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City of Hutchins, Texas

November 2024 Bond Election

Plan of Finance



- **The City of Hutchins is planning a bond election for approximately \$28,000,000 to fund a Recreation Center & Library**
- **As per State Law, the City can call a bond election no later than August 19, 2024 to be on the November 2024 ballot**
- **In the event of a successful bond election, the City would be able to fund the project(s) as soon as the 1st quarter of 2025 or at the City's discretion**
 - **The City would issue general obligation bonds to fund the Recreation Center & Library**



Strong Financial Condition

- **\$1,236,000,000 Fiscal Year 2024 Certified Totals from DCAD**
- **\$1,842,000,000 Fiscal Year 2025 Preliminary Totals from DCAD**
 - ❑ *Subject to change as protests are received (certified totals due 7/25/2024)*
 - ❑ *Subsequent analysis assumes a reduction for budgeting purposes*
- **“AA-” S&P Bond Rating (*affirmed on 4/18/2023*)**
- **Debt Outstanding - \$48,249,000 or only 2.60% of \$1,842,000,000 of Preliminary TAV for Tax Year 2024**

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	\$1,597,954,213	\$361,348,942	29.22%	\$	%
2023	2024	\$1,236,605,271	\$242,073,471	24.34%	\$260,606,996	25.14%
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%	\$165,187,194	16.21%
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%	\$131,575,498	19.41%

Footnotes:

(1) Black - Actual Taxable Assessed Valuation

(2) Preliminary Values for Fiscal Year 2025 as provided by City Staff.

Showing a a reduction from preliminary DCAD values for purposes of illustration.

Preliminary Dallas Appraisal District Values indicate \$1,842,092,585.

Bond Election – SCENARIO I (Aggressive Growth)



City of Hutchins, Texas
November Bond Election Analysis (Recreation Center & Library Projects)
As of July 12, 2024

Preliminary: for purposes of discussion only
SCENARIO I (Aggressive Growth)

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	Project Fund = \$28,000,000			Total New and Existing I&S Tax Supported Debt Service	Less: Debt Service Funds on Hand ⁽⁵⁾	Projected TOTAL I&S Tax Supported Debt Service	Projected Debt Service I&S Tax Rate Equivalent ⁽⁶⁾	Variance from Current I&S Tax Rate	
				General Obligation Bonds, Series 2025 ⁽⁴⁾								
				Dated Date = 3/15/2025								
				Principal	Interest	Total D/S						
2024	22.88%	\$227,550,293	\$1,236,605,271 ⁽¹⁾	\$1,773,738	\$0	\$0	\$0	\$1,773,738	\$0	\$1,773,738	0.1503	0.0000
2025	29.22%	361,348,942	1,597,954,213 ⁽²⁾	2,263,111	0	501,299	501,299	2,764,411	362,685	2,401,726	0.1503	0.0000
2026	19.41%	310,122,502	1,908,076,715 ⁽³⁾	2,475,911	0	1,203,118	1,203,118	3,679,029	160,000	3,519,029	0.1844	0.0341
2027	19.41%	370,309,436	2,278,386,151 ⁽³⁾	2,699,792	290,000	1,198,058	1,488,058	4,187,850	0	4,187,850	0.1838	0.0335
2028	9.70%	221,088,566	2,499,474,717 ⁽³⁾	2,923,868	500,000	1,184,447	1,684,447	4,608,315	0	4,608,315	0.1844	0.0341
2029	4.85%	121,271,208	2,620,745,925 ⁽³⁾	3,069,824	105,000	1,174,117	1,279,117	4,348,941	0	4,348,941	0.1659	0.0156
2030	4.85%	127,155,127	2,747,901,052	3,229,985	125,000	1,170,213	1,295,213	4,525,197	0	4,525,197	0.1647	0.0144
2031	4.85%	133,324,525	2,881,225,578	3,389,992	125,000	1,165,894	1,290,894	4,680,886	0	4,680,886	0.1625	0.0122
2032	0.00%	0	2,881,225,578	1,006,475	1,400,000	1,138,990	2,538,990	3,545,465	0	3,545,465	0.1231	-0.0272
2033	0.00%	0	2,881,225,578	1,010,350	1,445,000	1,088,342	2,533,342	3,543,692	0	3,543,692	0.1230	-0.0273
2034	0.00%	0	2,881,225,578	1,012,475	1,500,000	1,034,130	2,534,130	3,546,605	0	3,546,605	0.1231	-0.0272
2035	0.00%	0	2,881,225,578	1,012,850	1,555,000	976,232	2,531,232	3,544,082	0	3,544,082	0.1230	-0.0273
2036	0.00%	0	2,881,225,578	1,016,350	1,615,000	915,440	2,530,440	3,546,790	0	3,546,790	0.1231	-0.0272
2037	0.00%	0	2,881,225,578	1,012,000	1,680,000	850,922	2,530,922	3,542,922	0	3,542,922	0.1230	-0.0273
2038	0.00%	0	2,881,225,578	1,015,100	1,745,000	782,325	2,527,325	3,542,425	0	3,542,425	0.1229	-0.0274
2039	0.00%	0	2,881,225,578	1,011,900	1,825,000	709,390	2,534,390	3,546,290	0	3,546,290	0.1231	-0.0272
2040	0.00%	0	2,881,225,578	1,012,400	1,900,000	631,424	2,531,424	3,543,824	0	3,543,824	0.1230	-0.0273
2041	0.00%	0	2,881,225,578	1,016,400	1,980,000	547,782	2,527,782	3,544,182	0	3,544,182	0.1230	-0.0273
2042	0.00%	0	2,881,225,578	1,013,900	2,075,000	458,251	2,533,251	3,547,151	0	3,547,151	0.1231	-0.0272
2043	0.00%	0	2,881,225,578	1,014,900	2,165,000	363,153	2,528,153	3,543,053	0	3,543,053	0.1230	-0.0273
2044	0.00%	0	2,881,225,578	0	3,305,000	238,540	3,543,540	3,543,540	0	3,543,540	0.1230	-0.0273
2045	0.00%	0	2,881,225,578	0	3,465,000	81,428	3,546,428	3,546,428	0	3,546,428	0.1231	-0.0272
				\$33,981,322	\$28,800,000	\$17,413,491	\$46,213,491	\$80,194,812	\$522,685	\$79,672,127		

- Notes:
- (1) Certified Values for Fiscal Year 2024 as reported by DCAD.
 - (2) Preliminary Values for Fiscal Year 2024 as provided by City Staff.
 - (3) Fiscal Year 2026-2031 growth for purposes of illustration only.
 - (4) Assumes "AA-" Tax-exempt Interest Rates as of July 9, 2024. True Interest Cost = 4.55%. Subject to change.
 - (5) Assumes use of existing debt service funds. The unaudited FYE 2023 balance is \$527,755.
 - (6) Actual tax rate for fiscal year 2024. Calculated thereafter.

Bond Election – SCENARIO II (Conservative Growth)



City of Hutchins, Texas

November Bond Election Analysis (Recreation Center & Library Projects)

As of July 12, 2024

Preliminary; for purposes of discussion only

SCENARIO II (Conservative Growth)

A	B	C	D	E	F	G	H	I	J	K	L	M
Fiscal Year Ending	Annual Tax Base Growth	Taxable Assessed Valuation	Existing I&S Tax Supported Debt Service	Project Fund = \$28,000,000			Total New and Existing I&S Tax Supported Debt Service	Less: Debt Service Funds on Hand ⁽⁵⁾	Projected TOTAL I&S Tax Supported Debt Service	Projected Debt Service I&S Tax Rate Equivalent ⁽⁶⁾	Variance from Current I&S Tax Rate	
				General Obligation Bonds, Series 2025 ⁽⁴⁾								
				Dated Date = 3/15/2025								
				Principal	Interest	Total D/S						
30-Sep	%	\$										\$0.1503
2024	22.88%	\$227,550,293	\$1,236,605,271 ⁽¹⁾	\$1,773,738	\$0	\$0	\$0	\$1,773,738	\$0	\$1,773,738	0.1503	0.0000
2025	29.22%	361,348,942	1,597,954,213 ⁽²⁾	2,263,111	0	502,183	502,183	2,765,294	362,685	2,402,609	0.1504	0.0001
2026	16.21%	259,056,815	1,857,011,028 ⁽³⁾	2,475,911	0	1,205,238	1,205,238	3,681,149	160,000	3,521,149	0.1896	0.0393
2027	16.21%	301,054,535	2,158,065,563 ⁽³⁾	2,699,792	190,000	1,201,923	1,391,923	4,091,715	0	4,091,715	0.1896	0.0393
2028	8.11%	174,930,416	2,332,995,979 ⁽³⁾	2,923,868	305,000	1,193,392	1,498,392	4,422,259	0	4,422,259	0.1896	0.0393
2029	4.05%	94,555,042	2,427,551,021 ⁽³⁾	3,069,824	105,000	1,186,396	1,291,396	4,361,220	0	4,361,220	0.1797	0.0294
2030	4.05%	98,387,305	2,525,938,326	3,229,985	125,000	1,182,492	1,307,492	4,537,476	0	4,537,476	0.1796	0.0293
2031	4.05%	102,374,889	2,628,313,215	3,389,992	125,000	1,178,173	1,303,173	4,693,165	0	4,693,165	0.1786	0.0283
2032	0.00%	0	2,628,313,215	1,006,475	1,415,000	1,151,004	2,566,004	3,572,479	0	3,572,479	0.1359	-0.0144
2033	0.00%	0	2,628,313,215	1,010,350	1,465,000	1,099,733	2,564,733	3,575,083	0	3,575,083	0.1360	-0.0143
2034	0.00%	0	2,628,313,215	1,012,475	1,515,000	1,044,878	2,559,878	3,572,353	0	3,572,353	0.1359	-0.0144
2035	0.00%	0	2,628,313,215	1,012,850	1,575,000	986,317	2,561,317	3,574,167	0	3,574,167	0.1360	-0.0143
2036	0.00%	0	2,628,313,215	1,016,350	1,630,000	924,854	2,554,854	3,571,204	0	3,571,204	0.1359	-0.0144
2037	0.00%	0	2,628,313,215	1,012,000	1,700,000	859,650	2,559,650	3,571,650	0	3,571,650	0.1359	-0.0144
2038	0.00%	0	2,628,313,215	1,015,100	1,770,000	790,151	2,560,151	3,575,251	0	3,575,251	0.1360	-0.0143
2039	0.00%	0	2,628,313,215	1,011,900	1,845,000	716,298	2,561,298	3,573,198	0	3,573,198	0.1360	-0.0143
2040	0.00%	0	2,628,313,215	1,012,400	1,925,000	637,389	2,562,389	3,574,789	0	3,574,789	0.1360	-0.0143
2041	0.00%	0	2,628,313,215	1,016,400	2,005,000	552,669	2,557,669	3,574,069	0	3,574,069	0.1360	-0.0143
2042	0.00%	0	2,628,313,215	1,013,900	2,095,000	462,146	2,557,146	3,571,046	0	3,571,046	0.1359	-0.0144
2043	0.00%	0	2,628,313,215	1,014,900	2,190,000	366,038	2,556,038	3,570,938	0	3,570,938	0.1359	-0.0144
2044	0.00%	0	2,628,313,215	0	3,330,000	240,287	3,570,287	3,570,287	0	3,570,287	0.1358	-0.0145
2045	0.00%	0	2,628,313,215	0	3,490,000	82,015	3,572,015	3,572,015	0	3,572,015	0.1359	-0.0144
				\$33,981,322	\$28,800,000	\$17,563,223	\$46,363,223	\$80,344,545	\$522,685	\$79,821,860		

Notes:

(1) Certified Values for Fiscal Year 2024 as reported by DCAD.

(2) Preliminary Values for Fiscal Year 2024 as provided by City Staff.

(3) Fiscal Year 2026-2031 growth for purposes of illustration only.

(4) Assumes "AA-" Tax-exempt Interest Rates as of July 9, 2024. True Interest Cost = 4.55%. Subject to change.

(5) Assumes use of existing debt service funds. The unaudited FYE 2023 balance is \$527,755.

(6) Actual tax rate for fiscal year 2024. Calculated thereafter.



Questions and Discussion



Appendix A

Outstanding Debt, Historical Tax Rates & Bond Rating

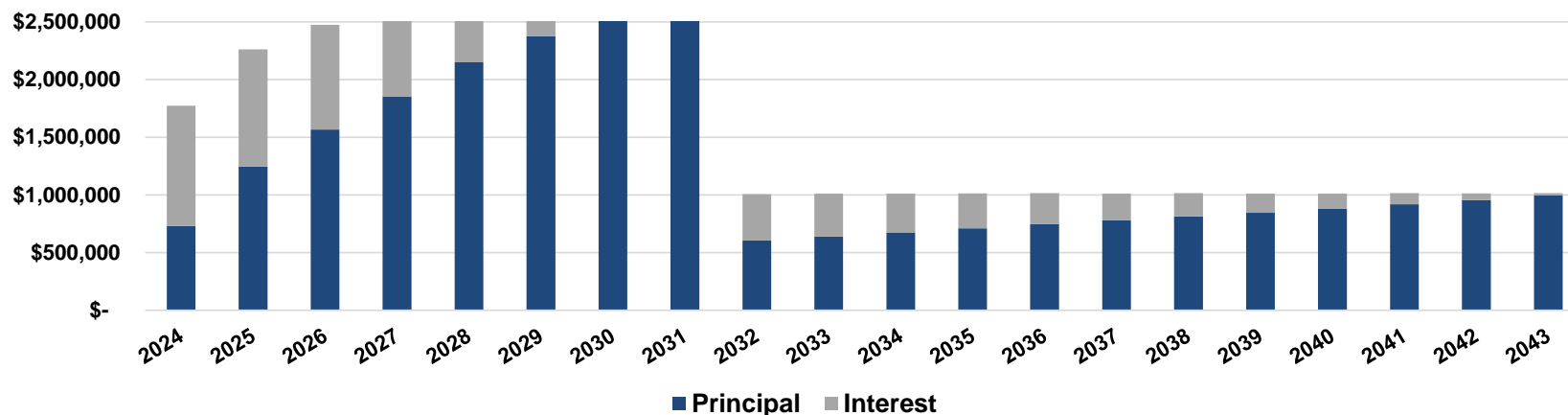


Outstanding Debt Service (I&S)Tax Supported Debt

Outstanding I&S Tax Supported Debt as of Fiscal Year 2024

Series	Name	Amount Issued	Amount Outstanding	Interest Rates	Call Date	Final Maturity
2024	Tax Notes	\$4,606,000	\$4,606,000	4.46%	2/15/2028 @ Par	2/15/2031
2023	Tax Notes	\$1,055,000	\$1,055,000	3.60%	2/15/2028 @ Par	2/15/2030
2023	GO Bonds	\$11,520,000	\$11,520,000	4.00%-5.00%	2/15/2033 @ Par	2/15/2043
2022	Tax Notes	\$2,740,000	\$2,541,000	2.63%	2/15/2027 @ Par	2/15/2029
2018	Certificates of Obligation	\$5,845,000	\$4,755,000	3.00%-4.00%	2/15/2028 @ Par	2/15/2030
2017	Tax Notes	\$3,391,000	\$557,000	1.59%	Anytime @ Par	2/15/2024
		Total	\$20,428,000			

All Outstanding I&S Tax Supported Debt as of FYE 2024



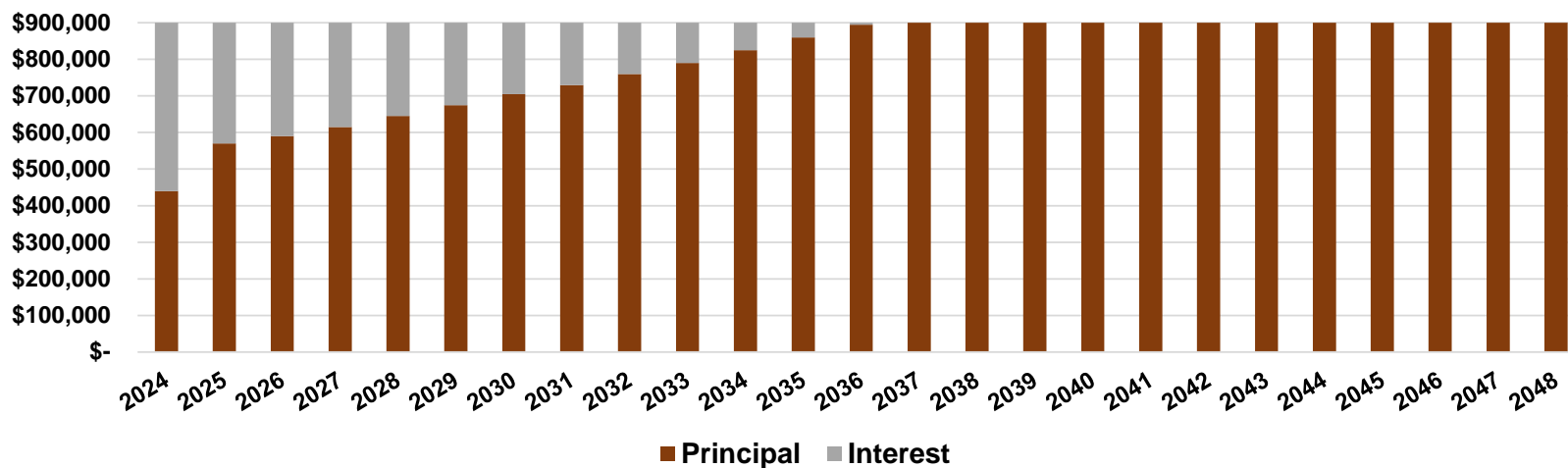


Outstanding Utility System Supported Debt

Outstanding Utility System Supported Debt as of Fiscal Year 2024

Series	Name	Amount Issued	Amount Outstanding	Interest Rates	Call Date	Final Maturity
2023	Certificates of Obligation	\$14,500,000	\$14,500,000	4.00%-5.00%	2/15/2032 @ Par	2/15/2048
2019	GO Refunding Bonds	\$2,150,000	\$1,635,000	3.00%-5.00%	2/15/2029 @ Par	2/15/2030
2019	Certificates of Obligation	\$8,155,000	\$6,820,000	2.13%-5.00%	2/15/2029 @ Par	2/15/2044
		Total	\$22,955,000			

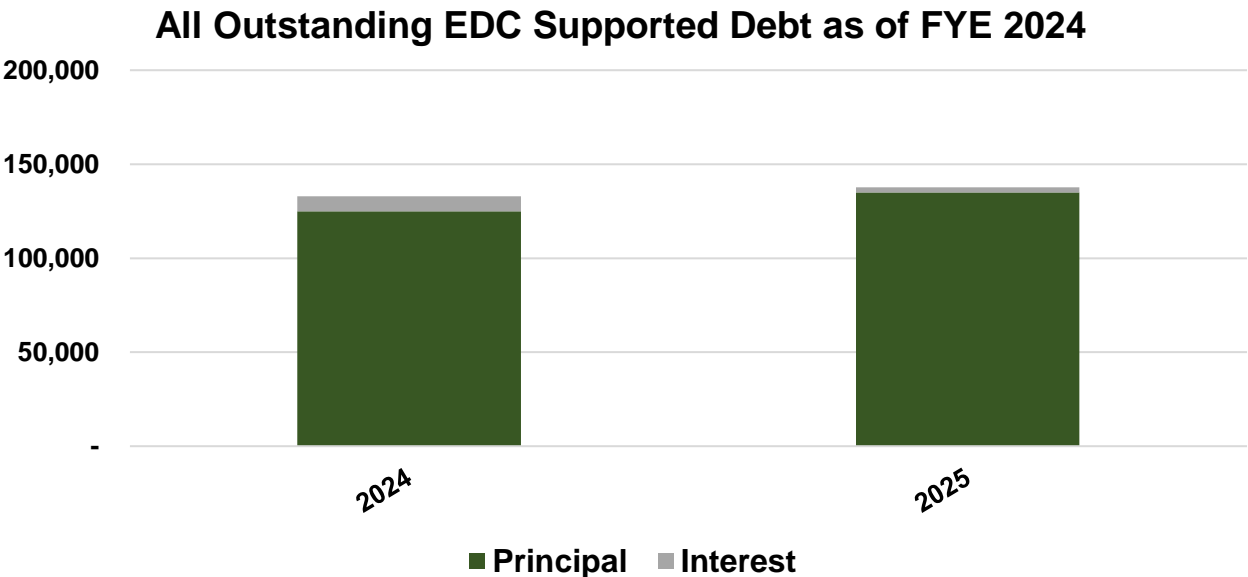
All Outstanding W&S Supported Debt as of FYE 2024



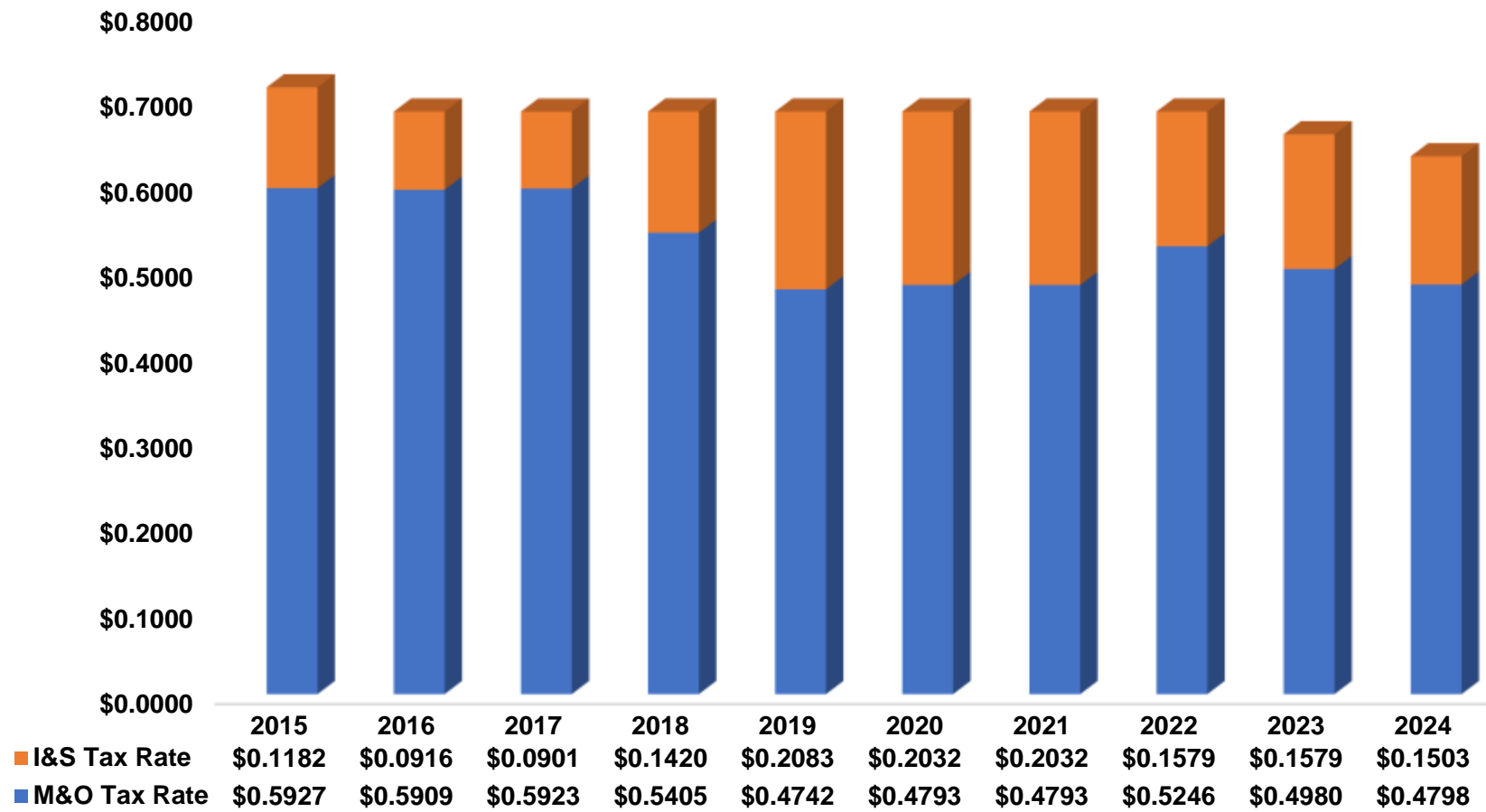


Outstanding Hutchins EDC Supported Debt

Outstanding Hutchins EDC Supported Debt as of Fiscal Year 2024						
Series	Name	Amount Issued	Amount Outstanding	Interest Rates	Call Date	Final Maturity
2010	Comb Tax & Rev COs	\$1,600,000	\$260,000	4.00%	2/15/2019 @ Par	2/15/2025
		Total	\$260,000			



Historical Ad Valorem Tax Rates





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

July , 2024 Municipal Market Update

Market Commentary



Market Observations

Primary Market:

- 30-Day Visible Supply is approximately \$12.416 billion
- The calendar consists of \$6.1 billion of negotiated deals and \$3.1 billion of competitive deals
- The largest negotiated deal of the week is the \$731 million Harris County General Obligation Bonds

Secondary Market:

- Municipal Bond Funds reported \$343 million of net inflows, compared with \$498 million of outflows the prior week
- Weekly trade volume of \$42.849 billion represents a decrease of \$30.608 billion from the previous week's \$73.457 billion

General Market Overview:

- U.S. companies added +206k jobs last month, slightly above the median forecast, but prior month revisions subtracted -111k. For the quarter, nonfarm payroll growth averaged +218k, per month down from +310k in Q1.
- An unexpected increase in inflationary pressure had pushed bonds yields sharply higher in the first quarter and tempered expectations for aggressive Fed easing in 2024. In the second quarter, inflation appeared to settle down again, although both investors and Fed officials are viewing the resumed decrease in price pressure with a cautious eye.

Economic Calendar: EIA Petroleum Status Report, CPI, Jobless Claims, EIA Natural Gas Report, Treasury Statement, Fed Balance Sheet, PPI Final Demand, Consumer Sentiment

Statistics

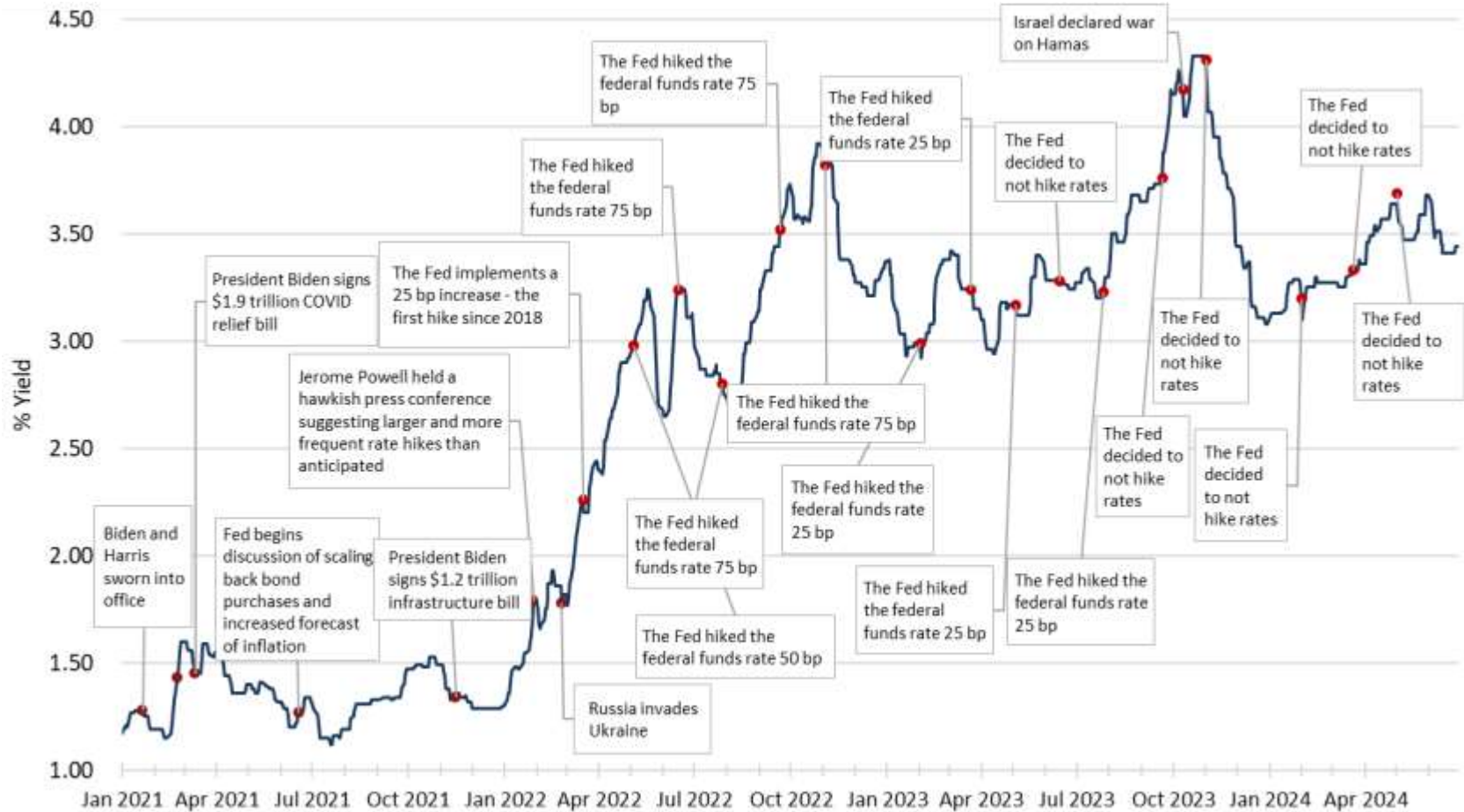
	7/5/2024	6/28/2024	Change
5Y MMD	2.88	2.89	(0.01) ▼
10Y MMD	2.85	2.84	0.01 ▲
15Y MMD	3.09	3.08	0.01 ▲
20Y MMD	3.45	3.44	0.01 ▲
30Y MMD	3.73	3.72	0.01 ▲
MMD 2/30 Yield Curve Steepness	67	61	6 ▲
Bond Buyer 11 GO Bond Index	3.86	3.83	0.03 ▲
Bond Buyer 20 GO Bond Index	3.96	3.93	0.03 ▲
Bond Buyer Revenue Bond Index	4.25	4.22	0.03 ▲
1Y UST	4.98	5.09	(0.11) ▼
5Y UST	4.22	4.33	(0.11) ▼
7Y UST	4.23	4.33	(0.10) ▼
10Y UST	4.28	4.36	(0.08) ▼
30Y UST	4.47	4.51	(0.04) ▼
UST 2/30 Yield Curve Steepness	(13)	(20)	7 ▲
10Y MMD/UST Ratio	60	61	(0.6) ▼
30Y MMD/UST Ratio	81	83	(1.3) ▼
SIFMA	2.98	3.88	(0.90) ▼
1M SOFR	5.33	5.34	(0.007) ▼
30-Day Negotiated Visible Supply	8,454.0	3,136.0	5,318.0 ▲
30-Day Competitive Visible Supply	3,962.0	2,464.0	1,498.0 ▲
Lipper Muni Bond Fund Flows	343	(498)	841 ▲

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

Change in 20-Year MMD



Change in 20-Year MMD with Market Commentary – 1/1/21 to 7/5/2024

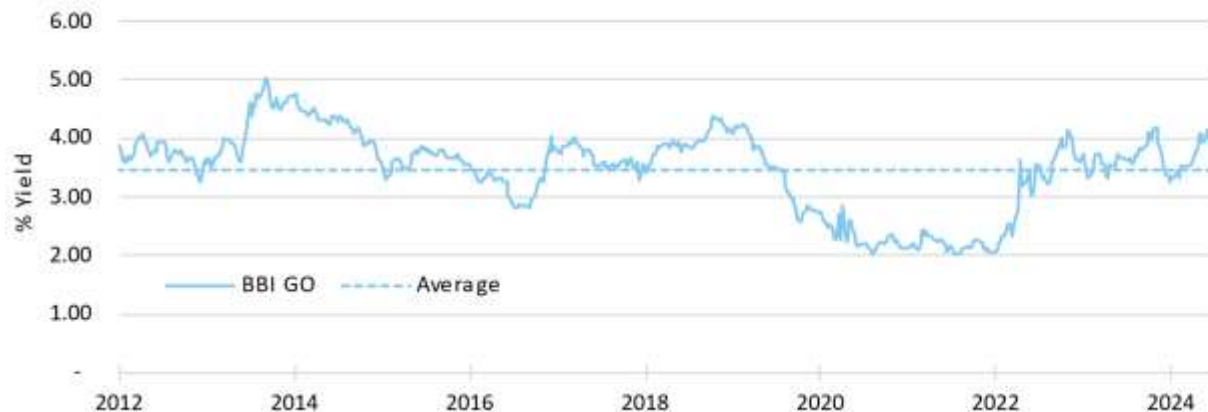


Source: Refinitiv Municipal Market Data and HilltopSecurities



Tax-Exempt Market Overview | The Bond Buyer

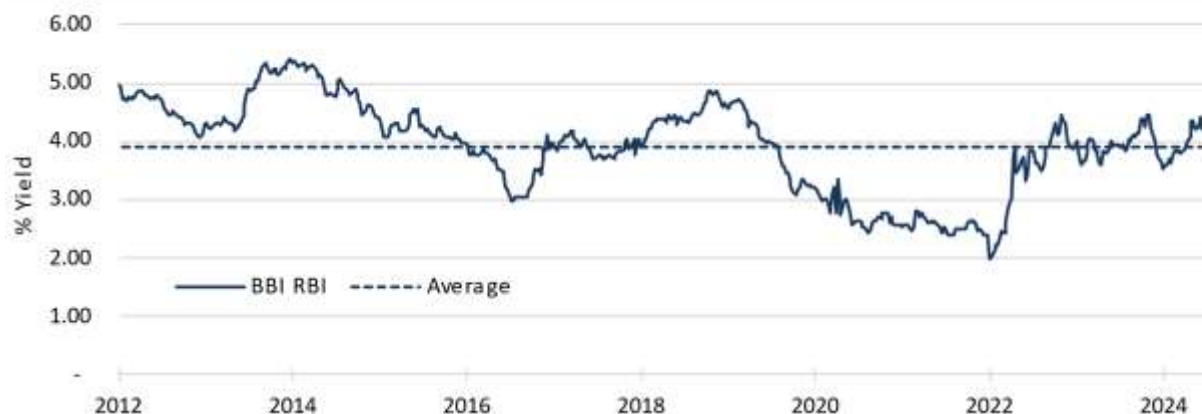
The Bond Buyer 20-Bond General Obligation Index – 1/1/12 to 7/5/2024



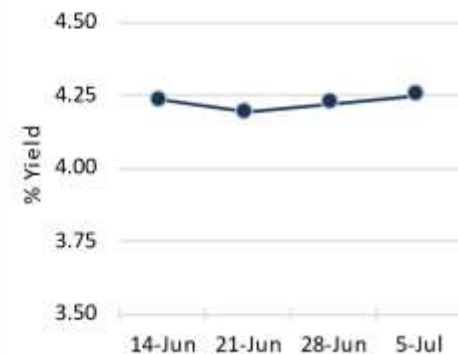
4-Week Snapshot



The Bond Buyer Revenue Bond Index – 1/1/12 to 7/5/2024



4-Week Snapshot



Source: The Bond Buyer