

Mayor and Council,

I am pleased to pass on the following information. All information in Manager's Notes is available to the public and may be shared.

Municipal Market Update

Jason Hughes from Hilltop Securities and I have discussed our authorized debt issuances several times recently. Due to the uncertainty and concern over the tariff situation and other national economic concerns, the Municipal markets have been in a significantly volatile environment. Our team identified a dip in the market during this time and took advantage for one of our three authorized sales. This is in line with the City Council approved parameter ordinances, which allow our City to price and interact with the Municipal market for the best interest of our taxpayers. As the attached materials show, we were able to price under the projected 4.629% true interest cost and we achieved a 3.994% true interest cost for only the \$4M public safety debt issue for the fire engines, 911 consoles and the radio system upgrade.

We are continuing to hold off on the two Council authorized refinancing issuances. As our team monitors the market conditions and advises on timing on pricing the City's refinancing debt issues, I will provide further updates.

Personnel Updates***Utilities Department Staffing Update:***

We are pleased to announce that after Dick Boyd's retirement, we posted an opening for Utilities Superintendent. Dustin Starr was our only internal candidate and was selected over external applicants to fill the role as Terrell's Utilities Superintendent. We are proud of Mr. Starr; he has been with the City for 10 years and has served in various roles in the Utilities Department, including most recently the Foreman in the Water Quality area. We are looking forward to the knowledge, leadership and innovation he will bring to the team. With Dustin's promotion, Kyle McCarrier, a 5-year veteran of the department, has been promoted from Plant Operator to Foreman. Kyle is incredibly hardworking and knowledgeable, with a heart for service to his fellow employees and our citizens.

Police Staffing and Promotion Update:

James Melton has been promoted as the newest Sergeant in the Patrol Division. James has served in multiple capacities with the department over the past 10+ years, most recently as an investigator in the narcotics division. A pinning ceremony will be forthcoming.

Jana Mote and Matthew Wisdom are the newest police officer recruits hired. Jana was previously employed by the City as a detention officer and has worked hard to complete the police academy and return to the City as our newest officer. She will go directly into field training. Matthew, son of our Detention Supervisor, Matt Wisdom, will attend an upcoming police academy and obtain his license.

Engineering Staffing Update:

Lauren Carey has joined the team as the newest GIS Analyst. She comes to us from the City of Garland and will work under the tutelage of Senior GIS Analyst Kris Walker, bringing some much needed assistance to our mapping efforts.

RFQs for Compliance Audit Services and Standard Audit Services

The Request for Qualifications for both Compliance Audit Services and Standard Audit Services have been published on the City of Terrell website under Bid Postings, which has 96 email list subscribers. Additionally, the RFQs have been sent individually to the following ten firms:

- Baker Tilly
- Carr Riggs & Ingram
- Cherry Bekart
- Clifton Larson Allen
- Crowe
- Forvis Mazars
- Patillo Brown & Hill
- Weaver
- Whitley Penn
- Vail and Park

Additional updates on that process will follow. The RFQs are available in full here: [City of Terrell Bids](#).

City of Terrell
Combination Tax and Waterworks and Sewer System (Limited Pledge) Revenue
Certificates of Obligation, Series 2025

Notice of Intent

- Council approved a Notice of Intent to issue Certificates of Obligation on January 7th
 - *Maximum* principal amount authorized: \$4,250,000

Credit Rating

- S&P upgraded the City's GO credit rating by one notch to "AA"
- Moody's affirmed their "Aa3" rating
 - Moody's had previously upgraded the City's rating in February 2023

S&P Credit Rating	Moody's Credit Rating
AAA	Aaa
AA+	Aa1
AA	Aa2
AA-	Aa3
A+	A1
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3

Certificates of Obligation, Series 2025

- Final par amount of \$4,055,000
- Produces \$4,100,000 in project proceeds
- Final true interest cost of 3.994%
- Callable on February 15, 2035

	True Interest Cost	Total Debt Service
Projections in the Notice of Intent	4.629%	\$5,764,788
Actual 4.10.25 Pricing Results	3.994%	\$5,415,714
Difference	0.635%	\$349,074

Sources and Uses of Funds

Sources:	Total
Par Amount of Bonds	\$ 4,055,000.00
Bond Premium	171,142.50
Total Sources	\$ 4,226,142.50
Uses:	
Project Fund	\$ 4,100,000.00
Underwriter's Discount	28,784.61
Costs of Issuance	96,000.00
Rounding Amount	1,357.89
Total Uses	\$ 4,226,142.50

Debt Service

Period Ending	Series 2025		
	Principal	Interest	Total
9/30/25	\$ -	\$ -	\$ -
9/30/26	205,000	236,514	441,514
9/30/27	265,000	173,475	438,475
9/30/28	280,000	159,850	439,850
9/30/29	290,000	145,600	435,600
9/30/30	310,000	132,150	442,150
9/30/31	320,000	117,950	437,950
9/30/32	335,000	101,575	436,575
9/30/33	355,000	84,325	439,325
9/30/34	370,000	66,200	436,200
9/30/35	395,000	47,075	442,075
9/30/36	170,000	33,800	203,800
9/30/37	180,000	26,800	206,800
9/30/38	185,000	19,500	204,500
9/30/39	195,000	11,900	206,900
9/30/40	200,000	4,000	204,000
	<u>\$ 4,055,000</u>	<u>\$ 1,360,714</u>	<u>\$ 5,415,714</u>

Professionals in the CO Sale Process

- **Hilltop Securities** (Financial Advisor to the City): Charged with creating and overseeing the finance plan; fiduciary responsibility to the City
- **Norton Rose Fulbright** (Bond Counsel to the City): Charged with ensuring compliance with State law and Federal tax law
- **Raymond James and Cabrera Capital Markets** (Underwriters to the City): Charged with marketing and selling the Certificates of Obligation to investors
- **Standard & Poor's and Moody's** (Rating Agencies): Provided independent, third-party analysis of the City's overall credit worthiness and ability to repay debt service; their ratings are used, in part, by investors to make an informed investment decision when buying the City's debt