

Discussion Topics

12/8/25 – Conference Call

Town of Addison, TX

\$19.5M Series 2026 General Obligation Refunding Bonds

Debt and Contingent Liabilities

1. What is the purpose of the refunding (e.g. level savings, amortization restructuring, etc.)
2. Is the multi-year capital plan in the FYE 2026 budget the most recent CIP, with the current future bond plans (page 65)?
 - a. Are those general fund backed (GO or CO) debt?
3. Have you entered into any privately placed debt or bank loans since our last rating review in 2024?
4. Have you entered into any variable rate debt or swaps?
5. Are you aware of any contingent liabilities that could materially impact your finances (e.g., repayment under a contingent loan agreement, pending litigation, self-insurance claims)?

Economy

6. Please provide a general update of the local economy and outlook for the next 2-3 years. This may include business closures and/or residential or commercial development that may have an impact on the tax revenue, taxable assessed valuation, major taxpayers, or employment opportunities.
 - a. Are the development plans cited in our last rating report (attached) accurate?

Finances (9/30)

7. FYE 2024 general fund
 - a. Why were actual general fund ad valorem revenues less than budgeted?
8. FYE 2025 general fund
 - a. Are the estimates included in the FYE 2026 budget document the most recent FYE 2025 year-end estimates?
9. FYE 2026 general fund and out-years
 - a. What are the major general fund budget assumptions used to develop the budget?
 - b. Are there areas of potential budget pressure or concern over the next 2-5 years?
 - c. Are there any plans to draw down general fund reserves over the next few years?
10. How is the town planning and budgeting for federal funds for the upcoming budget year? Please discuss any assumptions you're making or considering in the budget process.
11. Enterprise/Utility systems

- a. Please comment on the health of the enterprise systems, including system capacity and any budgetary pressure on the horizon.
- b. How often do rate increases occur and how are the level of rate increases determined from year to year?
- c. Are there any environmental regulatory issues facing the system, including consent decrees?

12. Any material changes to or pressures from pension and OPEB liabilities and contributions?

Management

13. Are you expecting any changes to key management positions?

- a. If so, what was the principal reason for the turnover?

14. Are there any new policies or practices that have been implemented to insulate operations from one-time service disruptions that could occur due to episodic severe weather events (i.e. a special reserve fund, maintenance of higher liquidity, etc.?)

15. Cyber security threats

- a. Have you experienced any cyber incidents?
- b. What policies and practices have you implemented to enable you to detect, respond to, and recover from a cyberattack?

Financial Management policies and practices

16. Does the following description from our last report still accurately represent your organization's policies and practices that are covered by our financial management assessment methodology?

- a. Management uses three-to-five years of historical financial trend analysis to formulate the subsequent year's budget assumptions.
- b. Quarterly budget-to-actual financial reports are provided to the town council, and officials can amend the budget when needed.
- c. The council annually adopts a five-year rolling capital improvement plan (CIP) that identifies potential projects and their respective funding sources.
- d. Management also prepares a five-year financial forecast that it presents to the town council annually.
- e. The town has a formalized and comprehensive investment management policy that is reviewed annually, and officials provide the council with quarterly investment holdings and performance reports.
- f. The town has a formalized debt management policy, in line with state requirements.
- g. The town adheres to its formalized reserve and liquidity policy that requires general fund reserves above 25% of operating expenditures. The policy was adopted to prevent deterioration of reserves in the event of a drop in revenues or emergencies.

General

17. Lastly, is there anything else we have not asked that you would like to discuss or we should be aware of?

Please also send a copy of the most recent:

1. Budget to actual performance report, as submitted to the elected officials
2. Investment report, as submitted to the elected officials
3. Five year financial forecast