

SIGNATURE IDENTIFICATION AND GENERAL CERTIFICATE

THE STATE OF TEXAS
JOHNSON COUNTY

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We, the undersigned officers of Johnson County, Texas (the "Issuer"), hereby certify that we are executing and delivering this certificate with reference to the Johnson County, Texas Certificates of Obligation, Taxable Series 2015, dated as of November 1, 2015, in the principal amount of \$20,605,000 (the "Certificates"). The certifications herein are made this, the 8th day of December, 2015.

Certifications as to Execution of Certificates and Issuer Seal

1. We officially executed and signed the Certificates with our manual signatures or by causing facsimiles of our manual signatures to be imprinted or lithographed on each of the Certificates, and, if appropriate, we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of the Certificates.
2. The Certificates are substantially in the form, and have been duly executed and signed in the manner, prescribed in the order authorizing the issuance of the Certificates.
3. At the time we so executed and signed the Certificates we were, and at the time of executing this Certificate we are, the duly chosen, qualified and acting officers indicated therein, and authorized to execute the same.
4. We have caused the official seal of the Issuer to be impressed, or printed, or lithographed on the Certificates; and said seal on the Certificates has been duly adopted as, and is hereby declared to be, the official seal of the Issuer.

Certifications as to Litigation

5. No litigation of any nature has been filed or is now pending to restrain or enjoin the issuance or delivery of the Certificates, or that would affect the provision made for their payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Certificates, and so far as we know and believe no such litigation is threatened.
6. Neither the corporate existence nor boundaries of the Issuer is being contested; no litigation has been filed or is now pending that would affect the authority of the officers of the Issuer to issue, execute, sign, and deliver the Certificates and so far as we know and believe no such litigation is threatened; and no authority or proceedings for the issuance of the Certificates have been repealed, revoked or rescinded.
7. No litigation of any nature has ever been filed pertaining to, affecting or contesting: (a) the order that authorized the Certificates; (b) the issuance, delivery, payment, security or validity of the

Certificates; (c) the authority of the governing body and the officers of the Issuer to issue, execute and deliver the Certificates; (d) the validity of the corporate existence of the Issuer; or (e) the current tax rolls of the Issuer; and no litigation is pending pertaining to, affecting, questioning or contesting the current boundaries of the Issuer and so far as we know and believe no such litigation is threatened.

Certification as to No Default

8. The Issuer is not in default with respect to the Certificates or the order authorizing the issuance of the Certificates.

Certification as to the Issuer's Tax-Supported Debt

9. The Issuer's outstanding limited tax indebtedness consists of its (i) General Obligation Refunding Bonds, Series 2007, currently outstanding in the principal amount of \$9,010,897.60 and (ii) Tax Notes, Series 2013, currently outstanding in the principal amount of \$3,295,000. A debt service schedule for the Issuer's outstanding limited tax indebtedness after the issuance of the Certificates is attached hereto as Exhibit A.

Certification as to the Issuer's Current Tax Roll

10. The currently effective ad valorem tax appraisal roll of the Issuer (the "Tax Roll") is the Tax Roll prepared and approved during the calendar year 2015, being the most recently approved Tax Roll of the Issuer; the taxable property in the Issuer has been appraised, assessed and valued as required and provided by the Texas Constitution and Property Tax Code (collectively, "Texas law"); the Tax Roll for said year has been submitted to the Commissioners Court of the Issuer as required by Texas law, and has been approved and recorded by the Commissioners Court; and according to the Tax Roll for said year the net aggregate taxable value of taxable property in the Issuer (after deducting the amount of all applicable exemptions required or authorized under Texas law), upon which the annual ad valorem tax of the Issuer has been or will be imposed and levied, is \$11,209,806,297.

Certification as to Absence of Petition for Referendum

11. No petition protesting the issuance of the Certificates and requesting a referendum election has been received.

Submission of documents to the Attorney General

12. The initial securities certificate of the Certificates shall be sent to the Office of the Attorney General of the State of Texas, Public Finance Division (the "Attorney General"), by the Issuer's Bond Counsel, McCall, Parkhurst & Horton L.L.P. It is requested that the Attorney General examine and approve the initial securities certificate of each series of the Certificates in accordance with law.

After such approval, the Attorney General is requested to deliver the initial securities certificate of each series of the Certificates to the Comptroller of Public Accounts for registration.

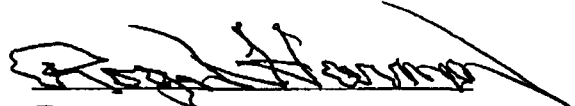
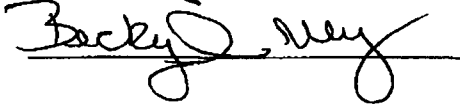
Authorization of the Attorney General to Execute this Certificate

13. The Attorney General is hereby authorized and directed to date this Certificate concurrently with the date of approval of the Certificates. If any litigation or contest should develop pertaining to the Certificates or any other matters covered by this Certificate, the undersigned will notify the Attorney General thereof immediately by telephone. With this assurance the Attorney General can rely on the absence of any such litigation or contest, and on the veracity and currency of this Certificate, at the time the Certificates are approved, unless the Attorney General is notified otherwise as aforesaid.

[Signature page follows.]

The persons named below were, on the date of authorization of the Certificates, the duly elected and qualified incumbents of the offices of the Issuer set opposite their respective names, and the signatures herein below are the genuine signatures of said officers. By signing below, such officers hereby evidence their lawful signatures, adopt same as facsimiles for the purpose of executing the Certificates and attest to the truthfulness of the foregoing certifications.

MANUAL SIGNATURES

OFFICIAL TITLES

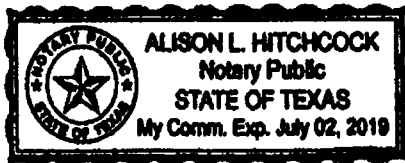
County Judge

County Clerk



Before me on this day personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this 9th day of November, 2015.



(Notary Seal)

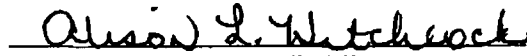

Notary Public

Exhibit A

Tax-Supported Debt Service Requirements

PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

| Fiscal Year Ending 30-Sep | Outstanding General Obligation Debt Service | | | The Obligations | | | Total General Obligation Debt Service | % of Principal Retired |
|------------------------------------|--|--------------------|---------------------|---------------------|---------------------|---------------------|--|------------------------------|
| | Principal | Interest | Total | Principal | Interest | Total | | |
| | 2016 | \$ 1,560,898 | \$ 874,425 | \$ 2,435,323 | \$ - | \$ - | | |
| 2017 | 2,080,000 | 355,121 | 2,435,121 | - | 1,335,545 | 1,335,545 | 3,770,666 | |
| 2018 | 2,165,000 | 269,367 | 2,434,367 | 550,000 | 787,400 | 1,337,400 | 3,771,767 | |
| 2019 | 2,250,000 | 184,873 | 2,434,873 | 560,000 | 776,823 | 1,336,823 | 3,771,695 | |
| 2020 | 2,345,000 | 92,262 | 2,437,262 | 570,000 | 764,080 | 1,334,080 | 3,771,342 | 36.15% |
| 2021 | 2,415,000 | 21,977 | 2,436,977 | 585,000 | 749,457 | 1,334,457 | 3,771,433 | |
| 2022 | - | - | - | 1,020,000 | 726,859 | 1,746,859 | 1,746,859 | |
| 2023 | - | - | - | 1,050,000 | 696,011 | 1,746,011 | 1,746,011 | |
| 2024 | - | - | - | 1,085,000 | 662,454 | 1,747,454 | 1,747,454 | |
| 2025 | - | - | - | 1,120,000 | 625,869 | 1,745,869 | 1,745,869 | 57.92% |
| 2026 | - | - | - | 1,160,000 | 585,926 | 1,745,926 | 1,745,926 | |
| 2027 | - | - | - | 1,205,000 | 542,369 | 1,747,369 | 1,747,369 | |
| 2028 | - | - | - | 1,250,000 | 495,190 | 1,745,190 | 1,745,190 | |
| 2029 | - | - | - | 1,300,000 | 444,145 | 1,744,145 | 1,744,145 | |
| 2030 | - | - | - | 1,355,000 | 389,143 | 1,744,143 | 1,744,143 | 76.68% |
| 2031 | - | - | - | 1,420,000 | 327,823 | 1,747,823 | 1,747,823 | |
| 2032 | - | - | - | 1,485,000 | 260,616 | 1,745,616 | 1,745,616 | |
| 2033 | - | - | - | 1,555,000 | 190,285 | 1,745,285 | 1,745,285 | |
| 2034 | - | - | - | 1,630,000 | 116,600 | 1,746,600 | 1,746,600 | |
| 2035 | - | - | - | 1,705,000 | 39,445 | 1,744,445 | 1,744,445 | 100.00% |
| | <u>\$12,815,898</u> | <u>\$1,798,024</u> | <u>\$14,613,922</u> | <u>\$20,605,000</u> | <u>\$10,516,040</u> | <u>\$31,121,040</u> | <u>\$45,734,962</u> | |

CLOSING CERTIFICATE

THE STATE OF TEXAS
COUNTY OF JOHNSON

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I, the undersigned, hereby certify that I am the County Judge of Johnson County, Texas (the "Issuer"), and, in such official capacity and on behalf of the Issuer, I further certify as follows:

A. That this certificate is executed for and on behalf of the Issuer with reference to the issuance of Johnson County, Texas Certificates of Obligation, Series 2015, dated as of November 1, 2015, in the principal amount of \$20,605,000 (the "Obligations"). This certificate is made in accordance with the provisions of Section 6(j)(6) of the Bond Purchase Agreement by and between the Issuer and the underwriter of the Bonds, RBC Capital Markets, LLC, which is dated November 9, 2015 (the "Purchase Agreement"). Capitalized terms used herein but not defined have the meanings assigned to such terms in the Purchase Agreement.

B. That:

(1) the representations and warranties of the Issuer contained in the Purchase Agreement or in any certificate or document delivered by the Issuer pursuant to the provisions thereof are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing;

(2) no litigation or proceeding against the Issuer is pending or, to the knowledge of the undersigned, threatened in any court or administrative body which would (a) contest the right of the members of the Commissioners Court, officers or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) attempt to restrain or enjoin the issuance or delivery of the Obligations, or contest the validity, due authorization and execution of the Obligations or the approval, execution or delivery of this Agreement, the Continuing Disclosure Undertaking or the Order, or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from levying or collecting the ad valorem taxes pledged to pay the principal of and interest on the Obligations, or the pledge thereof;

(3) all official action of the Issuer relating to the Official Statement, the Obligations, the Purchase Agreement, the Continuing Disclosure Undertaking and the Order have been duly taken by the Issuer, are in full force and effect and have not been modified, amended, supplemented or repealed;

(4) to the knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and

(5) there has not been any material adverse change in the financial condition of the Issuer since September 30, 2014, the latest date as of which audited financial information is available.

SIGNED this December 8, 2015.

JOHNSON COUNTY, TEXAS


County Judge

Ms. Erin Fitzpatrick
Amegy Bank National Association
Corporate Trust Department
2601 Dallas Parkway
Plano, Texas 75093

Re: \$20,675,000 Johnson County, Texas, Certificates of Obligation, Taxable Series 2015

Dear Erin:


Johnson County, Texas (the "County") and the purchaser of the captioned Certificates have designated Amegy Bank National Association (the "Bank") as their agent for the delivery and payment of the Certificates. If any litigation or contest should develop or be filed, or if any event should occur, or any knowledge should come to our attention, that would change or affect the arrangements made for the issuance and delivery of the Certificates, the undersigned will notify you thereof immediately by telephone. With this assurance you can rely on the absence of any such litigation, contest, event or knowledge, and on the veracity and currency of the Certificates and the documents authorizing the issuance thereof at the time of delivery of and payment for the Certificates, unless you are notified otherwise as aforesaid. Upon your receipt of Certificate No. T-1 of the referenced series and the final unqualified approving legal opinion of McCall, Parkhurst & Horton L.L.P. as to the validity of the Certificates, you are authorized and directed to deliver the Certificates to the underwriter thereof, to wit: RBC Capital Markets, LLC (the "Underwriter").

When you have received payment for the Certificates in immediately available funds, which is scheduled to occur on December 8, 2015 (the "Closing Date"), the Bank is hereby requested to make disbursements of money received in accordance with the following instructions:

1. The Bank will receive on or before the Closing Date from the Underwriter, the purchase price for the Certificates, \$20,479,734.92.
2. The Bank, upon receipt of such amount is requested to disburse such funds as follows:
 - (a) Send by wire transfer to First Financial Bank, the sum of \$20,360,498.00, which shall be designated for deposit to the County's construction fund.
 - (b) Send by wire transfer to The Bank of New York, FBO First Southwest Company, for payment of financial advisory fee and issuance expenses on behalf of the County, the sum of \$118,936.92. First Southwest Company shall account to the County for the payment of costs of issuance and shall remit to the County, for deposit into the Certificate Fund, any balance remaining after payment of such expenses.
 - (c) Retain the sum of \$300.00 for the Bank's initial paying agent/registrar fee.

Sincerely yours,

JOHNSON COUNTY

By: 
County Judge



325 North St. Paul Street
 Suite 800
 Dallas, Texas 75201

(214) 953-4195 Direct
 (214) 316-8416 Cell
 (214) 953-4050 Fax

James S. Sabonis
 Managing Director

jim.sabonis@firstsw.com

December 8, 2015

Mr. Kirk Kirkpatrick
 Johnson County
 2 N. Main Street, Room 312
 Cleburne, TX 76033

Mr. Matt Boles
 RBC Capital Markets
 2711 N. Haskell Ave., Suite 2500
 Dallas, TX 75204

Ms. Erin Fitzpatrick
 Amegy Bank National Association
 2601 Dallas Parkway, Suite 2601
 Plano, TX 75093

Re: Closing Instructions with respect to the \$20,605,000.00 Johnson County, Texas, Certificates of Obligation, Taxable Series 2015 (the "Certificates")

Payment for the above referenced Certificates is scheduled to occur at 10:00 A.M. CDT on Tuesday, December 8, 2015 (the "Closing Date"), and payment therefore is to occur at the offices of Amegy Bank National Association (the "Paying Agent").

(A) On the Closing Date, the Paying Agent will receive for the account of Johnson County, Texas (the "County") from RBC Capital Markets (the "Underwriter"), in payment of the purchase price for the Certificates, the sum of:

| | |
|--|------------------------|
| Principal Amount of the Certificates | \$20,605,000.00 |
| Less: Underwriter's Discount | (125,265.08) |
| Total to be Received from Underwriter for the Certificates | <u>\$20,479,734.92</u> |

TOTAL TO BE RECEIVED BY THE PAYING AGENT..... \$20,479,734.92

Instructions for wiring funds to the Paying Agent are as follows:

Zions Corporate Trust
 ABA #124000054
 Credit#080-00038-3 Texas Wire
 FFC: Johnson County CO, Txb1 S15
 Attn: Erin Fitzpatrick (214) 754-6237

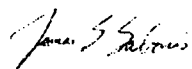
(B) On the Closing Date the Paying Agent is instructed to disburse the funds described in paragraph A as follows:

| | |
|---|---------------|
| (1) Transmit by wire transfer to First Financial Bank, Acct: 176198, Routing: 111301122, Johnson County, for deposit to the Project Fund, the sum of..... | 20,360,498.00 |
| (2) Transmit by wire transfer to The Bank of New York, 1 Wall Street, New York, NY, 10012, ABA# 021-000-018, Beneficiary: First Southwest Company, LLC, Account #890 0271 779, for Client Account #0353-021, Client Name: Johnson County, for the estimate costs of issuance, the sum of..... | 118,936.92 |
| (3) Retain for the Paying Agent annual administration fee the sum of..... | <u>300.00</u> |

TOTAL AMOUNT DISBURSED \$20,479,734.92

The cooperation of the addressees regarding the receipt and disbursement of funds in accordance with the above instructions on behalf of the County is greatly appreciated. If you have any questions or cannot comply with any portion of these wiring instructions, please contact me at (214) 953-4195.

Sincerely,



James S. Sabonis
Managing Director

cc: Mr. Julie MacMillan, RBC Capital Markets Corporation
Mr. Rob Collins, Bracewell & Giuliani LLP
Mr. Dan Culver, McCall, Parkhurst & Horton L.L.P.
Mr. Chris Settle, McCall, Parkhurst & Horton L.L.P.
Ms. Mary Jane Henson, Amegy Bank National Association
Mr. Andre Ayala, First Southwest Company, LLC
Mrs. Penny Brooker, First Southwest Company, LLC
Ms. Larisa Garcia, First Southwest Company, LLC

RECEIPT FOR PROCEEDS

THE STATE OF TEXAS
COUNTY OF JOHNSON

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The undersigned hereby certifies as follows:

(a) This certificate is executed and delivered with reference to Johnson County, Texas, Certificates of Obligation, Taxable Series 2015, dated as of November 1, 2015, in the aggregate principal amount of \$20,605,000 (the "Certificates").

(b) The undersigned is duly qualified to execute this receipt on behalf of Johnson County (the "Issuer") for the proceeds of the Certificates.

(c) The Certificates have been duly delivered to the underwriter thereof, RBC Capital Markets, LLC (the "Underwriter").

(d) The Certificates have been paid for in full by the Underwriter concurrently with the delivery of this certificate, and the Issuer has received, and hereby acknowledges receipt of, the agreed purchase price for the Certificates, being \$20,479,734.92.

EXECUTED and delivered this 8th day of December, 2015


County Judge

WR



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

December 2, 2015

THIS IS TO CERTIFY that Johnson County, Texas (the "Issuer"), has submitted the Johnson County, Texas Certificate of Obligation, Taxable Series 2015 (the "Certificate") in the principal amount of \$20,605,000 for approval. The Certificate is dated November 1, 2015, numbered T-1, and was authorized by Order No. 2015-40 of the Issuer passed on November 9, 2015 (the "Order").

The Office of the Attorney General has examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.


As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We express no opinion relating to the official statement or any other offering material relating to the Certificate.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows (capitalized terms, except as herein defined, have the meanings given to them in the Order):

- (1) The Certificate has been issued in accordance with law and is a valid and binding obligation of the Issuer.
- (2) The Certificate is payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, against all taxable property in the Issuer.

Therefore, the Certificate is approved.


Attorney General of the State of Texas

No. 59843
Book No. 2015-D
MA

*See attached Signature Authorization

OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF TEXAS

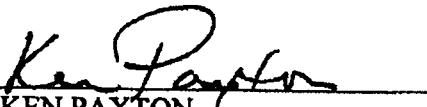
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I, KEN PAXTON, Attorney General for the State of Texas, do hereby authorize the employees of the Public Finance Division of the Office of the Attorney General to affix a digital image of my signature, in my capacity as Attorney General, to the opinions issued by this office approving the issuance of public securities by the various public agencies, non-profit corporations, district, entities, bodies politic or corporate, or political subdivisions of this State as required by law, the opinions approving those contracts designated by the Legislature as requiring the approval of the Attorney General, and the obligations, proceedings and credit agreements required by law to be approved by the Attorney General. The authorized digital image of my signature is attached as Exhibit A and is hereby adopted as my own for the purposes set forth herein. This supersedes any prior signature authorizations for the same purpose.

The authority granted herein is to be exercised on those occasions when I am unavailable to personally sign said opinions, and upon the condition that the opinions to which the digital image signature is affixed have been approved by an authorized Assistant Attorney General following the completion of the Public Finance Division's review of the transcripts of proceedings to which the opinions relate.

Given under my hand and seal of office at Austin, Texas, this the 5th day of January, 2015.




KEN PAXTON
Attorney General of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

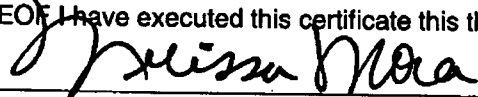
I, Melissa Mora, Bond Clerk Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 2nd day of December 2015, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Johnson County, Texas Certificate of Obligation, Taxable Series 2015,

numbered T-1, dated November 1, 2015, and that in signing the certificate of registration I used the following signature:

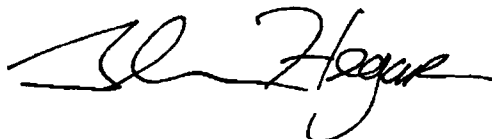


IN WITNESS WHEREOF I have executed this certificate this the 2nd day of December 2015.



I, Glenn Hegar, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 86221.

GIVEN under my hand and seal of office at Austin, Texas, this the 2nd day of December 2015.



GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER

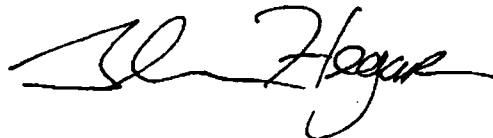
OF THE STATE OF TEXAS

I, GLENN HEGAR, Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

Johnson County, Texas Certificate of Obligation, Taxable Series 2015

numbered T-1, of the denomination of \$ 20,605,000, dated November 1, 2015, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 2nd day of December 2015, under Registration Number 86221.

Given under my hand and seal of office, at Austin, Texas, the 2nd day of December 2015.

A handwritten signature in black ink, appearing to read "Glenn Hegar", written in a cursive style.

GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

LAW OFFICES
McCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE
1800 ONE AMERICAN CENTER
AUSTIN, TEXAS 78701-3248
TELEPHONE: 512 478-3805
FACSIMILE: 512 472-0871

717 NORTH HARWOOD
NINTH FLOOR
DALLAS, TEXAS 75201-6587
TELEPHONE: 214 754-9200
FACSIMILE: 214 754-9250

700 N. ST. MARY'S STREET
1525 ONE RIVERWALK PLACE
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

December 8, 2015

**JOHNSON COUNTY, TEXAS
CERTIFICATES OF OBLIGATION,
TAXABLE SERIES 2015, DATED NOVEMBER 1, 2015
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$20,605,000**

AS BOND COUNSEL for Johnson County, Texas, the issuer (the "Issuer") of the Certificates of Obligation described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the date specified in the text of the Certificates, until maturity or redemption, at the rates and payable on the dates as stated in the text of the Certificates, and maturing serially on the dates specified in the text of the Certificates, with the Certificates being subject to redemption, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to governmental immunity and bankruptcy, reorganization and other similar matters affecting creditors' rights generally, and by general principles of equity which permit the exercise of judicial discretion, the Certificates constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law.

WE EXPRESSLY STATE NO OPINION herein with respect to the proper federal, state or local tax treatment of any payments made with respect to the Certificates. The purchasers of the Certificates should consult their own tax advisors as to the tax treatment which may be anticipated to result from the purchase, ownership and disposition of the Certificates or the receipt of payments on the Certificates before determining whether to purchase the Certificates.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within the Issuer. Our

role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result. Rather, our opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions.

Respectfully,

A handwritten signature in black ink that appears to read "M. Cole Powell" followed by a stylized flourish or signature mark.

LAW OFFICES

MCCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE
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700 N. ST. MARY'S STREET
SUITE 1525
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

December 8, 2015

RBC Capital Markets, LLC
2711 N. Haskell Ave., Suite 2500
Dallas, Texas 75204

Re: \$20,675,000 Johnson County, Texas, Certificates of Obligation, Taxable Series 2015

Ladies and Gentlemen:

In reference to the issuance and sale of the above described Obligations of obligation (the "Obligations"), we have served as Bond Counsel for Johnson County, Texas (the "County") and, in such capacity, prepared the order authorizing the issuance of the Obligations adopted by the Board of Trustees of the County on November 9, 2015 (the "Order"), which Order also approved and authorized the distribution of the Official Statement dated November 9, 2015 relating to the Obligations (the "Official Statement") and approved and authorized the execution of the Purchase Contract, dated November 9, 2015 relating to the Obligations (the "Purchase Contract") by and between the County and the addressee hereof, as the underwriter of the Obligations.

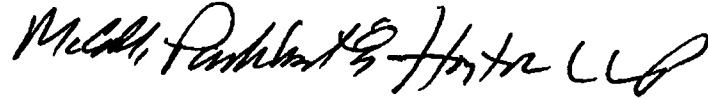
We have examined such documents and satisfied ourselves as to such matters as we have deemed necessary in order to enable us to express the opinions set forth below.

- A. The Order has been duly adopted by the County, and is in full force and effect.
- B. The Obligations are exempted securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and it is not necessary, in connection with the offering and sale of the Obligations, to register the Obligations under the 1933 Act or to qualify the Order under the Trust Indenture Act.
- C. Except to the extent noted in the Preliminary Official Statement and the Official Statement, we have not assumed any responsibility with respect to the Preliminary Official Statement or the Official Statement or undertaken independently to verify any of the information contained therein, except that, in our capacity as Bond Counsel we have reviewed the information under the captions or subcaptions "PLAN OF FINANCING" (except for the information under the subcaption "Use of Obligation Proceeds," as to which no opinion is expressed), "THE OBLIGATIONS" (except for the information under the subcaptions "Book-Entry-Only System," "Obligationholders'

Remedies" and all but the first sentence under "Tax Rate Limitation," in each case, as to which no opinion is expressed), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subcaption "Compliance With Prior Undertakings," as to which no opinion is expressed), and the subcaptions "OTHER INFORMATION Registration and Qualification of Obligations for Sale," "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER INFORMATION – Legal Matters" (except the last sentence of the first paragraph thereof), and we are of the opinion that the information relating to the Obligations 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 Obligations, such information conforms to the Order.

The Underwriter is entitled to rely upon our opinion as Bond Counsel to the County with respect to the Obligations, delivered on the date hereof in accordance with the provisions of Section 6(i)(3) of the Purchase Contract, but we have not represented the Underwriter in connection with the transactions described in the Purchase Contract, and have provided no advice to the Underwriter, other than as set forth herein. This letter is furnished to the addressee solely for its benefit and no other party is entitled to rely hereon.

Very truly yours,



December 8, 2015

RBC Capital Markets, LLC
200 Crescent Court, Suite 1500
Dallas, Texas 75201

Re: Johnson County, Texas Certificates of Obligations, Taxable Series 2015 (the
"Certificates")

Ladies and Gentlemen:

We have acted as counsel to you as the Underwriter of the above-referenced Certificates. The Certificates are being issued pursuant to an Order adopted by the Commissioners Court of Johnson County, Texas (the "Issuer") on November 9, 2015 (the "Order"). The Underwriter is purchasing the Certificates pursuant to a Bond Purchase Agreement with respect thereto, dated as of November 9, 2015 (the "Purchase Agreement"), between the Underwriter and the Issuer. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the Purchase Agreement.

As your counsel, we have examined the Preliminary Official Statement for the Certificates dated October 30, 2015 (the "Preliminary Official Statement") and the final Official Statement for the Certificates dated November 9, 2015 (the "Final Official Statement" and, together with the Preliminary Official Statement, the "Official Statement"), a certified copy of the Order, and executed copies of the Purchase Agreement and the certificates and opinions referred to in Section 6(j) of the Purchase Agreement. In addition, we have examined the originals or copies, certified or otherwise identified to our satisfaction, of such records of the Issuer, agreements and other instruments, certificates of public officials and representatives of the Issuer, and such other documents as we have deemed necessary or advisable as a basis for the opinions hereinafter expressed. We have not been requested to and are not expressing any opinion or views on the authorization, execution, issuance, delivery or validity of, the Certificates. We have assumed, but have not independently verified, that the signatures on all documents and certificates that we have examined are genuine and all copies conform to the originals.

Based on and subject to the foregoing, we are of the opinion that the Certificates are exempted securities under the Securities Act of 1933, as amended (the "1933 Act") and it is not necessary, in connection with the offering and sale of the Certificates, to register the

BRACEWELL & GIULIANI

December 8, 2015

Page 2

Certificates under the 1933 Act or to qualify the Order under the Trust Indenture Act of 1939, as amended.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters and because of the wholly or partially non-legal character of many of the determinations involved in the preparation of the Official Statement, we are not passing upon and do not assume any responsibility for the accuracy, completeness, or fairness of the statements contained in the Official Statement (including any appendices, schedules and exhibits thereto), and we make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. At your request, we have participated as your counsel in conferences with representatives of the Issuer, including its bond counsel and financial advisor, and your representatives, at which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences and in reliance thereon and on the certificates, opinions and other documents herein mentioned, we advise you that no facts have come to the attention of the attorneys in our firm rendering legal services to you in this matter that cause us to believe that the Official Statement (except as to (i) any financial, forecast, technical and statistical statements and data included in the Official Statement or the addenda thereto, (ii) the information under the headings "THE OBLIGATIONS—"Book-Entry-Only System," "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS" and "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings," and (iii) Appendices A through C thereto, as to which we do not express any opinion or belief) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

In addition, assuming that the Order has been duly adopted by the Issuer, and constitutes a valid and legally binding obligation of the Issuer, enforceable in accordance with its terms, the continuing disclosure undertakings by the Issuer contained in Section 14 of the Order provide a suitable basis for the Underwriter reasonably to determine that the Issuer has undertaken to provide, directly or indirectly, the information required to be provided in connection with the Certificates pursuant to paragraph (b)(5)(i) of United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R., Part 240, § 240.15c2-12) under the Securities Exchange Act of 1934, as amended.

The opinions expressed herein are expressed only insofar as the laws of the United States of America may be applicable. This letter may be relied upon only by the addressees hereof and may not be used or relied upon by any other person for any purpose whatsoever without, in each instance, our prior written consent.

Very truly yours,

Bracewell & Giuliani LLP



**STANDARD & POOR'S
RATINGS SERVICES**

McGRAW HILL FINANCIAL

500 North Akard Street
Lincoln Plaza, Suite 3200
Dallas, TX 75201
tel (214) 871-1400
reference no.: 1413999

October 26, 2015

Johnson County
Johnson County Courthouse
2 North Main Street, Room 312
Cleburne, TX 76033
Attention: Mr. Kirk Kirkpatrick, County Auditor

Re: *US\$20,675,000 Johnson County, Texas, Certificates of Obligation, Series 2015, dated:
November 01, 2015, due: February 15, 2035*

Dear Mr. Kirkpatrick:

Pursuant to your request for a Standard & Poor's Ratings Services ("Ratings Services") rating on the above-referenced obligations, Ratings Services has assigned a rating of "AA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes Ratings Services' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, Standard & Poor's must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

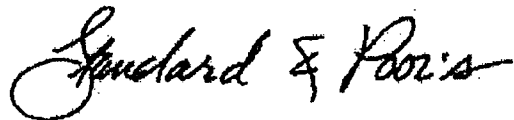
Please send hard copies to:
Standard & Poor's Ratings Services
Public Finance Department

55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,

A handwritten signature in cursive script that reads "Standard & Poor's".

Standard & Poor's Ratings Services

am
enclosures

cc: Mr. James Sabonis
Ms. Penny Brooker



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RatingsDirect®

Summary:

Johnson County, Texas; General Obligation

Primary Credit Analyst:

Sarah L. Smaardyk, Dallas (1) 214-871-1428; sarah.smaardyk@standardandpoors.com

Secondary Contact:

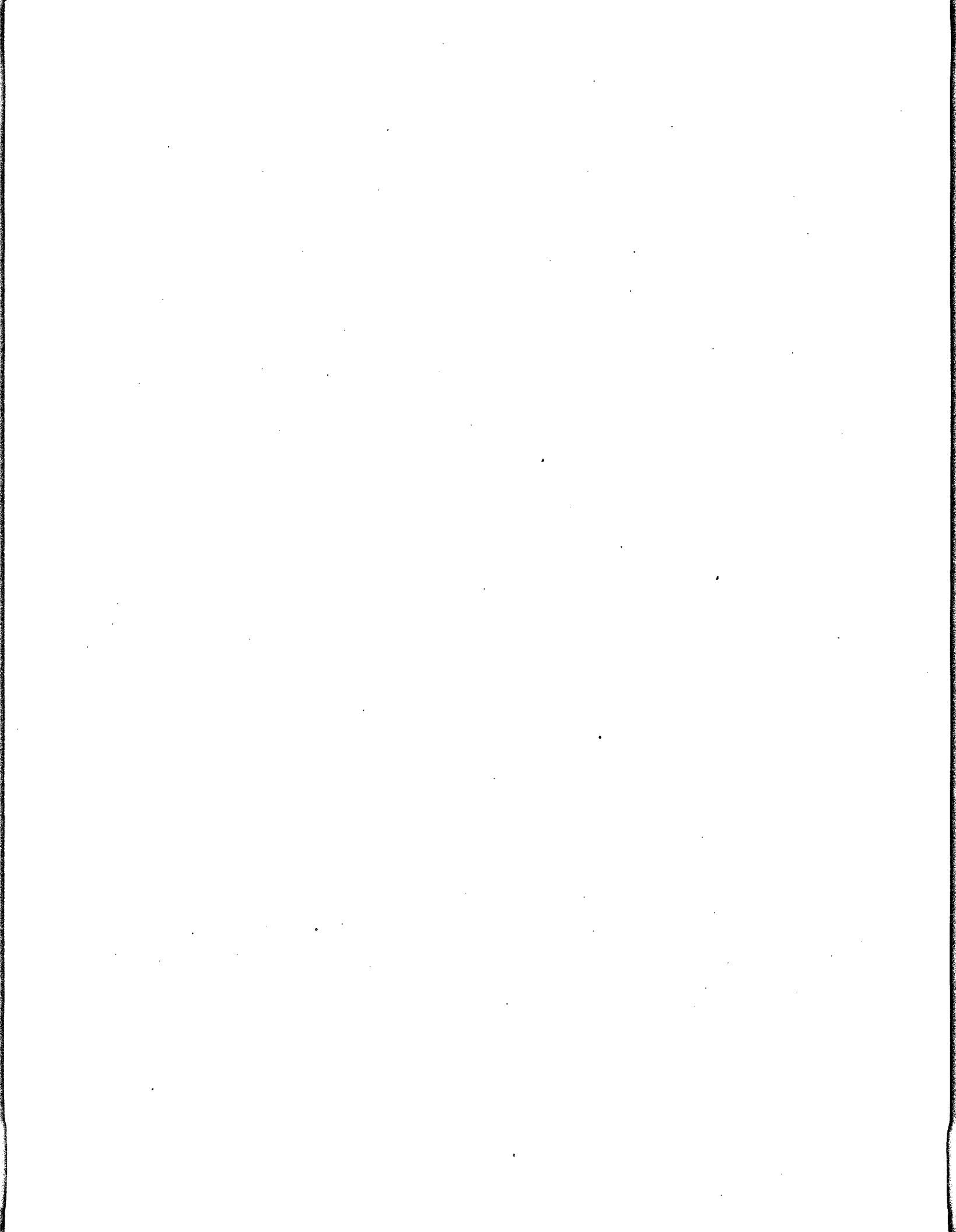
Lauren H. Spalten, Dallas (1) 214-871-1421; lauren.spalten@standardandpoors.com

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Rationale

Outlook

Related Criteria And Research



Summary:

Johnson County, Texas; General Obligation

Credit Profile

US\$20.675 mil certs of oblig ser 2015 dtd 11/01/2015 due 02/15/2035

| | | |
|-------------------------|-----------|----------|
| <i>Long Term Rating</i> | AA/Stable | New |
| Johnson Cnty GO | | |
| <i>Long Term Rating</i> | AA/Stable | Affirmed |

Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating to Johnson County, Texas' series 2015 certificates of obligation. At the same time, Standard & Poor's affirmed its 'AA' long-term rating and underlying rating (SPUR) on the county's existing general obligation (GO) debt. The outlook is stable.

The certificates are direct obligations of the county, payable from the levy and collection of a direct and continuing ad valorem tax levied on all taxable property in the county within the limits prescribed by law. In Texas, counties are generally capped at levying a property tax rate of no more than 80 cents per \$100 of assessed value (AV), 40 cents of which can be dedicated for debt service. The county currently levies a property tax rate of 40.77 cents, 2.36 cents of which is dedicated for debt service. Certificate proceeds will be used to renovate and construct a new jail.

The rating reflects our assessment of the county's following factors:

- Adequate economy, with access to the Dallas-Fort Worth broad and diverse metropolitan statistical area (MSA);
- Adequate management, with "standard" financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with operating results that we expect could improve in the near term relative to fiscal 2014, which closed with operating deficits in the general fund and at the total governmental fund level;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2014 of 43% of operating expenditures;
- Very strong liquidity, with total government available cash of 58.8% of total governmental fund expenditures and 20.2x governmental debt service, and access to external liquidity we consider strong;
- Strong debt and contingent liability position, with debt service carrying charges of 2.9% of expenditures and net direct debt that is 50.2% of total governmental fund revenue; and
- Strong institutional framework score.

Adequate economy

We consider the county's economy adequate. Johnson County, with an estimated population of 160,817, is located in the Dallas-Fort Worth, Texas MSA, which we consider to be broad and diverse. The county has a projected per capita effective buying income of 89.6% of the national level and per capita market value of \$69,705. Overall, the county's market value grew by 2.9% over the past year to \$11.2 billion in 2016. The top 10 taxpayers account for what we consider a very diverse 13.6% of total AV. The county unemployment rate was 5% in 2014.

Johnson County encompasses about 731 miles in north central Texas. The economy is centered on agribusinesses and

manufacturing. Over the past year, the county has had over \$100 million in facility expansions. We believe residents benefit from participation in the broad and diverse MSA, which we view as credit strength.

Adequate management

We view the county's management as adequate, with "standard" financial policies and practices under our FMA methodology, indicating the finance department maintains adequate policies in some but not all key areas. The FMA has been revised to "standard" from "good" due to the county's lack of a long-term capital plan.

Management performs revenue and expenditure projections based on a conservative assessment of historical trends. Officials provide monthly budget reports to the commissioners' court, and amend the budget as necessary throughout the year. The general fund balance policy establishes a required minimum reserve at 25% to 50% of expenditures, which provides enough funds to avoid short-term borrowing and to address unexpected contingencies. Management currently lacks long-term financial projections and capital planning, and there is no debt management policy.

Adequate budgetary performance

Johnson County's budgetary performance is adequate in our opinion. The county had operating deficits of 5.3% in the general fund and 2.9% across all governmental funds in fiscal 2014. Our assessment accounts for the fact that we expect budgetary results could improve from 2014 results in the near term.

Property taxes are a major revenue source for the county and have remained stable over the past few fiscal years.

Based on fiscal 2015 and 2016 projections, we believe that the county's finances will remain adequate across all governmental funds. The county's main revenue stream, property taxes, has demonstrated stable growth during the past several years, which management expects to continue in the near-term.

Very strong budgetary flexibility

Johnson County's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2014 of 43% of operating expenditures, or \$21.3 million. We expect the available fund balance will remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor. The available reserves include \$18.3 million (36.6% of expenditures) in the general fund and \$3 million (6 % of expenditures) from the right-of-way and indigent health funds that are outside the general fund but legally available for operations. Historically, the county has maintained fund balance over 30% and it projected to do so for fiscal 2015.

The county is projecting to end fiscal 2015 with a surplus of roughly \$3.2 million due to conservative budgeting, which will boost reserve levels to \$24.5 million, or what we consider a very strong 47.3% of expenditures. The adopted fiscal 2016 budget is balanced without the use of reserves and officials have no plans to spend down the fund balance at this time. As such, we expect the county's budgetary flexibility will remain very strong.

Very strong liquidity

In our opinion, Johnson County's liquidity is very strong, with total government available cash of 58.8% of total governmental fund expenditures and 20.2x governmental debt service in 2014. In our view, the county has strong access to external liquidity if necessary.

The county's investments are conservative, in our view, primarily in certificates of deposit and mutual funds; all

investments have a maturity of less than one year.

Strong debt and contingent liability profile

In our view, Johnson County's debt and contingent liability profile is strong. Total governmental fund debt service is 2.9% of total governmental fund expenditures, and net direct debt is 50.2% of total governmental fund revenue.

The county has no authorized but unissued debt and is not anticipating the issuance of additional debt at this time.

The county contributes to the Texas County & District Retirement System, a nontraditional defined-benefit pension plan. The plan was 86.9% funded at the end of fiscal 2014, and the county contributed 100% of the annual required contribution. The county also offers postemployment health care benefits to qualified retirees, which it funds on a pay-as-you-go basis. Johnson County's combined pension and other postemployment benefits contributions totaled 3.2% of total governmental fund expenditures in 2014. The county made its full annual required pension contribution in 2014.

Strong institutional framework

The institutional framework score for Texas counties is strong.

Outlook

The stable outlook reflects our expectation that we will not change the rating over the two-year outlook horizon, based on our view that Johnson County will continue to maintain very strong budgetary flexibility and liquidity. The outlook also reflects our view that the county will continue to serve as a large regional economic center, but that income and wealth indicators will likely remain below the national average.

Upside scenario

A higher rating is possible if economic indicators, particularly per capita effective buying income and market value per capita, were to improve to levels we consider more comparable to similarly rated peers, or if the county's budgetary performance improves to strong levels.

Downside scenario

We could lower the rating if there were a significant reduction of available reserves, coupled with deterioration in budgetary performance or increased debt service costs.

Related Criteria And Research

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Limited-Tax GO Debt, Jan. 10, 2002
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Texas Local Governments

Ratings Detail (As Of October 27, 2015)

Johnson Cnty GO (MBIA)(National)

Unenhanced Rating

AA(SPUR)/Stable

Affirmed

Johnson Cnty GO

Unenhanced Rating

AA(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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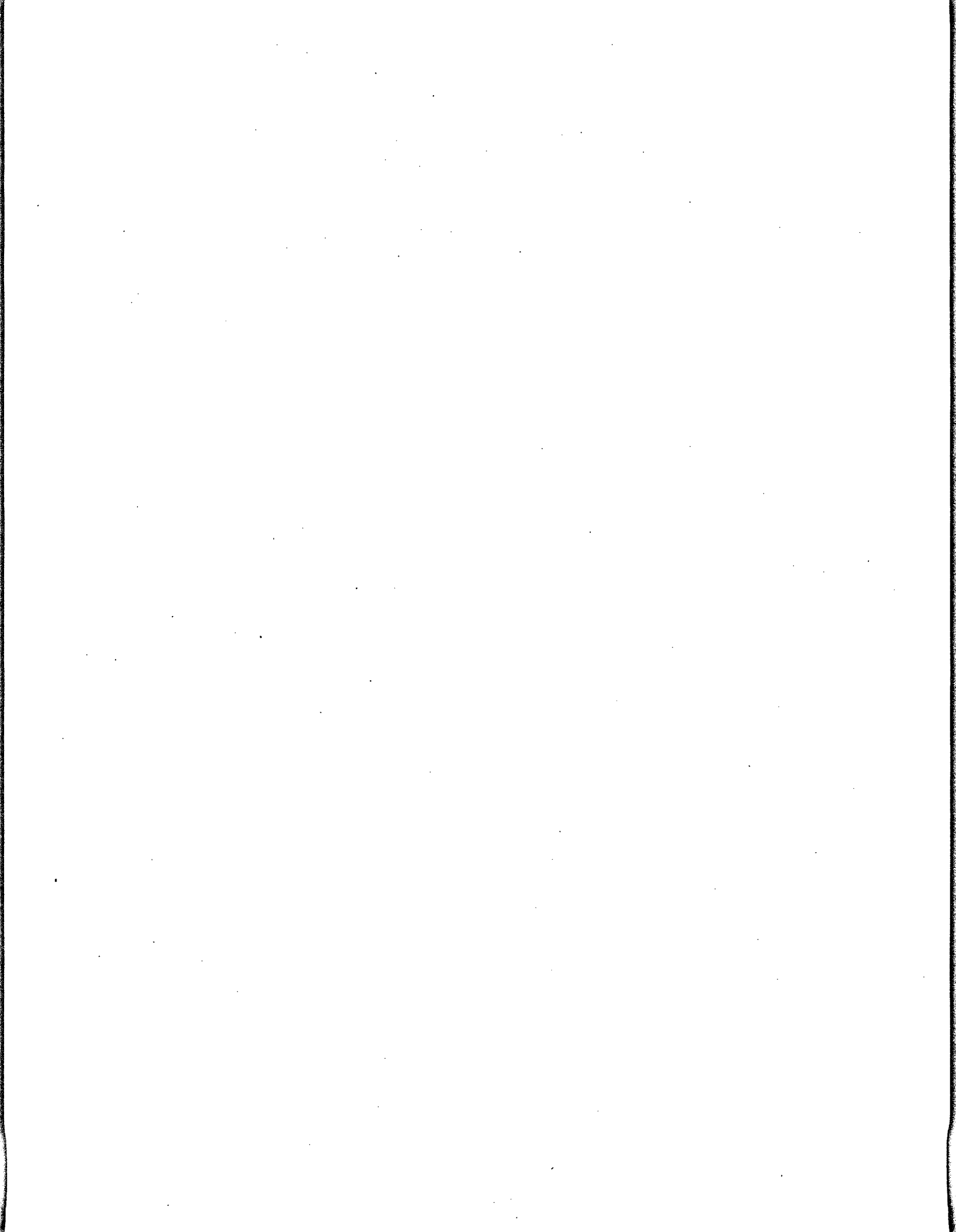
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Fitch Ratings

Fitch Rates Johnson County, TX's Taxable COs at 'AA+'; Outlook Stable

Fitch Ratings-Austin-28 October 2015: Fitch Ratings has assigned an 'AA+' rating to Johnson County, Texas' (the county) \$20.7 million certificates of obligation (COs), taxable series 2015.

The bonds are scheduled for negotiated sale the week of Nov. 2. Proceeds will be used for the renovation and expansion of the county jail.

In addition, Fitch affirms the 'AA+' rating on the following obligations:

--\$9.0 million GO refunding bonds, series 2007.

The Rating Outlook is Stable.

SECURITY

The GO bonds and COs are payable from an annual property tax levy limited to \$0.80 per \$100 taxable assessed valuation (TAV).

KEY RATING DRIVERS

STRONG FINANCIAL PROFILE: The high rating reflects the county's continued positive fiscal performance, high fund and cash balances, and conservative budgeting and cost management practices. Fund balance in excess of prudent policy targets is used for non-recurring items.

HEALTHY ECONOMY: The county is situated near the broad labor market of the Dallas-Fort Worth (DFW) metropolitan statistical area (MSA), access to which has been enhanced by a major highway project. Job growth coming out of the recession is strong, and unemployment and poverty rates are low.

TAX BASE IMPROVEMENT: The district's tax base has returned to growth after a period of contraction due to the devaluation of natural gas that lies within the county in the Barnett Shale natural gas formation. Some oil and gas industry concentration remains with the top 10 largest taxpayers, but mineral values now make up a smaller portion of total taxable assessed valuation (TAV).

AFFORDABLE DEBT BURDEN: Debt levels have increased primarily as a result of underlying issuers. Carrying costs remain low, retiree benefits are affordable, and debt-funded capital needs are limited.

RATING SENSITIVITIES

FISCAL PERFORMANCE: The rating is sensitive to the maintenance of a balanced operating profile and high fund balance to offset the concentrated taxpayer base and volatility in taxable values.

CREDIT PROFILE

Johnson County is located directly south of Fort Worth (GO bonds rated 'AA+', Outlook Stable). The county spans 740 square miles and has an estimated population of nearly 160,000. The city of Cleburne (GOs rated 'AA-', Outlook Stable) is the county seat and principal commercial center. Other municipalities within the county include Burleson, Alvarado, Joshua, Keene, and Venus.

GROWING ECONOMY REFLECTS PROXIMITY TO DFW

The county's local employment base is diverse and residents benefit from the close proximity to the DFW metro area. The DFW regional employment base is extensive and diversified in manufacturing, wholesale trade, defense, technology, business services, education, retail, and oil and gas. The proximity to DFW and the availability of affordable land has continued to attract significant development to the county. Direct access to downtown Fort Worth through Interstate 35 along with the recent completion of a tollway supports additional prospects for development.

The regional economy is experiencing good post-recession job growth. Johnson County's unemployment rate of 4.3% in August 2015 is down almost a percentage point from one year prior, reflecting job gains in excess of labor force growth. Income levels are average when compared to the state and nation.

DIMINISHED NATURAL GAS CONCENTRATION

The Barnett Shale play is one of the largest natural gas fields in the U.S., over which most of the county lies. Recent declines in TAV were due to weakness in mineral values, which made up 25% of fiscal 2010 TAV but fell to less than 15.5% of fiscal 2016 TAV due to decreased drilling activity and lower natural gas prices. The tax base contraction occurred in fiscals 2011-2014, causing a cumulative decline of 20%. Modest annual gains in fiscals 2015 and 2016 of 3% show recovery in the tax base, with further gains likely given the new accessibility to the MSA. Importantly, management has raised tax rates over the last several years to mitigate the revenue impact from the declines.

Several consecutive years of low gas prices have reduced the top taxpayers' share of the tax base, but industry concentration remains a concern. The top 10 taxpayers comprised 13.5% of fiscal 2016 TAV, and eight of the top 10 are directly engaged in the oil and gas industry.

SOLID FISCAL PERFORMANCE AND POSITION

County officials have prudently managed losses in property tax revenues through tax rate adjustments and conservative assumptions to maintain reserves above the formal policy of 25%. Fund balance in excess of this policy is used for one-time spending, including infrastructure and vehicle/equipment purchases. Audited fiscal 2014 results demonstrate improvement above a \$4.5 million budgeted deficit, with the county ending the year after transfers with a \$2.6 million draw down of fund balance. Unrestricted general fund reserves remained healthy at 33.4% of general fund spending. Fitch views this level of fiscal cushion as important to the high 'AA+' rating given the TAV concentration and volatility and also views positively the county's conservative budgeting practices.

Management estimates a surplus of \$3.2 million for the fiscal year ending Sept. 30, 2015 due to strong tax collections and an underspending of the budget. The fiscal 2016 adopted budget is balanced with a slight decline in spending and a tax rate of \$0.405 per \$100 TAV.

AFFORDABLE DEBT BURDEN

Proceeds from the current bond issue will fund renovations and additional capacity at the existing county jail. Maximum annual debt service (MADS) following this issue occurs in 2021 and accounts for an affordable 5.5% of 2014 spending, compared to the current 2.9%. Debt is elevated at 6.1% of fiscal 2015 market value due primarily to issuance by underlying borrowers. Principal amortization slows with this issuance from a rapid 100% retired in 10 years to a more moderate 61%. Management reports no plans to issue additional tax-supported debt in the foreseeable future.

County employees participate in the Texas County and District Retirement System, a cost-sharing multiple employer plan that is funded at 77% as of Dec. 31, 2013 using a 7% rate of return. The county made changes to its other post-employment benefits (OPEB) retiree health care program in 2010 that reduced the unfunded obligation from \$5.2 million to \$1.8 million, a nominal 0.01% of market value. OPEB is funded on a pay-go basis. Combined carrying costs for debt service, pension, and OPEB were low at 6.2% of fiscal 2014 fund spending.

Contact:**Primary Analyst**

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Additional information is available at 'www.fitchratings.com'.

Fitch recently published an exposure draft of state and local government tax-supported criteria (Exposure Draft: U.S. Tax-Supported Rating Criteria, dated Sept. 10, 2015). The draft includes a number of proposed revisions to existing criteria. If applied in the proposed form, Fitch estimates the revised criteria would result in changes to fewer than 10% of existing tax-supported ratings. Fitch expects that final criteria will be approved and published by Jan. 20, 2016. Once approved, the criteria will be applied immediately to any new issue and surveillance rating review. Fitch anticipates the criteria to be applied to all ratings that fall under the criteria within a 12-month period from the final approval date.

In addition to the sources of information identified in Fitch's Tax-Supported Rating Criteria, this action was additionally informed by information from Creditscope, University Financial Associates, S&P/Case-Shiller Home Price Index, IHS Global Insight, National Association of Realtors, Underwriter, Bond Counsel, Underwriter Counsel, Trustee, US Federal Government (non-public information), and the Municipal Advisory Council of Texas.

Applicable Criteria

Exposure Draft: U.S. Tax-Supported Rating Criteria (pub. 10 Sep 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=869942)

Tax-Supported Rating Criteria (pub. 14 Aug 2012)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686015)

U.S. Local Government Tax-Supported Rating Criteria (pub. 14 Aug 2012)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=685314)**Additional Disclosures**

Dodd-Frank Rating Information Disclosure Form

https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=993032)Solicitation Status (https://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=993032)Endorsement Policy (<https://www.fitchratings.com/jsp/creditdesk/PolicyRegulation.faces?>

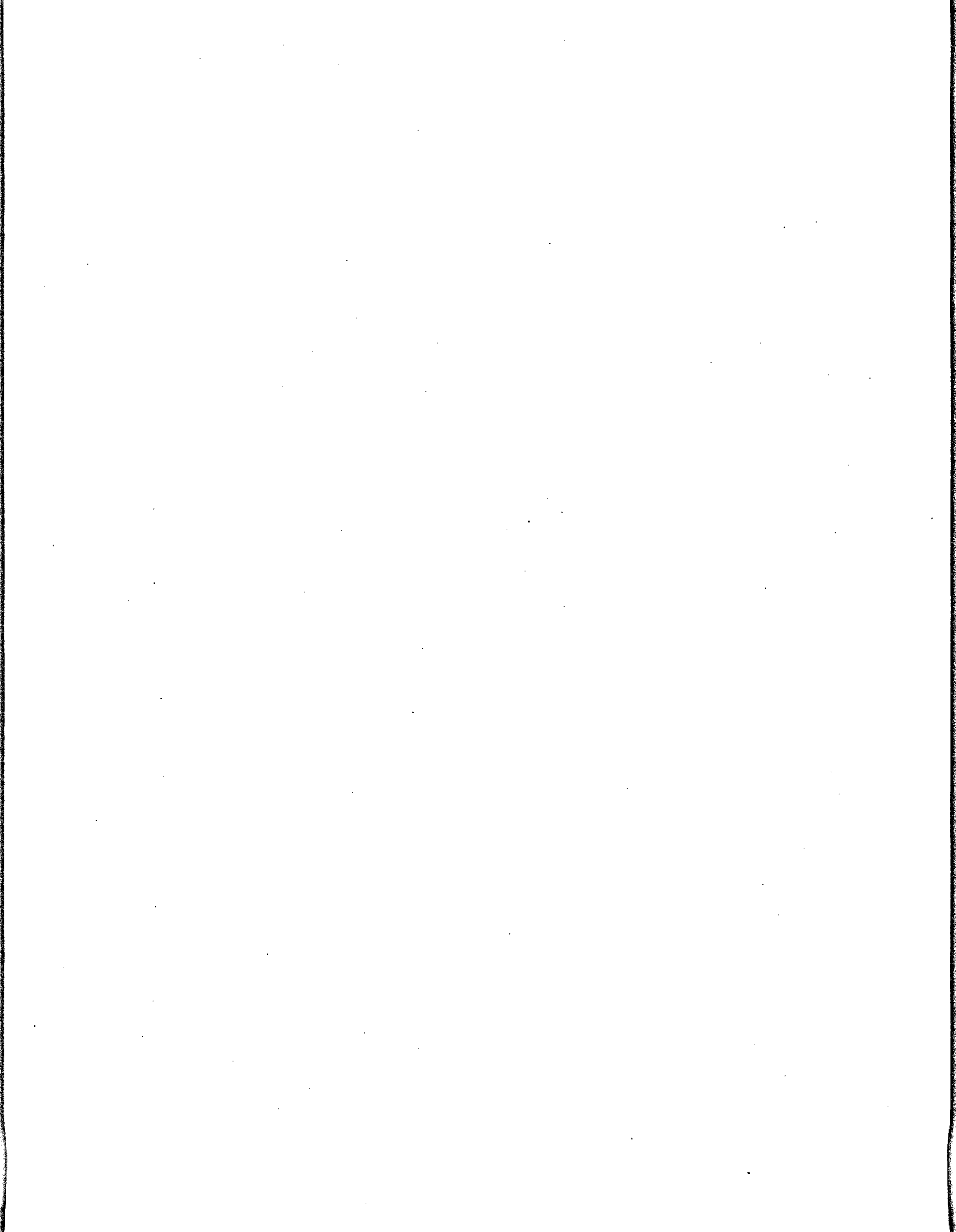
context=2&detail=31)

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Johnson County, Texas

Certificates of Obligation New Issue Report

Ratings

New Issue

Certificates of Obligation, Taxable
Series 2015

AA+

Outstanding Debt

General Obligation Refunding
Bonds

AA+

Rating Outlook

Stable

New Issue Details

Sale Information: \$20,675,000 Certificates of Obligation, Taxable Series 2015, scheduled to sell the week of Nov. 2 via negotiation.

Security: The GO bonds and certificates of obligation are payable from an annual property tax levy limited to \$0.80 per \$100 taxable assessed valuation (TAV).

Purpose: Proceeds will be used for the renovation and expansion of the Johnson County (the county) jail.

Final Maturity: Feb. 15, 2035.

Key Rating Drivers

Strong Financial Profile: The high 'AA+' rating reflects the county's continued positive fiscal performance, high fund and cash balances and conservative budgeting and cost management practices. Fund balance in excess of prudent policy targets is used for nonrecurring items.

Healthy Economy: The county is situated near the broad labor market of the Dallas-Fort Worth (DFW) metropolitan statistical area (MSA), access to which has been enhanced by a major highway project. Job growth coming out of the recession is strong, and unemployment and poverty rates are low.

Tax Base Improvement: The county's tax base has returned to growth after a period of contraction due to the devaluation of natural gas that lies within the county in the Barnett Shale natural gas formation. Some oil and gas industry concentration remains with the top 10 largest taxpayers, but mineral values now make up a smaller portion of total TAV.

Affordable Debt Burden: Debt levels have increased primarily as a result of underlying issuers. Carrying costs remain low, retiree benefits are affordable and debt-funded capital needs are limited.

Related Research

Fitch Rates Johnson County, TX's
Taxable COs at 'AA+'; Outlook Stable
(October 2015)

Rating Sensitivities

Fiscal Performance: The 'AA+' rating is sensitive to the maintenance of a balanced operating profile and high fund balance to offset the concentrated taxpayer base and volatility in taxable values.

Analysts

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Rebecca Meyer
+1 512 215-3733
rebecca.meyer@fitchratings.com

Rating History

| Rating | Action | Outlook/ Watch | Date |
|--------|----------|-------------------|----------|
| AA+ | Affirmed | Stable | 10/28/15 |
| AA+ | Affirmed | Stable | 8/27/15 |
| AA+ | Affirmed | Stable | 9/6/13 |
| AA+ | Upgraded | Stable | 10/12/11 |
| AA | Affirmed | Stable | 8/11/10 |
| AA | Revised | Stable | 4/30/10 |
| AA- | Upgraded | Stable | 12/17/09 |
| A+ | Assigned | Stable | 2/9/07 |

Fitch recently published an exposure draft of state and local government tax-supported criteria (Exposure Draft: U.S. Tax-Supported Rating Criteria, dated Sept. 10, 2015). The draft includes a number of proposed revisions to existing criteria. If applied in the proposed form, Fitch estimates the revised criteria would result in changes to fewer than 10% of existing tax-supported ratings. Fitch expects that final criteria will be approved and published by Jan. 20, 2016. Once approved, the criteria will be applied immediately to any new issue and surveillance rating review. Fitch anticipates the criteria to be applied to all ratings that fall under the criteria within a 12-month period from the final approval date.

Credit Profile

Johnson County is located directly south of Fort Worth (GO bonds rated AA+/Stable by Fitch Ratings). The county spans 740 square miles and has an estimated population of nearly 160,000. The city of Cleburne (GOs rated AA-/Stable by Fitch) is the county seat and principal commercial center. Other municipalities within the county include Burleson, Alvarado, Joshua, Keene and Venus.

Growing Economy Reflects Proximity to DFW

The county's local employment base is diverse, and residents benefit from the close proximity to the DFW metro area. The DFW regional employment base is extensive and diversified in manufacturing, wholesale trade, defense, technology, business services, education, retail and oil and gas. The proximity to DFW and the availability of affordable land has continued to attract significant development to the county. Direct access to downtown Fort Worth through Interstate 35, along with the recent completion of a tollway, supports additional prospects for development.

The regional economy is experiencing good postrecession job growth. Johnson County's unemployment rate of 4.3% in August 2015 was down almost a percentage point from one year prior, reflecting job gains in excess of labor force growth. Income levels are average when compared with the state and national levels.

Diminished Natural Gas Concentration

The Barnett Shale play is one of the largest natural gas fields in the U.S., over which most of the county lies. Recent declines in TAV were due to weakness in mineral values, which made up 25% of fiscal 2010 TAV but fell to less than 15.5% of fiscal 2016 TAV due to decreased drilling activity and lower natural gas prices. The tax base contraction occurred in fiscal years 2011–2014, causing a cumulative decline of 20%. Modest annual gains in fiscal years 2015 and 2016 of 3% show recovery in the tax base, with further gains likely given the new accessibility to the MSA. Importantly, management has raised tax rates over the past several years to mitigate the revenue impact from the declines.

Several consecutive years of low gas prices have reduced the top taxpayers' share of the tax base, but industry concentration remains a concern. The top 10 taxpayers comprised 13.5% of fiscal 2016 TAV, and eight of the top 10 are directly engaged in the oil and gas industry.

Solid Fiscal Performance and Position

County officials have prudently managed losses in property tax revenues through tax rate adjustments and conservative assumptions to maintain reserves above the formal policy of 25%. Fund balance in excess of this policy is used for one-time spending, including infrastructure and vehicle/equipment purchases. Audited fiscal 2014 results demonstrate improvement above a \$4.5 million budgeted deficit, with the county ending the year after transfers with a \$2.6 million drawdown of fund balance. Unrestricted general fund reserves remained healthy at 33.4% of general fund spending. Fitch views this level of fiscal cushion as important to the high 'AA+' rating given the TAV concentration and volatility and also views positively the county's conservative budgeting practices.

Management estimates a surplus of \$3.2 million for the fiscal year ended Sept. 30, 2015 due to strong tax collections and an underspending of the budget. The fiscal 2016 adopted budget is balanced, with a slight decline in spending and a tax rate of \$0.405 per \$100 TAV.

Related Criteria

Tax-Supported Rating Criteria (August 2012)

U.S. State Government Tax-Supported Rating Criteria (August 2012)

Exposure Draft: U.S. Tax-Supported Rating Criteria (September 2015)

General Fund Financial Summary

(\$000, Audited Fiscal Years Ended Sept. 30)

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|---------------|----------------|-----------------|----------------|----------------|
| Total Tax Revenue | 36,072 | 36,402 | 35,712 | 35,403 | 37,211 |
| License and Permits | 4,242 | 4,015 | 4,067 | 4,478 | 4,428 |
| Fines and Forfeits | 1,814 | 1,851 | 1,507 | 1,818 | 1,419 |
| Intergovernmental Revenue | 1,210 | 1,057 | 830 | 903 | 1,107 |
| Other Revenue | 1,185 | 886 | 8,099 | 7,542 | 7,810 |
| General Fund Revenue | 44,623 | 44,011 | 50,215 | 49,942 | 51,975 |
| General Government | 18,761 | 19,672 | 20,175 | 20,701 | 19,026 |
| Public Safety Expenditures | 16,047 | 17,017 | 24,542 | 25,359 | 28,862 |
| Health and Social Services Expenditures | 422 | 424 | 439 | 463 | 686 |
| Culture and Recreation Expenditures | 203 | 160 | 184 | 195 | 192 |
| Capital Outlay Expenditures | 778 | 73 | — | — | 425 |
| Debt Service Expenditures | — | — | 147 | 299 | 287 |
| Other Expenditures | 587 | 489 | 524 | 573 | 568 |
| General Fund Expenditures | 36,778 | 37,836 | 45,991 | 47,590 | 50,046 |
| General Fund Surplus | 7,745 | 6,176 | 4,224 | 2,352 | 1,929 |
| Extraordinary and Special Items | — | — | — | — | — |
| Transfers In | 1,028 | 88 | 128 | 91 | 292 |
| Other Sources | 2 | 28 | 17 | 10 | 52 |
| Transfers Out | 1,083 | 4,432 | 10,148 | 2,081 | 4,858 |
| Other Uses | — | — | — | — | — |
| Other Net Adjustments | — | — | — | — | — |
| Net Transfers and Other Sources/(Uses) | (53) | (4,316) | (10,003) | (1,980) | (4,514) |
| Net Surplus/(Deficit) | 7,692 | 1,860 | (5,779) | 372 | (2,585) |
| Total Fund Balance | 25,114 | 26,974 | 21,196 | 21,587 | 18,982 |
| As % of Expenditures, Transfers Out and Other Uses | 86.3 | 63.8 | 37.8 | 43.4 | 34.6 |
| Unreserved Fund Balance^a | 24,815 | — | — | — | — |
| As % of Expenditures, Transfers Out and Other Uses | 65.5 | — | — | — | — |
| Unrestricted Fund Balance^b | — | 26,708 | 20,969 | 21,254 | 18,322 |
| As % of Expenditures, Transfers Out and Other Uses | — | 63.2 | 37.4 | 42.8 | 33.4 |

^aPre-GASB54. ^bReflects GASB 54 classifications: sum of committed, assigned and unassigned. Note: Numbers may not add due to rounding.

Affordable Debt Burden

Proceeds from the current bond issue will fund renovations and additional capacity at the existing county jail. MADS following this issue will occur in 2021 and accounts for an affordable 5.5% of 2014 spending, compared with the current 2.9%. Debt is elevated at 6.1% of fiscal 2015 market value due primarily to issuance by underlying borrowers. Principal amortization slows with this issuance from a rapid 100% retiring in 10 years to a more moderate 61%. Management reports no plans to issue additional tax-supported debt in the foreseeable future.

Debt Statistics

(\$000)

| | |
|--|----------------|
| This Issue | 20,875 |
| Outstanding Direct Debt — Net of Refunding | 12,815 |
| Net Direct Debt | 33,491 |
| Overlapping Debt | 750,844 |
| Overall Debt | 784,336 |
| Debt Ratios | |
| Net Direct Debt Per Capita (\$) ^a | 213 |
| As % of Market Value ^b | 0.3 |
| Overall Debt Per Capita (\$) ^a | 4,981 |
| As % of Market Value ^b | 6.1 |

^aPopulation: 157,456 (2014). ^bMarket value: \$12,774,340,631 (2015). Note: Numbers may not add due to rounding.

County employees participate in the Texas County and District Retirement System, a cost-sharing multiple-employer plan that is funded at 77% as of Dec. 31, 2013 using a 7% rate of return. The county made changes to its other post-employment benefits (OPEB) retiree healthcare program in 2010 that reduced the unfunded obligation from \$5.2 million to \$1.8 million, a nominal 0.01% of market value. OPEB is funded on a pay-as-you-go basis. Combined carrying costs for debt service, pension and OPEB were low at 6.2% of fiscal 2014 fund spending.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

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RECEIPT AND DISBURSEMENT OF FUNDS

Amegy Bank National Association (the "Bank"), as Paying Agent/Registrar for Johnson County, Texas Certificates of Obligation, Taxable Series 2015 (the "Certificates"), hereby acknowledges receipt of the sum of \$20,479,734.92 from RBC Capital Markets, LLC, the Underwriter of the Certificates, for the account and on behalf of Johnson County, Texas (the "County"). Pursuant to instructions from the County and the purchaser, such funds have been applied, allocated and deposited in the following manner:

- (a) Sent by wire transfer to First Financial Bank, the sum of \$20,360,498.00, which has been designated for deposit to the County's construction fund.
- (b) Sent by wire transfer to The Bank of New York, FBO First Southwest Company, the sum of \$118,936.92.
- (c) Retained the sum of \$300.00 for the Bank's initial paying agent/registrar fee.

DATED this December 8, 2015.

AMEGY BANK NATIONAL ASSOCIATION

By: Erin Fitzpatrick
Authorized Officer

FirstSouthwest

325 North St. Paul Street
Suite 800
Dallas, Texas 75201

(214) 953-4195 Direct
(214) 316-8416 Cell
(214) 953-4050 Fax

James S. Sabonis
Managing Director

jim.sabonis@firstsw.com

December 8, 2015

Mr. Kirk Kirkpatrick
Johnson County
2 N. Main Street, Room 312
Cleburne, TX 76033

Mr. Matt Boles
RBC Capital Markets
2711 N. Haskell Ave., Suite 2500
Dallas, TX 75204

Ms. Erin Fitzpatrick
Amegy Bank National Association
2601 Dallas Parkway, Suite 2601
Plano, TX 75093

Re: Closing Instructions with respect to the \$20,605,000.00 Johnson County, Texas, Certificates of Obligation, Taxable Series 2015 (the "Certificates")

Payment for the above referenced Certificates is scheduled to occur at 10:00 A.M. CDT on Tuesday, December 8, 2015 (the "Closing Date"), and payment therefore is to occur at the offices of Amegy Bank National Association (the "Paying Agent").

(A) On the Closing Date, the Paying Agent will receive for the account of Johnson County, Texas (the "County") from RBC Capital Markets (the "Underwriter"), in payment of the purchase price for the Certificates, the sum of:

| | |
|--|------------------------|
| Principal Amount of the Certificates | \$20,605,000.00 |
| Less: Underwriter's Discount | (125,265.08) |
| Total to be Received from Underwriter for the Certificates | <u>\$20,479,734.92</u> |

TOTAL TO BE RECEIVED BY THE PAYING AGENT **\$20,479,734.92**

Instructions for wiring funds to the Paying Agent are as follows:

Zions Corporate Trust
ABA #124000054
Credit#080-00038-3 Texas Wire
FFC: Johnson County CO, Txbl S15
Attn: Erin Fitzpatrick (214) 754-6237

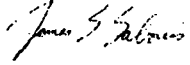
(B) On the Closing Date the Paying Agent is instructed to disburse the funds described in paragraph A as follows:

| | |
|---|---------------|
| (1) Transmit by wire transfer to First Financial Bank, Acct: 176198, Routing: 111301122, Johnson County, for deposit to the Project Fund, the sum of..... | 20,360,498.00 |
| (2) Transmit by wire transfer to The Bank of New York, 1 Wall Street, New York, NY, 10012, ABA# 021-000-018, Beneficiary: First Southwest Company, LLC, Account #890 0271 779, for Client Account #0353-021, Client Name: Johnson County, for the estimate costs of issuance, the sum of..... | 118,936.92 |
| (3) Retain for the Paying Agent annual administration fee the sum of | <u>300.00</u> |

TOTAL AMOUNT DISBURSED **\$20,479,734.92**

The cooperation of the addressees regarding the receipt and disbursement of funds in accordance with the above instructions on behalf of the County is greatly appreciated. If you have any questions or cannot comply with any portion of these wiring instructions, please contact me at (214) 953-4195.

Sincerely,



James S. Sabonis
Managing Director

- cc: Mr. Julie MacMillan, RBC Capital Markets Corporation
Mr. Rob Collins, Bracewell & Giuliani LLP
Mr. Dan Culver, McCall, Parkhurst & Horton L.L.P.
Mr. Chris Settle, McCall, Parkhurst & Horton L.L.P.
Ms. Mary Jane Henson, Amegy Bank National Association
Mr. Andre Ayala, First Southwest Company, LLC
Mrs. Penny Brooker, First Southwest Company, LLC
Ms. Larisa Garcia, First Southwest Company, LLC