The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM"). See "BOND INSURANCE" and "BOND INSURANCE RISKS" herein.



LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the underwriter identified below (the "Underwriter") subject to the approving opinion of the Attorney General of Texas, and the opinion of West & Associates, L.L.P., Dallas, Texas, Bond Counsel (see Appendix C, "Form of Bond Counsel's Opinion") and the opinion of Jackson Walker LLP, Houston, Texas, Special Tax Counsel (see Appendix D - "Form of Special Tax Counsel's Opinion"). Certain legal matters will be passed upon by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, counsel for the Underwriter.

DELIVERY. . . It is expected that the Bonds will be available for initial delivery through the facilities of DTC on March 31, 2025.

ESTRADA HINOJOSA

* Preliminary, subject to change.

MATURITY SCHEDULE***CUSIP Prefix: 448125⁽¹⁾**

Principal Amount	15-Feb Maturity	Interest Rate	Yield	CUSIP Suffix ⁽¹⁾
\$ 215,000	2028			
280,000	2029			
275,000	2030			
285,000	2031			
1,165,000	2032			
1,225,000	2033			
1,285,000	2034			
1,350,000	2035			
1,415,000	2036			
1,490,000	2037			
1,565,000	2038			
1,650,000	2039			
1,735,000	2040			
1,815,000	2041			
1,915,000	2042			
2,010,000	2043			
3,155,000	2044			
3,315,000	2045			

(Interest to accrue from the Delivery Date.)

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by FactSet Research Systems Inc. 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 services provided by CGS. The City, the Financial Advisor and the Underwriter take no responsibility for the accuracy of such numbers.

OPTIONAL REDEMPTION OF THE BONDS . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on or after February 15, 2036, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption of the Bonds").

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the “Rule”) and in effect on the date of this Preliminary Official Statement, this document constitutes an Official Statement of the City that has been “deemed final” by the City as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information, or to make any representations other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Preliminary Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Preliminary 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 City or other matters described herein since the date hereof. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the City’s undertaking to provide certain information on a continuing basis.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE CITY, THE UNDERWRITER, OR THE FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS PRELIMINARY OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY (“DTC”), AS SUCH INFORMATION HAS BEEN PROVIDED BY THE DTC.

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”) MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, BAM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING BAM, SUPPLIED BY BAM AND PRESENTED UNDER THE HEADING “BOND INSURANCE” AND “APPENDIX E - SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

The Underwriter has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

THIS PRELIMINARY OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. SEE “FORWARD-LOOKING STATEMENTS DISCLAIMER” HEREIN.

The agreements of the City and others related to the Bonds are contained solely in the contracts described herein. Neither this Preliminary Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Preliminary Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Preliminary Official Statement. No person is authorized to detach this summary from this Preliminary Official Statement or to otherwise use it without the entire Preliminary Official Statement.

THE CITY	The City of Hutchins, Texas (the "City") is a political subdivision and municipal corporation of the State of Texas (the "State"), located in Dallas County, Texas and operates as a Type A general law municipality. The City covers approximately 9.09 square miles (see "INTRODUCTION - Description of the City").
THE BONDS	The Bonds are issued as \$26,145,000* General Obligation Bonds, Series 2025 (the "Bonds"). The Bonds are issued as serial bonds maturing February 15 in each of the years 2028 through 2045, inclusive, unless the Underwriter designates two or more consecutive serial maturities as Term Bonds (see "THE BONDS - Description of the Bonds" and "THE BONDS - Optional Redemption of the Bonds").
PAYMENT OF INTEREST ON THE BONDS	Interest on the Bonds accrues from the date of initial delivery (the "Delivery Date", anticipated to be March 31, 2025), and is payable February 15 and August 15 of each year, commencing February 15, 2026, until maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS - Optional Redemption of the Bonds").
AUTHORITY FOR ISSUANCE FOR THE BONDS	The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Texas Government Code, Chapter 1331, as amended, an election held by the City on November 5, 2024, and an ordinance to be passed by the City Council of the City (the "Ordinance") (see "THE BONDS - Authority for Issuance of the Bonds").
SECURITY FOR THE BONDS	The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, upon all taxable property located within the City, as provided in the Ordinance (see "THE BONDS - Security and Source of Payment of the Bonds").
OPTIONAL REDEMPTION OF THE BONDS	The City reserves the right, at its option, to redeem Bonds having stated maturities on or after February 15, 2036, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption of the Bonds").
TAX EXEMPTION	In the opinion of, Special Tax Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is not a specific preference item for purposes of the federal individual alternative minimum tax. See "TAX MATTERS" herein.
NOT QUALIFIED TAX-EXEMPT OBLIGATIONS	The City will not designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions.
USE OF PROCEEDS FOR THE BONDS	Proceeds from the sale of the Bonds will be used for the purpose of (i) purchasing, acquiring, constructing, repairing, improving facilities and equipment for the recreation center and library building, and (ii) paying the costs of issuance associated with the sale of the Bonds (see "PLAN OF FINANCING – Purpose").
RATINGS AND BOND INSURANCE	The Bonds are expected to be rated "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") by virtue of a municipal bond insurance policy to be issued by BAM upon delivery of the Bonds to the Underwriter. S&P has assigned an underlying credit rating of "AA-" to the Bonds (see "OTHER INFORMATION - Ratings"; "BOND INSURANCE" and "BOND INSURANCE RISKS" herein).

BOOK-ENTRY-ONLY

SYSTEM..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., 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 BONDS - Book-Entry-Only System").

PAYMENT RECORD The City has never defaulted in payment of its general obligation tax debt.

PAYING AGENT/REGISTRAR..... The initial Paying Agent/Registrar of the Bonds is The Bank of New York Mellon Trust Company, N.A.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Debt Per Capita
2021	5,602	\$ 651,768,211	\$ 116,346	\$ 19,259,000	2.95%	\$ 3,438
2022	5,614	816,133,225	145,375	19,978,000	2.45%	3,559
2023	6,100	994,531,800	163,038	43,643,000	4.39%	7,155
2024	6,450	1,236,605,271	191,722	46,952,000	3.80%	7,279
2025	6,500	1,548,058,477	238,163	71,145,000 ⁽⁴⁾	4.60%	10,945

(1) Source: City officials.

(2) As reported by the Dallas Central Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt.

(4) Includes the Bonds. Preliminary, subject to change.

For additional information regarding the City, please contact:

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Term Expires</u>	<u>Occupation</u>
Mario Vasquez Mayor	May 2026	Sales
Steve Nichols Mayor Pro Tem	May 2026	Plumber
Raymond Elmore Councilmember	May 2025	Electrician
Demarcus Odom Councilmember	May 2025	Network Engineer
Dominic Didehbani Councilmember	May 2025	Self-employed
Brenda Campbell Councilmember	May 2026	Retired

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
James Quin	City Administrator	3 Years
Maria Joyner	Finance Director	2 Years
Cynthia Olguin	City Secretary	6 Years

CONSULTANTS AND ADVISORS

Auditors	Brooks Watson & Co., PLLC Houston, Texas
Bond Counsel	West & Associates, L.L.P. Dallas, Texas
Special Tax Counsel	Jackson Walker LLP Houston, Texas
Financial Advisor.....	Hilltop Securities Inc. Dallas, Texas

PRELIMINARY OFFICIAL STATEMENT
RELATING TO
\$26,145,000*
CITY OF HUTCHINS, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2025

INTRODUCTION

This Preliminary Official Statement, which includes the maturity schedule and Appendices hereto, provides certain information regarding the issuance of the \$26,145,000* City of Hutchins, Texas (the "City"), General Obligation Bonds, Series 2025 (the "Bonds") being offered herein. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance to be adopted on the date of sale of the Bonds which will authorize the issuance of the Bonds, except as otherwise indicated herein the ordinance authorizing the issuance of the Bonds (the "Ordinance").

There follows in this Preliminary Official Statement descriptions of the Bonds and certain information regarding the City of Hutchins, Texas (the "City") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities, Inc. ("HilltopSecurities"), Dallas, Texas.

DESCRIPTION OF THE CITY. . . The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, as a Type A general law municipality. The City was incorporated in 1946. The City operates under a city administrator form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and two of the Councilmembers' terms expiring in even-numbered years and the other terms of three Councilmembers expiring in odd-numbered years. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The estimated 2025 population is 6,500. The City covers approximately 9.09 square miles.

PLAN OF FINANCING

PURPOSE. . . The Bonds are being issued for the purpose of (i) purchasing, acquiring, constructing, repairing, improving facilities and equipment for the recreation center and library building, and (ii) paying the costs of issuance associated with the sale of the Bonds.

SOURCES AND USES OF FUNDS. . . Proceeds from the sale of the Bonds are expected to be expended as follows:

SOURCES OF FUNDS:

Par Amount of Bonds	\$	-
Net Premium/Discount		-
TOTAL ISSUES:	\$	-

USES OF FUNDS:

Deposit to Project Fund	\$	-
Underwriter's Discount		-
Cost of Issuance		-
TOTAL USES:	\$	-

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THE BONDS

DESCRIPTION OF THE BONDS. . . The Bonds are dated March 1, 2025 (the “Dated Date”), and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the date of initial delivery (the “Delivery Date”, anticipated to be March 31, 2025), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year commencing February 15, 2026, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., 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 BONDS - Book-Entry-Only System”).

AUTHORITY FOR ISSUANCE OF THE BONDS. . . The Bonds are being authorized and issued pursuant to the Constitution and general laws of the State, particularly Texas Government Code, Chapter 1331, as amended, an election held by the City on November 5, 2024, and the Ordinance to be passed by the City Council.

SECURITY AND SOURCE OF PAYMENT OF THE BONDS. . . The principal of and interest of the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property located within the City, as provided in the ordinance authorizing the Bonds (the “Ordinance”).

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of \$1.50 per \$100 Taxable Assessed Valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of the \$1.00 of the \$1.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance and based on a 90% collection rate.

OPTIONAL REDEMPTION OF THE BONDS . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on or after February 15, 2036, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of such Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION. . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption relating to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemptions of portions of the Bonds by the City 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 DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds within a maturity to be redeemed will not be governed by the Ordinance and will not be

conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to 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 DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption (see “THE BONDS – Book-Entry-Only System” herein).

DEFEASANCE . . . The Ordinance provides for the defeasance of the Bonds when payment of the principal of such Bonds, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment. The Ordinance provides that “Defeasance Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Bonds, which under current State law include the following: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable 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 are rated, on the date of their acquisition or purchase by the City, as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated, on the date of their acquisition or purchase by the City, as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or for any other Defeasance Securities will be maintained at any particular rating category.

Upon making such deposit in the manner described, such defeased Bonds shall no longer be deemed outstanding Bonds secured by the Ordinance, but will be payable only from the funds and Defeasance Securities deposited into escrow and will not be considered debt of the City for purposes of taxation or applying any limitation on the City’s ability to issue debt for any other purpose.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption, or take any other action amending the terms of the Bonds, are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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 DTC while the Bonds are registered in its nominee 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 Preliminary Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) 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 (3) DTC will serve and act in the manner described in this Preliminary Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the “SEC”), 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 registered 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 each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world’s largest securities 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 securities 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 of 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 Direct and Indirect Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through direct Participants, which will receive a credit for such purchases 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 or 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 interest 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 the Bonds, except in the event that use of the book-entry system described herein 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 nominee effect no 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 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 security 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 Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices relating to the Bonds 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 such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date (hereinafter defined). The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest 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 City 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 (nor its nominee), the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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 securities depository with respect to the Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

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

So long as Cede & Co. is the registered owner of the Bonds, the City will have no Bond or responsibility to the Direct Participants or Indirect Participants, or the persons for which they act as nominees, with respect to the payment to or providing of notice to such Direct Participants, Indirect Participants or the persons for which they act as nominees.

Use of Certain Terms in Other Sections of this Preliminary Official Statement. In reading this Preliminary Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Preliminary 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 applicable Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor or the Underwriter.

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar of the Bonds is The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar"). In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of such Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of the Bonds will be payable to the registered owner at maturity or prior redemption upon presentation and surrender at the principal office of the Paying Agent/Registrar. Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (see "THE BONDS – Record Date for Interest Payment" herein), and such interest shall be paid (i) by check sent by United States Mail, first class, postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and 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 when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made as described in "THE BONDS - Book-Entry-Only System" herein.

TRANSFER, EXCHANGE AND REGISTRATION. . . In the event the Book-Entry-Only System should be discontinued, printed Bond certificates will be delivered to the registered owners of the Bonds and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange shall 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 registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be of the same series, in denominations of \$5,000 or integral multiples thereof for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT. . . The record date (the "Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the month next preceding each interest payment date for the Bonds.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (the "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of

a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

MUTILATED, DESTROYED, LOST AND STOLEN BONDS. . . If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and substitution for any Bond which has been destroyed, stolen or lost, such new Bond will be delivered only (a) upon filing with the Paying Agent/Registrar evidence satisfactory to the Paying Agent/Registrar to the effect that such Bond has been destroyed, stolen or lost and authenticity of ownership thereof, and (b) upon furnishing the Paying Agent/Registrar with indemnity satisfactory to hold the City and the Paying Agent/Registrar harmless. The person requesting the authentication and delivery of a new Bond must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BONDHOLDERS' REMEDIES. . . The Ordinance establishes specific events of default with respect to the Bonds. If the City defaults in the payment of principal, interest or redemption price, as applicable, on the Bonds when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any registered owner to the City, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and rests with 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 Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, 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 Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (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 City's sovereign immunity from a suit for money damages, holders of the Bonds may not be able to bring such a suit against the City for breach of the covenants in the Bonds or in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151 through .160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities under certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods and services to cities.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson I*"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I*, *Wasson Interests LTD. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("*Wasson II*"), and together with *Wasson I* ("*Wasson*"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the State's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

As noted above, the Ordinance provides that holders of the Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the United States 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 holders of the Bonds of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce remedies 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 Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

AMENDMENTS ... The City may, without the consent of or notice to any Holders, from time to time and at any time, amend the Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency or formal defect or omission herein. In addition, the City may, with the consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition or rescission.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$498.6 million, \$253.4 million and \$245.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOND INSURANCE RISKS

BOND INSURANCE RISK FACTORS. . . In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the City which is recovered by the City from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the City (unless the Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Bonds will not be subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE BONDS – Bondholders' Remedies"). BAM may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Bondholders.

In the event BAM is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from ad valorem taxes levied, within the limited prescribed by law, as further described in "THE BONDS – Security and Source of Payment of the Bonds". In the event BAM becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of BAM and its claims-paying ability. BAM's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of BAM and of the ratings on the Bonds, whether or not subject to the Policy, will not be

subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) of the Bonds (see "OTHER INFORMATION – Rating").

The obligations of BAM under the Policy are general obligations of the BAM and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law. None of the City, the City's Financial Advisor or the Underwriter has made independent investigation into the claims-paying ability of any potential insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential insurer is given.

CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS . . . Moody's Investor Services, Inc., S&P and Fitch Ratings (collectively, the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Bonds. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Bonds and the claims-paying ability of any such bond insurer, particularly over the life of the Bonds.

TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY. . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Dallas Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5 million (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office; or (2) the sum of: (a) 20% of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026 (unless extended by Legislature), the Maximum Property Value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the Maximum Property Value.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "TAX INFORMATION – City and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS. . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

The governing body of a school district, municipality, or county that adopted an exemption described in (1), above, for the 2022 tax year may not reduce the amount of or repeal the exemption through December 31, 2027.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED. . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY. . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS. . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY. . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER. . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes, located in an area declared by the governor to be a disaster area following a disaster and is at least 15% damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15% to 100% based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code. Section 11.35 of the Property Tax Code was recently amended to clarify that “damage” is limited to physical damage.

TAX INCREMENT REINVESTMENT ZONES. . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment”. During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS. . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit,

in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions described above are applied by the City, see “TAX INFORMATION – City Application of Tax Code” herein.

CITY AND TAXPAYER REMEDIES. . . Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$61,349,201 for the 2025 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “TAX INFORMATION – Public Hearing and Maintenance and Operations Tax Rate Limitations”). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES. . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, 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 twenty percent (20%) if imposed by the City. 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 for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

CITY’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES. . . Taxes levied by the City are a personal obligation of the owner of the property. 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 each taxing unit, including the City, having power to tax the property. The City’s tax lien is on a parity with tax liens of such other taxing units. 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 City 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 City 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 City 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, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer’s debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS. . . The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“foregone revenue amount” means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate less the actual tax rate, then multiplied by the taxing unit’s current total value in the applicable preceding tax year.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the greater of (i) zero; or (ii) the sum of the foregone revenue amount for each of the tax years 2021 through 2023 divided by the current total value.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate”.

The City’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has posted notice prominently on the appraisal district’s website (if the appraisal district maintains a website) and the assessor for the city has prominently posted on the city’s website notice informing property owners of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase. The appraisal district is also required to post notice in a newspaper of general circulation by August 7 or as soon thereafter as practicable or if there is no newspaper of general circulation, the notice must be posted in the appraisal district’s office.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Bonds.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT. . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of one-percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to incur interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$30,000; the disabled are also granted an exemption of \$30,000.

The City has granted an additional exemption of 10% of the market value of residence homesteads; minimum exemption of \$5,000.

See "Table 1- Assessed Valuation and Exemption" for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and the Dallas County Tax Office collects taxes for the City.

The City does not permit split payments, and discounts are not allowed.

The City does not tax Freeport Property.

The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted a tax abatement policy.

TAX ABATEMENT POLICY. . . The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. No more than fifty percent (50%) of the increase in the value of the real property being developed shall be abated for more than five (5) years. No more than thirty percent (30%) of the increase in the value of the real property being developed shall be abated

for more than ten (10) years. Personal property investment of \$300,000 to \$500,000 shall be abated no more than fifteen percent (15%) of the taxable value for more than two (2) years or ten percent (10%) of the taxable value for three (3) years. Personal property investment of \$500,001 to \$1,000,000 shall be abated no more than three (3) years or fifteen percent (15%) of the taxable value for four (4) years. Personal property investment of \$1,000,001 and higher shall be abated no more than twenty-five percent (25%) of the taxable value for more than four (4) years or twenty percent (20%) of the taxable value for five (5) years.

TAX INCREMENT REINVESTMENT ZONE #1. . .The City of Hutchins designated Tax Increment Reinvestment Zone #1 ("TIRZ #1") on August 1, 2016. TIRZ #1 is set to expire on December 31, 2047 or at an earlier time as designated by City Council. TIRZ #1 will support the development of water and sanitary sewer services, as well as roads within TIRZ #1. As of September 30, 2023, TIRZ #1 had a fund balance of \$673,171.

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TABLE 1 - ASSESSED VALUATION AND EXEMPTION

2024/25 Market Valuation Established by Dallas Central Appraisal District (excluding totally exempt property)		\$ 2,181,869,160
Less Exemptions/Reductions at 100% Market Value:		
Capped Value Loss	\$ 52,287,203	
Homestead Exemption	11,084,580	
Over 65 Exemption	5,705,398	
Disabled Persons	1,047,520	
Disabled Veterans	3,131,846	
Abatements	250,126,356	
Pollution Control	225,300	
Freeport Exemption	176,338,247	
Totally Exempt	93,083,542	
Under 2500	66,430	
Agricultural Loss	40,714,261	633,810,683
2024/25 Taxable Assessed Valuation		\$ 1,548,058,477
General Obligation Debt Payable from Ad Valorem Taxes (as of 3/1/2025)	\$ 45,000,000	
The Bonds ⁽¹⁾	26,145,000	\$ 71,145,000
Less: General Obligation Self-Supporting Debt (as of 3/1/2025) ⁽²⁾		
Waterworks and Sewer System Supported General Obligation Debt		\$ 21,945,000
2024/25 Net General Obligation Debt Payable from Ad Valorem Taxes ⁽³⁾		\$ 49,200,000
Interest and Sinking Fund (as of 1/15/2025)		\$ 1,753,335
Ratio of Total Funded General Obligation Tax Debt to Taxable Assessed Valuation		2.91%
Ratio of Net Funded Debt to Taxable Assessed Valuation		3.18%
2025 Estimated Population - 6,500		
Per Capita Taxable Assessed Valuation - \$238,163		
Per Capita Total Funded Debt - \$6,923		
Per Capita Net Funded Debt - \$7,569		

(1) Preliminary, subject to change.

(2) General obligation debt in the amounts shown for which repayment is currently provided, as applicable, from Net Revenues of the System. In the event payment is not made from such revenues, the City will be required to assess an ad valorem tax sufficient to make such payments.

(3) Preliminary, subject to change. Includes the Bonds.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2025		2024		2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 277,343,370	12.71%	\$ 240,560,540	12.78%	\$ 162,489,630	10.72%
Real, Residential, Multi-Family	30,982,750	1.42%	27,838,310	1.48%	23,462,980	1.55%
Real, Vacant Lots/Tracts	66,215,470	3.03%	61,989,120	3.29%	55,162,650	3.64%
Real, Acreage (Land Only)	42,190,460	1.93%	50,414,110	2.68%	49,047,100	3.24%
Real, Farm and Ranch Improvements	445,930	0.02%	445,930	0.02%	445,930	0.03%
Real, Commercial	1,060,616,650	48.61%	757,929,870	40.25%	585,392,870	38.61%
Real, Industrial	18,186,700	0.83%	19,908,480	1.06%	19,876,260	1.31%
Real and Tangible Personal, Utilities	34,354,330	1.57%	31,494,080	1.67%	29,638,770	1.95%
Tangible Personal, Commercial	590,511,540	27.06%	637,454,230	33.85%	540,789,300	35.67%
Tangible Personal, Industrial	44,102,690	2.02%	45,941,220	2.44%	39,467,020	2.60%
Tangible Personal, Mobile Homes	4,823,450	0.22%	5,019,360	0.27%	4,257,290	0.28%
Special Inventory	12,095,820	0.55%	3,928,010	0.21%	6,024,350	0.40%
Total Appraised Value Before Exemptions	\$ 2,181,869,160	100.00%	\$ 1,882,923,260	100.00%	\$ 1,516,054,150	100.00%
Less: Total Exemptions/Reductions	(633,810,683)		(646,317,989)		(521,522,350)	
Taxable Assessed Value	<u>\$ 1,548,058,477</u>		<u>\$ 1,236,605,271</u>		<u>\$ 994,531,800</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2022		2021	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 128,626,880	10.88%	\$ 112,983,400	11.65%
Real, Residential, Multi-Family	19,328,500	1.64%	16,073,210	1.66%
Real, Vacant Lots/Tracts	48,023,580	4.06%	27,119,080	2.80%
Real, Acreage (Land Only)	46,526,410	3.94%	45,333,790	4.67%
Real, Farm and Ranch Improvements	-	0.00%	-	0.00%
Real, Commercial	438,923,190	37.13%	296,608,100	30.57%
Real, Industrial	17,994,450	1.52%	14,062,460	1.45%
Real and Tangible Personal, Utilities	28,312,420	2.40%	27,090,680	2.79%
Tangible Personal, Commercial	415,467,430	35.15%	393,991,430	40.61%
Tangible Personal, Industrial	34,092,490	2.88%	31,830,290	3.28%
Tangible Personal, Mobile Homes	4,234,570	0.36%	4,506,680	0.46%
Special Inventory	458,550	0.04%	618,660	0.06%
Total Appraised Value Before Exemptions	\$ 1,181,988,470	100.00%	\$ 970,217,780	100.00%
Less: Total Exemptions/Reductions	(365,855,245)		(318,449,569)	
Taxable Assessed Value	<u>\$ 816,133,225</u>		<u>\$ 651,768,211</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Dallas Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Debt Per Capita
2021	5,602	\$ 651,768,211	\$ 116,346	\$ 19,259,000	2.95%	\$ 3,438
2022	5,614	816,133,225	145,375	19,978,000	2.45%	3,559
2023	6,100	994,531,800	163,038	43,643,000	4.39%	7,155
2024	6,450	1,236,605,271	191,722	46,952,000	3.80%	7,279
2025	6,500	1,548,058,477	238,163	71,145,000 ⁽⁴⁾	4.60%	10,945

(1) Source: City officials.

(2) As reported by the Dallas Central Appraisal District on City's annual State Property Tax Board Reports. Subject to change during the ensuing year.

(3) Includes self-supporting debt paid by revenues from the waterworks and sewer system.

(4) Includes the Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Year Ended 9/30	Taxable Assessed Valuation	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2021	\$ 651,768,211	\$ 0.6825	\$ 0.4793	\$ 0.2032	\$ 4,448,051	121.17%	121.48%
2022	816,133,225	0.6825	0.5246	0.1579	5,569,775	97.97%	98.83%
2023	994,531,800	0.6559	0.4980	0.1579	6,523,144	99.84%	100.64%
2024	1,236,605,271	0.6301	0.4798	0.1503	7,791,627	99.15%	100.89%
2025	1,548,058,477	0.6301	0.4426	0.1875	9,754,038	87.07% ⁽¹⁾	88.78% ⁽¹⁾

(1) Collections as of January 2025.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2024/25 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
MPLD Cleveland 45 I LLC	Commercial BPP	\$ 63,090,800	4.08%
CFA Hutchins RE LLC	Warehouse	60,000,000	3.88%
PS Hutchins Phase Two LLC	Warehouse	58,679,790	3.79%
Duke Realty Ltd. Partnership	Distribution Center	44,406,380	2.87%
Duke Secured Financing 2009 UNM LLC	Finance	44,099,220	2.85%
FeedEX Ground Package Systems Inc	Commercial BPP	42,203,140	2.73%
IAC Wintergreen Vanderbuilt LLC	Commercial BPP	37,366,332	2.41%
SB Hutchins LLC	Warehouse	37,112,730	2.40%
Georgia Pacific Consumer Products LP	Distribution Center	36,818,831	2.38%
CIVF VI TX1B01 LLC	Commercial Land	33,204,430	2.14%
		<u>\$ 456,981,653</u>	<u>29.52%</u>

Source: Dallas Central Appraisal District.

TAX VALUE CONCENTRATION . . . As shown in Table 5 above, the top ten taxpayers in the City currently account for approximately 29.52% of the City's tax base. Adverse developments in economic conditions, especially in shipping/courier and real estate industry, could adversely impact some of the largest taxpayers and the tax values in the City, resulting in less local tax revenue. The City does not make any representations as to any future trend with respect to such businesses. If any major taxpayer were to default in the payment of taxes, the ability of the City to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, which can only occur annually, or, perhaps, to sell tax anticipation notes until such amounts could be collected, if ever. See "THE BONDS – Bondholders' Remedies" and "TAX INFORMATION" in this Official Statement.

GENERAL OBLIGATION DEBT LIMITATION. . . No general obligation debt limitation is imposed on the City under current State law (see "THE BONDS – Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY

Net Principal and Interest Requirements, 2025	\$ 2,263,111
\$0.14918 Tax Rate at 98% Collection Produces	\$ 2,263,206
Net Average Annual Principal and Interest Requirements, 2025-2045	\$ 3,663,306 ⁽¹⁾
\$0.24147 Tax Rate at 98% Collection Produces	\$ 3,663,335
Net Maximum Annual Principal and Interest Requirements, 2031	\$ 4,936,617 ⁽¹⁾
\$0.32540 Tax Rate at 98% Collection Produces	\$ 4,936,635

(1) Includes the Bonds. Preliminary, subject to change.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2024/2025 Taxable Assessed Value ⁽¹⁾	2025 Tax Rate ⁽¹⁾	Total G.O. Tax Debt As of 3/1/2025 ⁽¹⁾	Estimated % Applicable ⁽¹⁾	City's Overlapping G.O. Tax Debt as of 3/1/2025
City of Hutchins	\$ 1,548,058,477	\$ 0.6301	\$ 71,145,000 ⁽²⁾	100.00%	\$ 71,145,000 ⁽²⁾
Dallas County	412,792,494,091	0.2155	198,645,000	0.39%	774,716
Dallas County Hospital	414,014,886,764	0.2120	527,660,000	0.39%	2,057,874
Dallas County CCD	423,071,753,336	0.1056	318,675,000	0.39%	1,242,833
Dallas ISD	194,055,575,689	0.9972	4,064,130,000	0.77%	31,293,801
Lancaster ISD	6,052,167,864	1.2244	162,602,531	2.48%	4,032,543
Total Direct and Overlapping G. O. Tax Debt					\$ 110,546,766
Ratio of Direct and Overlapping G. O. Tax Debt to 2024/25 Taxable Assessed Valuation					7.14%
Per Capita Overlapping G. O. Tax Debt					\$ 17,007

(1) As reported by the Municipal Advisory Council of Texas.

(2) Includes self-supporting debt. Includes the Bonds. Preliminary, subject to change.

DEBT INFORMATION

TABLE 8 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending	Outstanding Debt Service			The Bonds ⁽¹⁾			Less: W&S Revenue Supporting	Less: HEDC Supported	Net General Obligation	% of Principal
9/30	Principal	Interest	Total	Principal	Interest	Total	Debt Service	Debt Service	Debt Service	Retired
2025	\$ 1,952,000	\$ 1,895,686	\$ 3,847,686	\$ -	\$ -	\$ -	\$ 1,446,875	\$ 137,700	\$ 2,263,111	
2026	2,157,000	1,763,608	3,920,608	-	1,797,469	1,797,469	1,444,697	-	4,273,380	
2027	2,469,000	1,675,061	4,144,061	-	1,307,250	1,307,250	1,444,269	-	4,007,042	
2028	2,796,000	1,573,037	4,369,037	215,000	1,301,875	1,516,875	1,445,169	-	4,440,743	
2029	3,052,000	1,462,468	4,514,468	280,000	1,289,500	1,569,500	1,444,644	-	4,639,324	17.68%
2030	3,334,000	1,341,479	4,675,479	275,000	1,275,625	1,550,625	1,445,494	-	4,780,610	
2031	3,637,000	1,196,211	4,833,211	285,000	1,261,625	1,546,625	1,443,219	-	4,936,617	
2032	1,365,000	1,086,519	2,451,519	1,165,000	1,225,375	2,390,375	1,445,044	-	3,396,850	
2033	1,430,000	1,024,369	2,454,369	1,225,000	1,165,625	2,390,625	1,444,019	-	3,400,975	
2034	1,500,000	957,519	2,457,519	1,285,000	1,102,875	2,387,875	1,445,044	-	3,400,350	38.88%
2035	1,570,000	887,369	2,457,369	1,350,000	1,037,000	2,387,000	1,444,519	-	3,399,850	
2036	1,645,000	814,872	2,459,872	1,415,000	967,875	2,382,875	1,443,522	-	3,399,225	
2037	1,710,000	744,019	2,454,019	1,490,000	895,250	2,385,250	1,442,019	-	3,397,250	
2038	1,785,000	672,813	2,457,813	1,565,000	818,875	2,383,875	1,442,713	-	3,398,975	
2039	1,855,000	600,613	2,455,613	1,650,000	738,500	2,388,500	1,443,713	-	3,400,400	60.82%
2040	1,925,000	529,713	2,454,713	1,735,000	653,875	2,388,875	1,442,313	-	3,401,275	
2041	2,005,000	456,888	2,461,888	1,815,000	565,125	2,380,125	1,445,488	-	3,396,525	
2042	2,075,000	381,213	2,456,213	1,915,000	471,875	2,386,875	1,442,313	-	3,400,775	
2043	2,155,000	302,688	2,457,688	2,010,000	373,750	2,383,750	1,442,788	-	3,398,650	
2044	1,205,000	241,263	1,446,263	3,155,000	244,625	3,399,625	1,446,263	-	3,399,625	88.17%
2045	1,250,000	194,081	1,444,081	3,315,000	82,875	3,397,875	1,444,081	-	3,397,875	
2046	1,305,000	141,384	1,446,384	-	-	-	1,446,384	-	-	
2047	1,360,000	86,419	1,446,419	-	-	-	1,446,419	-	-	
2048	1,415,000	29,184	1,444,184	-	-	-	1,444,184	-	-	100.00%
	<u>\$ 46,952,000</u>	<u>\$ 20,058,471</u>	<u>\$ 67,010,471</u>	<u>\$ 26,145,000</u>	<u>\$ 18,576,844</u>	<u>\$ 44,721,844</u>	<u>\$ 34,665,188</u>	<u>\$ 137,700</u>	<u>\$ 73,531,552</u>	

(1) Preliminary, subject to change.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/25 ⁽¹⁾		\$ 2,263,111
Interest and Sinking Fund, Fiscal Year Ending 9/30/24 ⁽²⁾	\$ 695,975	
Budgeted Interest and Sinking Fund Tax Collection	<u>2,935,393</u>	<u>3,631,368</u>
Estimated Balance, Fiscal Year Ending 9/30/25		<u><u>\$ 1,368,257</u></u>

(1) Includes the Bonds. Preliminary; subject to change.

(2) Unaudited.

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Authorized Amount	Amount Previously Issued	Amount Being Issued	Unissued Balance
Recreation Center & Library	11/5/2024	<u>\$ 28,000,000</u>	<u>\$ -</u>	<u>\$ 28,000,000</u>	<u>\$ -</u>

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT

The City does not anticipate issuing any tax supported debt obligations within the next twelve months.

TABLE 11 - OTHER OBLIGATIONS

At this time the City has no other obligations.

PENSION FUND. . . The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 919 currently administered by TMRS, an agent multiple-employer public employee retirement system. For more information about the City's retirement plan, refer to Appendix B "Excerpts of City of Hutchins, Texas Annual Financial Report as of Fiscal Year Ended September 30, 2023," Note 5, Section C.

OTHER POST-EMPLOYMENT BENEFITS . . . GASB released the Statement of General Accounting Standards No. 75 ("GASB 75"), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB"), in June 2015. GASB 75 sets forth standards for the measurement, recognition and display of post-employment benefits, other than pensions, such as health and life insurance for current and future retirees. Those subject to this pronouncement are required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting over the working lifetime of the employees; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, the future costs of those benefits have been funded; and (iii) provide information useful in assessing potential demands on the employer's future cash flows. The employer's contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in a net OPEB cost, which under GASB 75 will be required to be recorded as a liability in the employer's financial statements.

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cites may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

As a result of its participation in TMRS and having no other post-employment benefit plans, the City has no obligations for other post-employment benefits within the meaning of GASB 75 and therefore the City has not been required to implement GASB 75.

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FINANCIAL INFORMATION

TABLE 12 - GENERAL FUND REVENUE AND EXPENDITURE HISTORY

	Fiscal Years Ended September 30,				
	2023	2022	2021	2020	2019
<u>Revenues:</u>					
Property Taxes	\$ 4,594,135	\$ 3,801,992	\$ 3,081,478	\$ 2,576,433	\$ 2,172,782
Sales Tax	4,445,018	4,039,052	3,387,433	2,207,656	2,159,046
Franchise Tax	607,888	535,540	513,022	543,762	525,725
Licenses, Permits and Fees	1,726,363	1,482,962	385,083	421,732	360,885
Fines and Forfeitures	193,703	165,554	161,143	97,675	208,766
Charges for Current Services	143,728	306,879	422,685	410,553	336,072
Revenues from Use of Money and Property	-	-	3,442	10,618	20,360
Other	828,321	134,477	134,882	166,168	152,207
Intergovernmental	260,852	367,069	537,454	824,707	568,133
Total Revenues	<u>\$ 12,800,008</u>	<u>\$ 10,833,525</u>	<u>\$ 8,626,622</u>	<u>\$ 7,259,304</u>	<u>\$ 6,503,976</u>
<u>Expenditures:</u>					
General Government	\$ 2,075,686	\$ 1,553,840	\$ 1,424,364	\$ 1,344,784	\$ 1,304,843
Cultural and Recreational	162,876	127,922	139,513	135,161	138,760
Public Safety	6,127,008	5,377,064	5,023,871	4,596,304	4,699,315
Public Works	1,479,706	870,996	798,971	834,485	733,358
Municipal Court	23,310	27,873	-	-	-
Other	98,031	60,309	-	-	-
Principal Retirement	-	-	-	110,000	105,000
Interest and Fiscal Changes	-	-	-	25,100	29,075
Bond Issuance costs	-	-	58,935	-	16,934
Capital Outlay	462,036	245,663	1,321,750	-	-
Total Expenditures	<u>\$ 10,428,653</u>	<u>\$ 8,263,667</u>	<u>\$ 8,767,404</u>	<u>\$ 7,045,834</u>	<u>\$ 7,027,285</u>
Excess(deficiency) of Revenues Over Expenditures	<u>\$ 2,371,355</u>	<u>\$ 2,569,858</u>	<u>\$ (140,782)</u>	<u>\$ 213,470</u>	<u>\$ (523,309)</u>
<u>Other Financing Sources (Uses)</u>					
Bond Proceeds	\$ -	\$ -	\$ 295,000	\$ -	\$ 846,426
Insurance Proceeds	26,147	51,410	62,089	12,661	93,203
Transfers In	735,875	248,899	299,637	1,153	10,852
Transfers Out	-	-	(115,000)	-	(70,175)
Total other Financing Sources (uses)	<u>\$ 762,022</u>	<u>\$ 300,309</u>	<u>\$ 541,726</u>	<u>\$ 13,814</u>	<u>\$ 880,306</u>
Net Change in Fund Balances	\$ 3,133,377	\$ 2,870,167	\$ 400,944	\$ 227,284	\$ 356,997
Fund Balances at Beginning of Year	<u>6,381,290 ⁽¹⁾</u>	<u>3,308,810</u>	<u>2,907,866 ⁽¹⁾</u>	<u>3,061,067</u>	<u>2,704,070</u>
Fund Balances at End of Year	<u>\$ 9,514,667</u>	<u>\$ 6,178,977</u>	<u>\$ 3,308,810</u>	<u>\$ 3,288,351</u>	<u>\$ 3,061,067</u>

(1) Restated.

TABLE 13 - CONDENSED UTILITY FUND REVENUES AND EXPENDITURES HISTORY

Fiscal Year Ended September 30,					
	2023	2022	2021	2020	2019
Operating revenues:					
Water	\$ 3,086,862	\$ 2,521,920	\$ 2,299,066	\$ 2,070,804	\$ 2,732,359
Sewer	1,934,727	1,750,609	1,582,930	1,152,692	1,121,045
State Jail Water and Sewer	-	-	-	743,624	787,083
Penalties	153,341	149,352	72,356	76,350	69,905
Impact and Tap Fees	-	-	-	8,000	6,000
Miscellaneous	97,450	86,122	259,715	74,990	92,000
Total Operating Revenues	<u>\$ 5,272,380</u>	<u>\$ 4,508,003</u>	<u>\$ 4,214,067</u>	<u>\$ 4,126,460</u>	<u>\$ 4,808,392</u>
Operating expenses:					
Personnel Services	\$ 317,798	\$ 202,870	\$ 249,265	\$ 261,614	\$ 217,788
Supplies	146,503	122,079	308,109	56,035	62,124
Contractual Services	2,200,877	2,149,760	1,845,329	1,824,441	1,581,398
Garbage Collection	-	-	-	-	-
Utilities	96,712	71,965	-	70,920	88,501
Other Services	69,332	158,294	-	105,168	104,644
Repairs and Maintenance	95,203	135,780	-	187,662	213,466
Total Operating Expenses	<u>\$ 2,926,425</u>	<u>\$ 2,840,748</u>	<u>\$ 2,402,703</u>	<u>\$ 2,505,840</u>	<u>\$ 2,267,921</u>
Nonoperating revenue:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	827,702	48,589	3,564	27,467	57,174
Total Nonoperating Revenues	<u>827,702</u>	<u>48,589</u>	<u>3,564</u>	<u>27,467</u>	<u>57,174</u>
Net Revenue Available for Debt Service	<u>\$ 3,173,657</u>	<u>\$ 1,715,844</u>	<u>\$ 1,814,928</u>	<u>\$ 1,648,087</u>	<u>\$ 2,597,645</u>

TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Collections and enforcements are effected through the offices of the State Comptroller of Public Accounts, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	1 Cent City Sales Tax Collections	1/2 Cent Property Tax Reduction Sales Tax Collections	1/2 Cent EDC Sales Tax Collections	Total Collected	Total Collections as a % of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2021	\$ 2,135,353	\$ 1,067,676	\$ 1,067,676	\$ 4,270,705	96.01%	0.6552
2022	2,582,570	1,291,285	1,291,285	5,165,140	92.74%	0.6329
2023	2,990,709	1,495,355	1,495,355	5,981,418	91.70%	0.6014
2024	2,841,580	1,420,790	1,420,790	5,683,159	72.94%	0.4596
2025	1,040,926 ⁽¹⁾	520,463	520,463	2,081,853	21.34%	0.1345

(1) Unaudited. Partial collections through January 2025. As reported by the Texas Comptroller of Public Accounts.

The sales tax breakdown for the City is as follows:

Hutchins Economic Development Corporation	½¢
Property Tax Reduction	½¢
City Sales and Use Tax	1¢
State Sales & Use Tax	6¼¢
TOTAL	8¼¢

FINANCIAL POLICIES

Basis of Accounting . . . The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred. Interest on long term debt is recorded when due.

Ad valorem and sales tax revenues are recognized under the susceptible to accrual concept. Licenses and permits, franchise taxes, charges for services, fines and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned because they are measurable and available.

The accrual basis of accounting is utilized by proprietary funds.

Budgetary Procedures . . . The City Council follows these procedures in establishing budgetary data reflected in the financial statements:

- (1) Prior to September 1, the Finance Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- (4) The finance office is authorized to transfer budgeted amounts within a category in a department. Transfers between categories or between departments require Council approval.
- (5) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Fund and Debt Service Fund. Budgetary control is maintained at the function level.
- (6) Budgets for the General, Special Revenue, and Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- (7) Budgetary data for the Capital Projects Funds are not presented in combined financial statements of the City as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Funds is not employed and comparison of actual results of operations to budgetary data for such fund is not presented.

Fund Investments . . . The City's investment policy parallels the State laws which govern the investment of public funds. The City generally restricts investments to direct obligations of the United States Government, governmental agencies, and to insured or collateralized bank certificates of deposit.

INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS...Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the federal Home Loan Banks; (2) direct obligations of the State 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 are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (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) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or

more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) 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 (8) 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 (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (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; and (iv) the agreement to lend securities has a term of one year or less, (12) 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, (13) 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, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. 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 in the next succeeding paragraph.

The City 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-m or an equivalent by at least one nationally recognized rating service. The City 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.

INVESTMENT POLICIES. . . Under State law, the City 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 includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City 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 State law, City 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 investment officers of the City shall submit an investment report detailing: (1)

the investment position of the City on the date of the report, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value, and the fully accrued interest 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 strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under State law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio and requires an interpretation of subjective investment standards) and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the City's designated Investment Officer; (7) 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 purchase agreement; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 15 - CURRENT INVESTMENTS

As of January 15, 2025, the City's investable funds were invested in the following categories:

Description	Market Value	% Total
TexPool	\$ 3,378,207	6.24%
TexSTAR	13,177,347	24.33%
Texas Class	37,601,149	69.43%
	<u>\$ 54,156,703</u>	<u>100.00%</u>

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

In the opinion of Jackson Walker LLP, Special Tax Counsel to the City ("Special Tax Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Special Tax Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Special Tax Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. The proposed form of opinion of Special Tax Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Special Tax Counsel assumes the accuracy of these representations and compliance with these covenants. Special Tax Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Tax Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of or the tax status of interest on the Bonds. Accordingly, the opinion of Special Tax Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Tax Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Special Tax Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Tax Counsel expresses no opinion.

The opinion of Special Tax Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Tax Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Special Tax Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the “MSRB”). The MSRB has established the Electronic Municipal Market Access (“EMMA”) system to make such continuing disclosure available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

ANNUAL REPORTS . . . The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year (beginning with the fiscal year ending September 30, 2024) financial information and operating data with respect to the City of the general type in Tables 1 through 6 and 8 through 15 hereof and (2) if not provided as part of such financial information and operating data in item (1), audited financial statements of the City within 12 months after the end of each fiscal year ending in or after 2024. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for such fiscal year when and if the audit report on such statements becomes available. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B hereof and audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s internet website or filed with the SEC as permitted by the Rule. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

The City's current fiscal year end is September 30. Accordingly, unless the City changes its fiscal year it must provide updated financial information and operating data by March 31 in each year and provide its audited financial statements (or unaudited financial statements if audited financial statements are not available) by September 30. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS....The City will also provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, 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 5702-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 holders 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 City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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; and (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material, (15) incurrence of a Financial Bond (as defined below) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, 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 City, any of which reflect financial difficulties. In addition, the City will provide to the MSRB, in a timely manner, notice of any failure by the City to provide the required annual financial information described above under "Annual Reports" and any notices of events in accordance with this section.

For these purposes, (a) any event described in (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 City 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 City, 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 City. "Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. Additionally, the City intends the words used in clauses (15) and (16) of the preceding paragraph and the definition of "financial obligation" in these clauses to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION....The City has agreed to provide the foregoing financial and operating information only as described above. Investors may access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS....The City has agreed to update information and to provide notices of material events only as described above. The City 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 City 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 City 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 holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement. The City may amend its continuing disclosure agreement 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 City, if (i) the agreement, as amended, would have permitted an Underwriter of the Bonds to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the respective outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions 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 of the Bonds from lawfully purchasing or selling Bonds in the primary

offering of the Bonds. If the City so amends its continuing disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS. . . . During the last five years, the City has filed certain unaudited financial information and operating data within six months of its fiscal year end as required by its prior undertakings under the Rule. The City's continuing disclosure undertaking related to the City's Combination Tax and Revenue Certificates of Obligation, Series 2010 required filing the City's audited or unaudited financial statements within six months after the end of each fiscal year (subsequent continuing disclosure undertakings of the City have required the filing of such information within twelve months of the City's fiscal year end or, if not available by such time, when and if available). The City filed audited financial statements for the fiscal years ending in 2019, 2020, 2021, 2022, and 2023, on June 4, 2020, May 28, 2021, August 30, 2022, May 17, 2023, and November 5, 2024, respectively.

OTHER INFORMATION

RATINGS

The Bonds are expected to be rated "AA" (stable outlook) by S&P Global Ratings, a division of S&P Global, Inc. ("S&P") by virtue of a municipal bond insurance policy to be issued by BAM upon delivery of the Bonds to the Underwriter. The Bonds have an underlying rating of "AA-"(stable outlook) by S&P. The rating reflects only the views of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of said company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for 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 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 provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency (see "OTHER INFORMATION - Rating" herein). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Bonds for such purposes.

LEGAL OPINIONS AND NO LITIGATION CERTIFICATE

The City will furnish to the Underwriter a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the

effect that the Bonds are valid and legally binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City, and the approving legal opinion of West & Associates, L.L.P., Bond Counsel, to like effect. The City will also furnish an opinion of Special Tax Counsel to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds will also be furnished. The form of Bond Counsel's opinion is attached hereto as Appendix C. The legal fees to be paid Bond and Special Tax Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. The legal opinions of Bond and Special Tax Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas. Bond Counsel was engaged by, and only represents, the City. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions "PLAN OF FINANCING", (except under the subcaptions "Sources and Uses of Fund"), "THE BONDS" (except under the subcaptions "Book-Entry-Only System," and "Bondholders' Remedies"), "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance With Prior Undertakings") and the subcaptions "Legal Opinions and No Litigation Certificate" (except for the last two sentences of the first paragraph thereof), "Registration and Qualification of Bonds for Sale" and "Legal Investments and Eligibility to Secure Public Funds In Texas," under the caption "OTHER INFORMATION" and such firm is of the opinion that the information relating to the Bonds and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Ordinance. Special Tax Counsel was not requested to participate, and did not take part, in the preparation of this Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Special Tax Counsel, such firm has reviewed the information under the captions "TAX MATTERS" in this Official Statement, and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such caption is an accurate and fair description of the laws and legal issues addressed therein.

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.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

2021 AUDIT

In connection with the preparation of the City's audited financial statement for the fiscal year ending 2021, the City's auditors identified a number of material weaknesses and one significant deficiency with respect to the City's internal controls. The City is undertaking corrective action to correct these deficiencies in accordance with the auditors' recommendations. The City's auditors did not review this Official Statement. In addition, the City did not request the consent of the independent auditors to append to this Official Statement the general purpose financial statements of the issuer for fiscal year 2021 and the related opinion of the independent auditors. Accordingly, the independent auditors did not perform any procedures relating to any of the information in this Official Statement.

FINANCIAL ADVISOR

HilltopSecurities is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Preliminary Official Statement. The Financial Advisor has reviewed the information in this Preliminary Official Statement in accordance with, and as part of, its responsibilities to the City 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.

CYBERSECURITY

The City's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. While the City continually assesses and monitors its cybersecurity risks, the City has been (and may be in the future) subject to cyber-attacks from time to time. In response to such assessments and monitoring, the City takes actions it deems appropriate in response to cybersecurity risks, including, but not limited to, implementing cybersecurity training programs, obtaining technology improvements to mitigate cybersecurity risks, and taking other similar measures. To date, the City has not been the victim of any cyber-attack that has had a material adverse effect on its operations or financial condition. However, no assurance can be given that the City will fully prevent or successfully remediate the operational and/or financial impact and cybersecurity incursions or incidents arising from events wholly or partially beyond the City's control, including electrical telecommunications outages, natural disasters or cyber-attacks initiated by criminal activities of individuals or organizations. Any such occurrence could materially and adversely affect the City's operations and/or financial condition.

UNDERWRITER

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City, at a price equal to the initial offering prices to the public, as shown on page 2 hereof, less an underwriting discount of \$ _____. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are not purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Preliminary Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City'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 Preliminary Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included 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 third 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 many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Preliminary Official Statement will prove to be accurate.

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects. The Ordinance authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriter of the Bonds.

Mayor
City of Hutchins, Texas

ATTEST:

City Secretary
City of Hutchins, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

The City of Hutchins, Texas (the "City") is a suburban community located south of and adjacent to the City of Dallas on Interstate 45. Located 12 minutes south of downtown Dallas, Hutchins is served extensively by ground, air and rail. Both Interstate 20 and Interstate 45 serve Hutchins and Interstate 35 is just minutes away. Union Pacific Railroad, with its 360-acre state-of-art intermodal facility, runs through the City along Interstate 45. A second intermodal facility located adjacent to the City's west boundary and operated by BNSF is planned. Hutchins is just minutes away from Lancaster Municipal Airport. Hutchins is also less than a 40 minute drive from Dallas-Fort Worth International and Dallas Love Field Airports. Hutchins has an estimated population of 6,500. Additionally, over 55,000 residents live within a 10-minute drive of City Hall. Hutchins is home to one of the largest FedEx Ground facilities in the U.S., the Union Pacific Intermodal and the Dallas Logistics Hub. Hutchins boasts two parks, a community center and a library. With ongoing growth, the proximity to downtown Dallas, commercial, retail, industrial, and a host of other economic sectors will continue to expand in the region. Below is a listing of some of the major employers in Hutchins.

Employer	Nature of Business	Number of Employees
FedEx Ground	Shipping & Logistics	1300
Georgia Pacific	Paper Manufacturing	1300
Hutchins State Jail	Correctional Facilities	429
Chick-fil-A	Supply Distribution Center	325
SIGNACAST	Steel Investment Foundries	250
KTN Dallas Logistics Terminal	Plastics Manufacturing	250
Union Pacific Railroad Dallas Intermodal Terminal	Railroad Terminals	200
Republic Services	Other Waste Collection	200
Dallas County Sheriff Southeast Patrol Office	Sheriff's Office	164
Shipper Warehouse 2	Third Party Logistics	120
Taylor Communications	Manifold Business Forms Printing	100
Trinity Utility Service, Inc.	Specialty Trade Controls	100
Shipper Warehouse	Third Party Logistics	100
Cary Products	Plastics Products Manufacturing	90
City of Hutchins	General Public Administration	93
Brock's Board Packaging	Materials Manufacturing	50
Texas Department of Transportation	Transportation Administration	50
Biagi Warehousing Inc.	Beverage Distribution	50
Eagle National Steel	Metal Merchant Wholesale	45

Source: Hutchins Economic Development Corporation, Major Business list.

EDUCATION

The Dallas Independent School District serves the City with facilities consisting of five elementary schools, two middle/junior high schools and two high schools.

Higher education facilities located within a 35 mile radius of the City include Southern Methodist University, University of North Texas at Dallas, Texas Christian University, University of Dallas, University of Texas at Arlington, University of Texas at Dallas, Dallas Baptist University, Dallas County Community College District, and Paul Quinn College.

THE COUNTY

Dallas County is a national center for insurance, banking, transportation, electronics, data processing, conventions and trade shows. More than 3,000 manufacturing plants produce goods such as building materials, apparel, food, aviation equipment, oil fields supplies and silicon products. The principal sources of agricultural income are sorghum, wheat, hay, vegetables and livestock.

EMPLOYMENT

Sample employment statistics for Dallas County are as follows:

	2024 ⁽¹⁾	2023	2022	2021	2020
Labor Force	1,511,979	1,461,604	1,421,836	1,373,693	1,329,323
Employed	1,458,289	1,405,512	1,368,400	1,297,412	1,225,658
Unemployed	53,690	56,092	53,436	76,281	103,665
Unemployment Rate	3.6%	3.8%	3.8%	5.6%	7.8%

(1) As of December 2024.

Source: U.S. Bureau of Labor Statistics.

APPENDIX B

EXCERPTS FROM THE
CITY OF HUTCHINS, TEXAS
ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2023

The information contained in this Appendix consists of excerpts from the City of Hutchins, Texas, Annual Financial Report for the Fiscal Year Ended September 30, 2023 (the "Report"), and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

APPENDIX D

FORM OF SPECIAL TAX COUNSEL'S OPINION

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY