



HilltopSecurities
Investment Banking Solutions



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City of Hutchins, Texas

General Obligation Bonds, Series 2025

Funding of Recreation Center & Library



On November 5, 2024, the City of Hutchins voters approved a total of \$28,000,000 to fund a Recreation Center & Library (“the Projects”)

- **The City’s goal is to fund Projects included in the successful November 2024 bond referendum**
- **The City has the legal authority to issue General Obligation Bonds, Series 2025 (the “Bonds”) to fund the Projects**
- **The repayment source for the Bonds would be a continuing ad valorem tax levied against all taxable property within the City**
- **There would be no projected tax rate increase with the issuance of the Bonds**

Debt Assumptions and Constraints



- **Debt Instrument:** General Obligation Bonds, Series 2025
- **Repayment Source:** City's Debt Service (I&S) Property Tax Rate Revenues
- **Amortization/Repayment Period:** 20 Years
- **Budgeted All-in True Interest Cost:** 4.70%⁽¹⁾
- **S&P Credit Rating:** "AA-" Existing Credit Rating and "AA" Insurance if beneficial
- **Tax Rate Impact:** No impact to City's existing debt tax rate is expected with the proposed debt issuance
 - ✓ **Growth Assumptions:** Certified totals from the Dallas CAD indicate **25%** of growth in City's tax base for FYE 2025. Conservative growth assumptions utilized thereafter for illustration purposes.
 - ✓ **New Debt Structure:** New debt would be structured around existing debt service to minimize budgetary impact to the City
 - ✓ **Funds on Hand:** Assumes use of existing debt service funds. The estimated FYE 2025 balance is \$1,144,803

(1) Assumes "AA-" Rated Interest Rates + 0.25% as of January 22, 2025. **Subject to Change at Anytime.**

Historical Taxable Assessed Values



City of Hutchins, Texas Taxable Assessed Value

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

Footnotes:

1) Black - actual value

Preliminary Sources & Uses of Funds



Sources of Funds	
Par Amount	\$25,560,000
<u>Premium</u>	<u>3,198,259</u>
Total Sources	\$28,758,259

Uses of Funds	
Recreation Center & Library	\$28,000,000
Budgeted Financing Costs	461,170
Underwriter's Discount	204,480
<u>Bond Insurance</u>	<u>92,609</u>
Total Uses	\$28,758,259

Preliminary Cash Flows



A	B	C	D	E	F	G	H	I	J	K	L	M
Fiscal Year Ending 30-Sep	Annual Tax Base Growth %	Taxable Assessed Valuation \$	Existing I&S Tax Supported Debt Service	General Obligation Bonds, Series 2025 All-in True Interest Cost = 4.70% ⁽³⁾	Principal	Interest	Total D/S	Projected Total I&S Tax Supported Debt Service	Less: Debt Service Funds on Hand ⁽⁴⁾	Projected TOTAL I&S Tax Supported Debt Service	Projected Debt Service I&S Tax Rate Equivalent ⁽⁵⁾	Variance from Current I&S Tax Rate \$0.1875
2025	25.19%	\$311,453,206	\$1,548,058,477 ⁽¹⁾	\$2,263,111	\$0	\$0	\$0	\$2,263,111	\$0	\$2,263,111	\$0.1875	\$0.0000
2026	19.00%	294,192,746	1,842,251,223 ⁽²⁾	2,475,911	0	1,971,819	1,971,819	4,447,730	993,766	3,453,964	0.1875	0.0000
2027	19.00%	350,101,081	2,192,352,304 ⁽²⁾	2,699,792	0	1,434,050	1,434,050	4,133,842	23,488	4,110,354	0.1875	0.0000
2028	9.50%	208,317,113	2,400,669,417 ⁽²⁾	2,923,868	140,000	1,430,375	1,570,375	4,494,243	0	4,494,243	0.1872	-0.0003
2029	4.75%	114,055,693	2,514,725,110 ⁽²⁾	3,069,824	220,000	1,420,925	1,640,925	4,710,749	0	4,710,749	0.1873	-0.0002
2030	4.75%	119,474,473	2,634,199,583	3,229,985	295,000	1,407,406	1,702,406	4,932,391	0	4,932,391	0.1872	-0.0002
2031	4.75%	125,150,700	2,759,350,283	3,389,992	385,000	1,389,556	1,774,556	5,164,548	0	5,164,548	0.1872	-0.0003
2032	0.00%	0	2,759,350,283	1,006,475	1,095,000	1,350,706	2,445,706	3,452,181	0	3,452,181	0.1251	-0.0624
2033	0.00%	0	2,759,350,283	1,010,350	1,155,000	1,291,644	2,446,644	3,456,994	0	3,456,994	0.1253	-0.0622
2034	0.00%	0	2,759,350,283	1,012,475	1,215,000	1,229,431	2,444,431	3,456,906	0	3,456,906	0.1253	-0.0622
2035	0.00%	0	2,759,350,283	1,012,850	1,280,000	1,163,938	2,443,938	3,456,788	0	3,456,788	0.1253	-0.0622
2036	0.00%	0	2,759,350,283	1,016,350	1,345,000	1,095,031	2,440,031	3,456,381	0	3,456,381	0.1253	-0.0622
2037	0.00%	0	2,759,350,283	1,012,000	1,425,000	1,018,756	2,443,756	3,455,756	0	3,455,756	0.1252	-0.0622
2038	0.00%	0	2,759,350,283	1,015,100	1,505,000	934,519	2,439,519	3,454,619	0	3,454,619	0.1252	-0.0623
2039	0.00%	0	2,759,350,283	1,011,900	1,595,000	845,394	2,440,394	3,452,294	0	3,452,294	0.1251	-0.0624
2040	0.00%	0	2,759,350,283	1,012,400	1,690,000	750,950	2,440,950	3,453,350	0	3,453,350	0.1252	-0.0623
2041	0.00%	0	2,759,350,283	1,016,400	1,785,000	651,044	2,436,044	3,452,444	0	3,452,444	0.1251	-0.0624
2042	0.00%	0	2,759,350,283	1,013,900	1,895,000	545,244	2,440,244	3,454,144	0	3,454,144	0.1252	-0.0623
2043	0.00%	0	2,759,350,283	1,014,900	2,005,000	433,119	2,438,119	3,453,019	0	3,453,019	0.1251	-0.0623
2044	0.00%	0	2,759,350,283	0	3,170,000	284,338	3,454,338	3,454,338	0	3,454,338	0.1252	-0.0623
2045	0.00%	0	2,759,350,283	0	3,360,000	96,600	3,456,600	3,456,600	0	3,456,600	0.1253	-0.0622
				\$32,207,584	\$25,560,000	\$20,744,844	\$46,304,844	\$78,512,427	\$1,017,254	\$77,495,173		

- Notes:**
- (1) Certified Values for Fiscal Year 2025 as reported by DCAD.
- (2) Fiscal Year 2026-2031 growth for purposes of illustration only.
- (3) Assumes "AA" Tax-exempt Interest Rates as of January 22, 2025 + 0.25%. Subject to change.
- (4) Assumes use of existing debt service funds. The estimated FYE 2025 balance is \$1,144,803.
- (5) Actual tax rate for fiscal year 2025. Calculated thereafter.

Proposed Schedule of Events



CITY OF HUTCHINS, TEXAS

General Obligation Bonds, Series 2025

Proposed Schedule of Events

Regular City Council meetings scheduled the first and third Monday of each month at 6:30 p.m.

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

Holiday

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

Holiday

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

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

Date

Event

Monday, 02/23/25

Regular Scheduled City Council Meeting

- 1) Presentation of Plan of Finance to issue General Obligation Bonds, Series 2025
- 2) City Council approves Plan of Finance and directs staff and consultants to implement

Monday, 03/23/25

Pricing of General Obligation Bonds, Series 2025

Regular Scheduled City Council Meeting

- 1) Presentation of bond sales results and General Obligation Bonds, Series 2025 final transaction numbers
- 2) City Council considers and approves Ordinance authorizing the issuance of General Obligation Bonds, Series 2025

Prior to Closing

Attorney General Approves Sale

Monday, 03/31/25

Closing of General Obligation Bonds, Series 2025 issue and delivery of funds to the City

Notes

City Council action agenda items



Questions and Discussion



Appendix A - Bond Rating

Standard and Poor's "AA-" Bond Rating



Highest Quality Credit	Long Term		Short Term (less than 3 years)			Lowest Quality Credit
	Moody's	Fitch / S&P	Moody's	S&P	Fitch	
	Aaa	AAA	MIG 1	SP-1+	F1 (+ or -)	
	Aa1	AA+	MIG 2	SP-1	F2 (+ or -)	
	Aa2	AA	MIG 3	SP-2	F3 (+ or -)	
	Aa3	AA-	SG	SP-3	B (+ or -)	
	A1	A+				
	A2	A				
	A3	A-				
	Baa1	BBB+				
	Baa2	BBB				
	Baa3	BBB-				
	Ba1	BB+				
	Ba2	BB				

Ratings below the red line are speculative grade.

The City of Hutchins is currently rated "AA-" with a Stable Outlook by Standard & Poor's



S&P Global Ratings

“AA-”/Stable Outlook

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

- *“Adequate economy that is experiencing rapid AV growth due to ongoing industrial development, which has increased market value per capita and caused historical taxpayer concentration--However, this concentration has greatly decreased during the past three years; the city participates in a broad, diverse MSA;...”*
- *“Strong management with good financial management policies, practices under our Financial Management Assessment (FMA) methodology, highlighted by formal debt- and investment-management and fund-balance policies, with a strong Institutional Framework score--We have revised our view of the city's financial-management policies and practices to good from standard following the city's adoption of a debt-management policy that includes quantitative, self-imposed restrictions;...”*
- *“Strong budgetary performance, with the maintenance of very strong reserves and liquidity, supported by growing sales and property tax revenue...”*



Appendix B – January 17, 2025 Municipal Market Update



Market Commentary

Market Observations

Primary Market:

- 30-Day Visible Supply is approximately \$13.704 billion
- The calendar consists of \$6.9 billion of negotiated deals and \$2.8 billion of competitive deals
- The largest negotiated deal of the week is the \$2.0 billion Regents of the University of California General Revenue Bonds

Secondary Market:

- Municipal Bond Funds reported \$251 million of net outflows, compared with \$842 million of inflows the prior week
- Weekly trade volume of \$80.529 billion represents an increase of \$25.534 billion from the previous week's \$53.995 billion

General Market Overview:

- Headline CPI rose +0.4% for the month, the highest since March, and +2.9% year-over-year, matching a seven-month high. Although the December rise in the overall CPI equaled a nine-month high, core CPI was a bit softer-than-expected, enough to ignite an early rally in both stocks and bonds.
- President Trump has been inaugurated into the White House, however delayed his promised immediate tariffs.

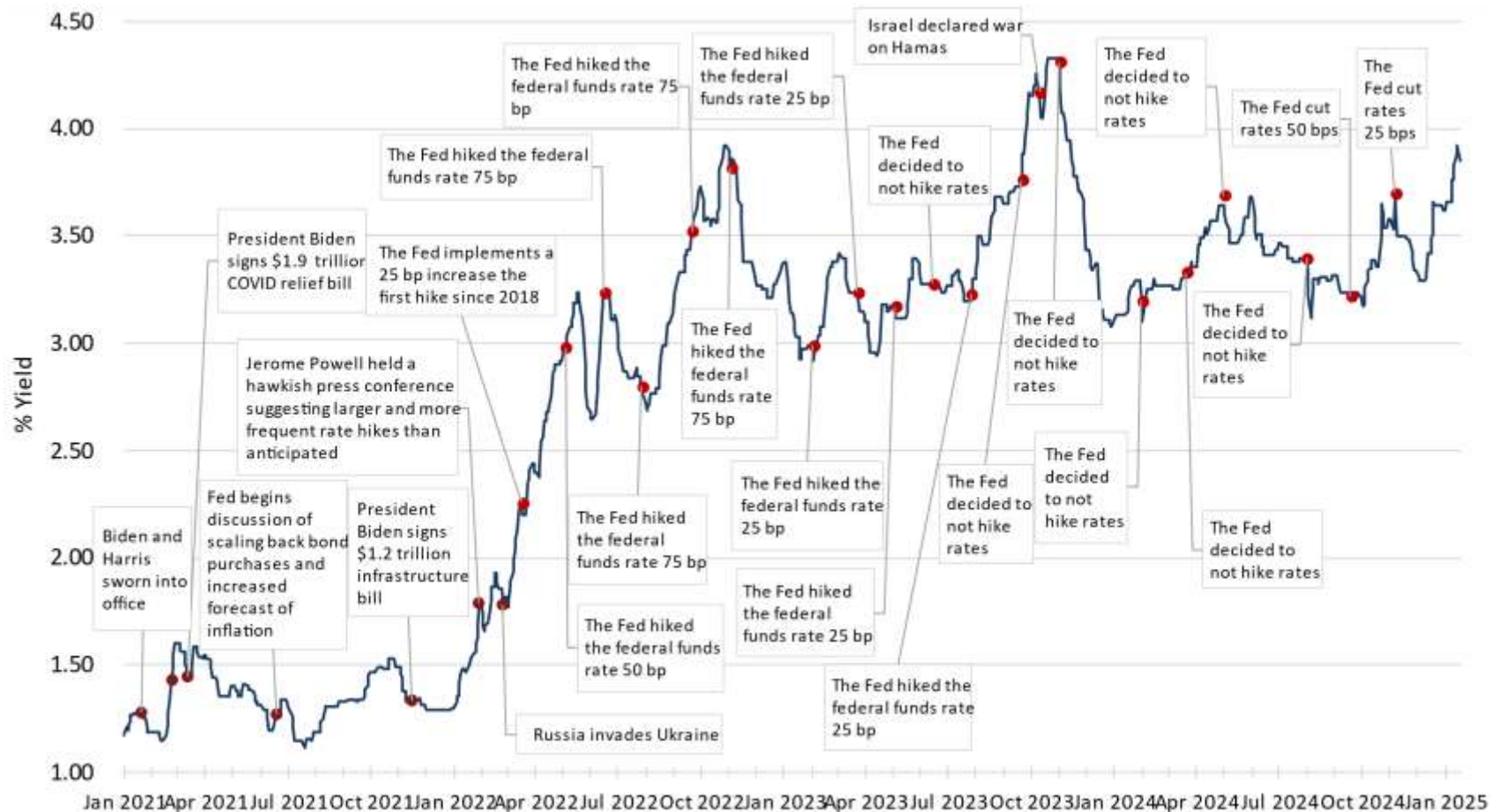
Economic Calendar: Jobless Claims, Fed Balance Sheet, PMI Composite Flash, Existing Home Sales, Consumer Sentiment

Statistics

	1/17/2025	1/10/2025	Change
5Y MMD	2.92	2.95	(0.03) ▼
10Y MMD	3.15	3.17	(0.02) ▼
15Y MMD	3.44	3.45	(0.01) ▼
20Y MMD	3.85	3.83	0.02 ▲
30Y MMD	4.04	4.06	(0.02) ▼
MMD 2/30 Yield Curve Steepness	122	122	-
Bond Buyer 11 GO Bond Index	4.12	4.06	0.06 ▲
Bond Buyer 20 GO Bond Index	4.28	4.16	0.12 ▲
Bond Buyer Revenue Bond Index	4.57	4.45	0.12 ▲
1Y UST	4.21	4.25	(0.04) ▼
5Y UST	4.42	4.59	(0.17) ▼
7Y UST	4.52	4.70	(0.18) ▼
10Y UST	4.61	4.77	(0.16) ▼
30Y UST	4.84	4.96	(0.12) ▼
UST 2/30 Yield Curve Steepness	57	56	1 ▲
10Y MMD/UST Ratio	68	66	1.9 ▲
30Y MMD/UST Ratio	83	82	1.6 ▲
SIFMA	2.54	1.83	0.71 ▲
1M SOFR	4.30	4.30	(0.003) ▼
30-Day Negotiated Visible Supply	10,226.0	12,716.0	(2,490.0) ▼
30-Day Competitive Visible Supply	3,478.0	3,760.0	(282.0) ▼
Lipper Muni Bond Fund Flows	(251)	842	(1,093) ▼

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

Change in 20-Year MMD with Market Commentary – 1/1/21 to 1/17/2025



Source: Refinitiv Municipal Market Data and HilltopSecurities



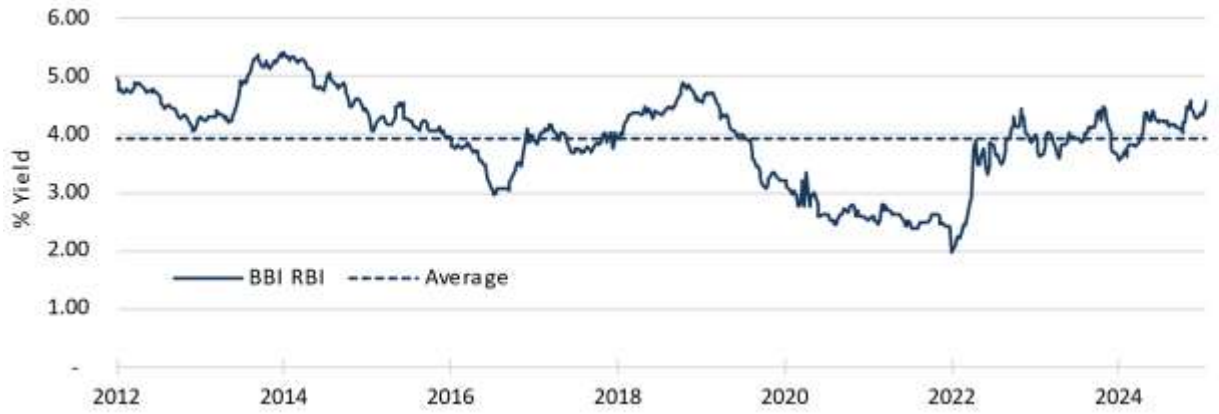
The Bond Buyer 20-Bond General Obligation Index – 1/1/12 to 1/17/2025



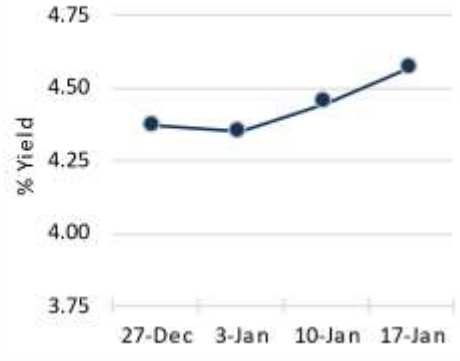
4-Week Snapshot



The Bond Buyer Revenue Bond Index – 1/1/12 to 1/17/2025



4-Week Snapshot



Source: The Bond Buyer