

## **AGENDA PLACEMENT FORM**

(Submission Deadline – Monday, 5:00 PM before Regular Court Meetings)

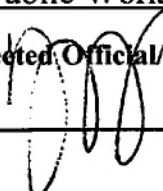
**Date:** January 30 2025

**Meeting Date:** February 10, 2025

**Submitted By:** Julie Edmiston

**Department:** Public Works

**Signature of Elected Official/Department Head:**



<b>Court Decision:</b> <small>This section to be completed by County Judge's Office</small>	
	<p style="color: red; font-weight: bold;">2-10-25</p>

**Description:**  
Workshop to Discuss Transportation Bond Progress.

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(May attach additional sheets if necessary)

**Person to Present:** Jennifer VanderLaan

(Presenter must be present for the item unless the item is on the Consent Agenda)

**Supporting Documentation:** (check one)     ☒ PUBLIC     ☐ CONFIDENTIAL

(PUBLIC documentation may be made available to the public prior to the Meeting)

**Estimated Length of Presentation:** 10 minutes

**Session Requested:** (check one)

☐ Action Item    ☐ Consent    ☒ Workshop    ☐ Executive    ☐ Other \_\_\_\_\_

**Check All Departments That Have Been Notified:**

☐ County Attorney    ☐ IT    ☐ Purchasing    ☐ Auditor  
☐ Personnel    ☒ Public Works    ☐ Facilities Management

**Other Department/Official (list)** \_\_\_\_\_

**Please List All External Persons Who Need a Copy of Signed Documents  
In Your Submission Email**

**HilltopSecurities.**

Investment Banking Solutions

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# Johnson County

## Funding of Transportation Bond Program

### Preliminary Plan of Finance

## Preliminary Plan of Finance (1 of 2)



On November 5, 2024, the Johnson County voters approved a total of \$60,000,000 to fund Road Improvements (“the Projects”)

- The County’s goal is to fund the Projects included in the successful November 2024 bond referendum in a phased approach starting in fiscal year 2025
- The County has the legal authority to issue Limited Tax Bonds to fund the Projects
- The repayment source for the Bonds would be a continuing ad valorem tax levied against all taxable property within the County
- The Bonds would be structured such that the debt service tax rate impact does not exceed \$0.01 cent as communicated to the voters
- The Bonds would be issued in phases based on (i) road program funding priorities, (ii) the current opinion of probable cost and (iii) the expected timing of funds needed as provided by the project engineer

## Preliminary Plan of Finance (2 of 2)



- **Debt Instrument:** Limited Tax Bonds, Series 2025
- **Repayment Source:** County's Debt Service (I&S) Property Tax Rate Revenues
- **Amortization/Repayment Period:** 20 Years
- **Budgeted All-in True Interest Cost:** 4.57%<sup>(1)</sup>
- **Credit Rating:** "AA" by Standard & Poor's and "AAA" by Fitch Ratings
- **Tax Rate Impact:** The Bonds would be structured such that the debt service tax rate impact does not exceed \$0.01 cent as communicated to the voters
- **Growth Assumptions:** Certified totals from the Johnson CAD indicate 7.5% of growth in County's tax base for FYE 2025. Conservative growth assumptions utilized thereafter for illustration purposes
- **New Debt Structure:** New debt would be structured around existing debt service to minimize budgetary impact to the County

(1) Assumes "AA/AAA" Rated Interest Rates + 0.25% as of January 27, 2025. **Subject to Change at Anytime.**



# Historical Taxable Assessed Values



## Johnson County, Texas

### Tax Base Growth Assumptions

Tax Year	Fiscal Year		Taxable Assessed Value	Annual Increase	
				\$	%
2024	2025	(1)	\$25,125,528,420	\$1,754,600,473	7.51%
2023	2024	(1)	\$23,370,927,947	\$4,050,581,559	21.0%
2022	2023	(1)	\$19,320,346,388	\$4,833,603,776	33.4%
2021	2022	(1)	\$14,486,742,612	\$1,863,853,124	14.8%
2020	2021	(1)	\$12,622,889,488	\$686,097,550	5.7%
2019	2020	(1)	\$11,936,791,938	\$1,350,402,183	12.8%
2018	2019	(1)	\$10,586,389,755	\$842,895,178	8.7%
2017	2018	(1)	\$9,743,494,577	\$231,688,910	2.4%
2016	2017	(1)	\$9,511,805,667	(\$510,375,450)	-5.1%
2015	2016	(1)	\$10,022,181,117	\$236,819,408	2.4%

### Notes

(1) Actual Taxable Assessed Value per Johnson CAD.

# Preliminary Sources & Uses of Funds (Phase I + II)



PRELIMINARY SOURCES & USES OF FUNDS			
	Phase I Series 2025	Phase II Series 2028	TOTAL
Sources of Funds			
Par Amount	\$29,825,000	\$26,840,000	\$56,665,000
Bond Premium	\$2,387,664	\$1,825,228	\$4,212,893
Total Sources of Funds	\$32,212,664	\$28,665,228	\$60,877,893
Uses of Funds			
Project Fund Deposit (Roads)	\$31,753,300	\$28,246,700	\$60,000,000
Budgeted Financing Costs	\$161,114	\$150,128	\$311,243
Underwriter's Discount	\$298,250	\$268,400	\$566,650
Total Uses of Funds	\$32,212,664	\$28,665,228	\$60,877,893

PRELIMINARY SUMMARY STATISTICS			
All-in True Interest Cost <sup>(1)</sup>	4.57%	4.71%	n/a
Amortization Period	20 Years	20 Years	23 Years
Avg. Annual Debt Service	\$2,546,100	\$2,340,559	\$4,962,188
Total Debt Service	\$50,922,001	\$46,811,175	\$97,733,176
Projected I&S Tax Rate Impact <sup>(2)(3)</sup>	\$0.0100	\$0.0000	\$0.0100
Pricing / Sale Date	May 2025	May 2028	n/a
Closing / Delivery of Funds	June 2025	June 2028	n/a

**Notes:**

(1) Assumes "AA" rated tax-exempt interest rates + 0.25% as of January 27, 2025.

**Subject to change at any time.**

(2) Based on existing \$0.0067 I&S Tax Rate and Tax Year 2024 Certified TAV.

(3) Assumes 7.51% growth in TAV from FY 2026-2028 for purposes of illustration only.



# Preliminary Cash Flows (Phase I + II)



## Johnson County, Texas Road Funding Analysis

Preliminary; for purposes of discussion only

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>	<u>J</u>	<u>K</u>	<u>L</u>	<u>M</u>	<u>N</u>	<u>O</u>
FYE 9/30	Taxable Growth Factor	Taxable Assessed Valuation <sup>(1)</sup>	Existing Debt Service	Project Fund = \$31,753,300 Limited Tax Bonds, Series 2025 All-in True Interest Cost = 4.57% <sup>(2)</sup>			Project Fund = \$28,246,700 Limited Tax Bonds, Series 2028 All-in True Interest Cost = 4.71% <sup>(2)</sup>			Projected Total Debt Service	Less: DS Funds on Hand	Projected NET Total Debt Service	Debt Service I&S Tax Rate Equivalent <sup>(3)</sup>	Debt Service (I&S) Tax Rate Impact
2025	7.51%	\$25,125,528,420	\$1,641,016	\$0	\$0	\$0	\$0	\$0	\$0	\$1,641,016	\$0	\$1,641,016	\$0.0067	
2026	7.51%	27,011,857,630	\$1,640,290	\$1,000,000	\$1,791,832	\$2,791,832	\$0	\$0	\$0	\$4,432,122	\$0	\$4,432,122	\$0.0167	\$0.0100
2027	7.51%	29,039,805,270	\$1,642,790	\$1,300,000	\$1,479,188	\$2,779,188	\$0	\$0	\$0	\$4,421,978	\$0	\$4,421,978	\$0.0167	\$0.0000
2028	7.51%	31,220,003,514	\$1,639,740	\$1,375,000	\$1,408,969	\$2,783,969	\$0	\$0	\$0	\$4,423,709	\$0	\$4,423,709	\$0.0167	\$0.0000
2029	0.00%	31,220,003,514	\$1,641,140	\$170,000	\$1,368,413	\$1,538,413	\$1,255,000	\$1,611,006	\$2,866,006	\$6,045,559	\$1,055,473	\$4,990,085	\$0.0162	\$0.0000
2030	0.00%	31,220,003,514	\$1,636,990	\$185,000	\$1,359,094	\$1,544,094	\$480,000	\$1,330,613	\$1,810,613	\$4,991,696	\$0	\$4,991,696	\$0.0162	\$0.0000
2031	0.00%	31,220,003,514	\$1,642,240	\$190,000	\$1,349,250	\$1,539,250	\$505,000	\$1,304,756	\$1,809,756	\$4,991,246	\$0	\$4,991,246	\$0.0162	\$0.0000
2032	0.00%	31,220,003,514	\$1,638,420	\$200,000	\$1,339,013	\$1,539,013	\$535,000	\$1,277,456	\$1,812,456	\$4,989,889	\$0	\$4,989,889	\$0.0162	\$0.0000
2033	0.00%	31,220,003,514	\$1,639,830	\$210,000	\$1,328,250	\$1,538,250	\$565,000	\$1,248,581	\$1,813,581	\$4,991,661	\$0	\$4,991,661	\$0.0162	\$0.0000
2034	0.00%	31,220,003,514	\$1,639,110	\$225,000	\$1,316,831	\$1,541,831	\$590,000	\$1,218,263	\$1,808,263	\$4,989,204	\$0	\$4,989,204	\$0.0162	\$0.0000
2035	0.00%	31,220,003,514	\$1,636,605	\$240,000	\$1,304,625	\$1,544,625	\$620,000	\$1,186,500	\$1,806,500	\$4,987,730	\$0	\$4,987,730	\$0.0162	\$0.0000
2036	0.00%	31,220,003,514	\$0	\$1,930,000	\$1,247,663	\$3,177,663	\$660,000	\$1,152,900	\$1,812,900	\$4,990,563	\$0	\$4,990,563	\$0.0162	\$0.0000
2037	0.00%	31,220,003,514	\$0	\$2,035,000	\$1,143,581	\$3,178,581	\$695,000	\$1,117,331	\$1,812,331	\$4,990,913	\$0	\$4,990,913	\$0.0162	\$0.0000
2038	0.00%	31,220,003,514	\$0	\$2,145,000	\$1,033,856	\$3,178,856	\$730,000	\$1,079,925	\$1,809,925	\$4,988,781	\$0	\$4,988,781	\$0.0162	\$0.0000
2039	0.00%	31,220,003,514	\$0	\$2,260,000	\$918,225	\$3,178,225	\$770,000	\$1,040,550	\$1,810,550	\$4,988,775	\$0	\$4,988,775	\$0.0162	\$0.0000
2040	0.00%	31,220,003,514	\$0	\$2,380,000	\$796,425	\$3,176,425	\$815,000	\$998,944	\$1,813,944	\$4,990,369	\$0	\$4,990,369	\$0.0162	\$0.0000
2041	0.00%	31,220,003,514	\$0	\$2,510,000	\$668,063	\$3,178,063	\$855,000	\$955,106	\$1,810,106	\$4,988,169	\$0	\$4,988,169	\$0.0162	\$0.0000
2042	0.00%	31,220,003,514	\$0	\$2,645,000	\$532,744	\$3,177,744	\$905,000	\$908,906	\$1,813,906	\$4,991,650	\$0	\$4,991,650	\$0.0162	\$0.0000
2043	0.00%	31,220,003,514	\$0	\$2,790,000	\$390,075	\$3,180,075	\$950,000	\$860,213	\$1,810,213	\$4,990,288	\$0	\$4,990,288	\$0.0162	\$0.0000
2044	0.00%	31,220,003,514	\$0	\$2,940,000	\$239,663	\$3,179,663	\$1,000,000	\$809,025	\$1,809,025	\$4,988,688	\$0	\$4,988,688	\$0.0162	\$0.0000
2045	0.00%	31,220,003,514	\$0	\$3,095,000	\$81,244	\$3,176,244	\$1,060,000	\$754,950	\$1,814,950	\$4,991,194	\$0	\$4,991,194	\$0.0162	\$0.0000
2046	0.00%	31,220,003,514	\$0	\$0	\$0	\$0	\$4,375,000	\$612,281	\$4,987,281	\$4,987,281	\$0	\$4,987,281	\$0.0162	\$0.0000
2047	0.00%	31,220,003,514	\$0	\$0	\$0	\$0	\$4,615,000	\$376,294	\$4,991,294	\$4,991,294	\$0	\$4,991,294	\$0.0162	\$0.0000
2048	0.00%	31,220,003,514	\$0	\$0	\$0	\$0	\$4,860,000	\$127,575	\$4,987,575	\$4,987,575	\$1	\$4,987,574	\$0.0162	\$0.0000
			\$18,038,171	\$29,825,000	\$21,097,001	\$50,922,001	\$26,840,000	\$19,971,175	\$46,811,175	\$115,771,347	\$1,055,474	\$114,715,873		\$0.0100

### Notes:

- (1) Fiscal Year 2025 totals actual certified values as provided by Johnson County Appraisal District. Growth assumptions for purposes of illustration only. Subject to change.
- (2) Assumes "AA" rated tax-exempt interest rates + 0.25% as of January 27, 2025. Subject to change at any time.
- (3) Fiscal Year 2025 actual tax rate. Calculated at 98.5% thereafter for purposes of illustration.

# Proposed Schedule of Events



## JOHNSON COUNTY, TEXAS

\$ \_\_\_\_\_ \* LIMITED TAX BONDS, SERIES 2025

Schedule of Events\* as of 1/28/2025

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

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

HOLIDAY

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

HOLIDAY

Date	Event	Responsible Party
Monday, 02/10/25	Presentation of PRELIMINARY Plan of Finance & Bond Method of Sale to Commissioners Court	County / FA
	Commissioners Court considers and approves Preliminary Plan of Finance and directs Staff and Finance Team to Implement	CC
	Commissioners Court selects bond method of sale for proposed Road Bond Program	CC
April 2025	Begin preparation of Preliminary Official Statement	County, BC, FA
Monday, 04/28/25	Presentation of FINAL Plan of Finance to Commissioners Court	County / FA
	Commissioners Court considers and approves Final Plan of Finance and directs Staff and Finance Team to Implement	CC
Wednesday, 04/30/25 (CAD deadline)	Central Appraisal District of Johnson County disseminates preliminary taxable assessed values for Tax Year 2025	County / FA
May 2025	Bond Rating Meetings/Calls, Due Diligence Call, Finalize Preliminary Official Statement	County, BC, FA
Tuesday, 05/27/25	Pricing of Limited Tax Bonds, Series 2025	FA / UW
	Commissioners Court considers and approves Order Authorizing the Issuance of Limited Tax Bonds, Series 2025	CC
Prior to Closing	Attorney General Approves Sale	AG, BC
Tuesday, 06/24/25	Closing of Limited Tax Bonds, Series 2025 and delivery of funds to the County	UW, BC, PA, FA

Key Actions to be Taken by Commissioners Court

\*Preliminary, subject to change.



# Commissioners Court Key Items



- **Monday, February 10, 2025**

- **Commissioners Court considers and approves Preliminary Plan of Finance and directs Staff and Finance Team to Implement**
  - Staff and Finance Team seeking direction from Commissioners Court
- **Commissioners Court selects bond method of sale for proposed Road Bond Program**
  - Staff and Finance Team seeking direction from Commissioners Court (*could be moved to a subsequent date if needed. Bond plan of finance would continue to be implemented in the meantime*)

- **Monday, April 28, 2025**

- **Commissioners Court considers and approves Final Plan of Finance and directs Staff and Finance Team to Implement**
  - Staff and Finance Team seeking direction from Commissioners Court

- **Tuesday, May 27, 2025**

- **Commissioners Court considers and approves Order Authorizing the Issuance of Limited Tax Bonds, Series 2025**
  - Commissioners Court Official Action Item



## Appendix A

# Types of Bond Sales

# Types of Bond Sales



- **Public Competitive Sales:**

- Select the bid that results in the lowest effective interest cost for the County

- **Public Negotiated Sales:**

- Interest rates and underwriting spread are determined through negotiation with the underwriter(s), who has/(have) been previously selected to market the bonds

- **Negotiated vs. Competitive:**

- Factors to consider include, but are not limited to:
  - Credit quality
  - Market conditions
  - Supply and demand of municipal bonds
  - Debt structuring
  - Legal requirements

- **Private Placement:**

- A limited distribution to one or several investors. For example: direct bank placements of bonds with a financial institution
- Can be accomplished quickly (typically no need for offering document or ratings), but terms are less flexible



## Competitive Sale



PROS	CONS
<ul style="list-style-type: none"><li>➤ Competitive Posture</li><li>➤ Simplification of Marketing Process</li><li>➤ Objectivity Related to Underwriter Selection</li></ul>	<ul style="list-style-type: none"><li>➤ Lowest Cost of Funds Not Assured</li><li>➤ Underwriting Risk Built into Rate</li><li>➤ Lack of Financing Input</li><li>➤ Limited Flexibility</li></ul>

- Bonds sold at a certain date and time
- Once announced, the date, time, size and structure cannot be easily changed
- Limited flexibility could be mitigated with the ability to modify the bid specifications before and after the sale
- Underwriter's discount is built in the interest rate
- Underwriting spreads may be higher during volatile market and/or with more complex credits
- In today's market, buyers are willing to pay-up for higher quality credits
- Numerous bids result in fair market comparison

## Negotiated Sale



PROS	CONS
<ul style="list-style-type: none"><li>➤ Flexibility in Timing of Sale to take advantage of market conditions</li><li>➤ Effective Pre-Sale Education and Marketing</li><li>➤ Reduced Need to Compensate for Risk</li><li>➤ Ability to Reprice with Strong Order Flow</li><li>➤ Issuer Involvement with Allocations</li></ul>	<ul style="list-style-type: none"><li>➤ Potential Criticism of Underwriting Syndicate Selection</li><li>➤ Need to Find Market Comparisons for Price Evaluation</li><li>➤ Potential Additional Underwriting Cost for Management Fee</li></ul>

- Pre-selected syndicate negotiates the rates and terms with the issuer and the financial advisor
- Timing of bond sale flexibility. Issuer can modify timing of pricing and date of pricing based on market conditions
- Size and structure can be finalized at pricing
- Underwriting spreads may be lower since there is less uncertainty during volatile markets
- Significant market data provides comparable transactions for pricing evaluation



**Appendix B**  
**January 30, 2025**  
**Municipal Market Update**





## Market Commentary

### Market Observations

#### Primary Market:

- 30-Day Visible Supply is approximately \$9.631 billion
- The calendar consists of \$5.6 billion of negotiated deals and \$1.2 billion of competitive deals
- The largest negotiated deal of the week is the \$1.3 billion Oklahoma Turnpike Authority Second Senior Revenue Bonds

#### Secondary Market:

- Municipal Bond Funds reported \$2.028 billion of net inflows, compared with \$251 million of outflows the prior week
- Weekly trade volume of \$57.474 billion represents a decrease of \$22.965 billion from the previous week's \$80.529 billion

#### General Market Overview:

- Previous week saw MMD benchmark finish lower on the week 8 bps in the 5–10-year maturity range, however only 2 bps lower on the 30-year maturity.
- The \$2.028 billion is the largest inflow since 2021 for the municipal market despite the shortened holiday week.
- The Fed will meet on Wednesday with markets predicting a 97% chance of no change to rates in the January meeting.

Economic Calendar: New Home Sales, Durable Goods and Orders, Case Shiller Home Price Index, Consumer Confidence, International Trade in Goods, FOMC Announcement, Fed Chair Press Conference, GDP, Jobless Claims, Pending Home Sales Index, Fed Balance Sheet, Personal Income and Outlays, Employment Cost Index, Chicago PMI

### Statistics

	1/24/2025	1/17/2025	Change
5Y MMD	2.84	2.92	(0.08) ▼
10Y MMD	3.07	3.15	(0.08) ▼
15Y MMD	3.38	3.44	(0.06) ▼
20Y MMD	3.82	3.85	(0.03) ▼
30Y MMD	4.02	4.04	(0.02) ▼
MMD 2/30 Yield Curve Steepness	128	122	6 ▲
Bond Buyer 11 GO Bond Index	4.09	4.12	(0.03) ▼
Bond Buyer 20 GO Bond Index	4.19	4.28	(0.09) ▼
Bond Buyer Revenue Bond Index	4.48	4.57	(0.09) ▼
1Y UST	4.17	4.21	(0.04) ▼
5Y UST	4.43	4.42	0.01 ▲
7Y UST	4.53	4.52	0.01 ▲
10Y UST	4.63	4.61	0.02 ▲
30Y UST	4.85	4.84	0.01 ▲
UST 2/30 Yield Curve Steepness	58	57	1 ▲
10Y MMD/UST Ratio	66	68	(2.0) ▼
30Y MMD/UST Ratio	83	83	(0.6) ▼
SIFMA	2.96	2.54	0.42 ▲
1M SOFR	4.32	4.30	0.015 ▲
30-Day Negotiated Visible Supply	7,445.0	10,226.0	(2,781.0) ▼
30-Day Competitive Visible Supply	2,186.0	3,478.0	(1,292.0) ▼
Lipper Muni Bond Fund Flows	2,028	(251)	2,279 ▲

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



# Municipal Issuance Statistics | Analysis by Issuance Type

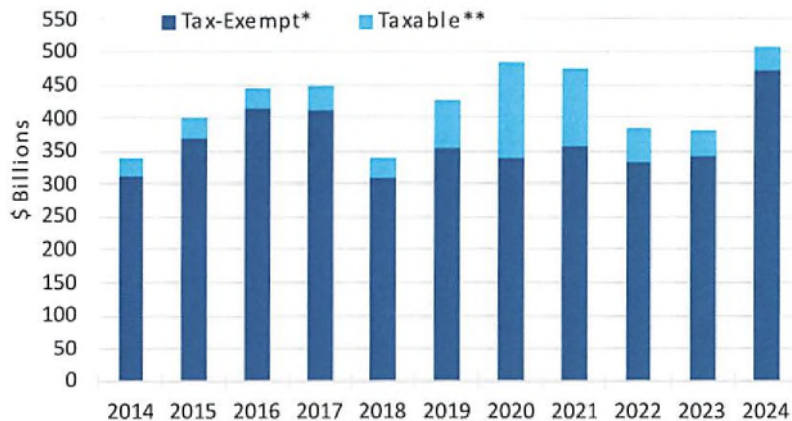
## Negotiated vs Competitive vs Private Placement



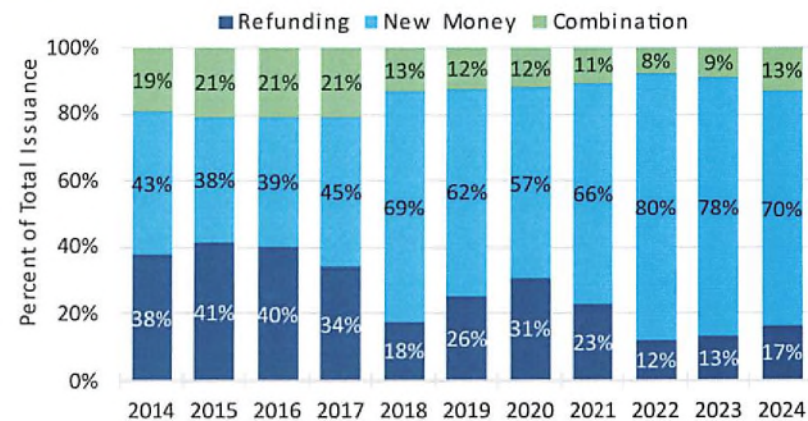
## Revenue vs General Obligation



## Taxable vs Tax-Exempt



## Refunding vs New Money



\* Tax-Exempt Includes AMT Bonds \*\*Taxable Includes Stimulus Bonds

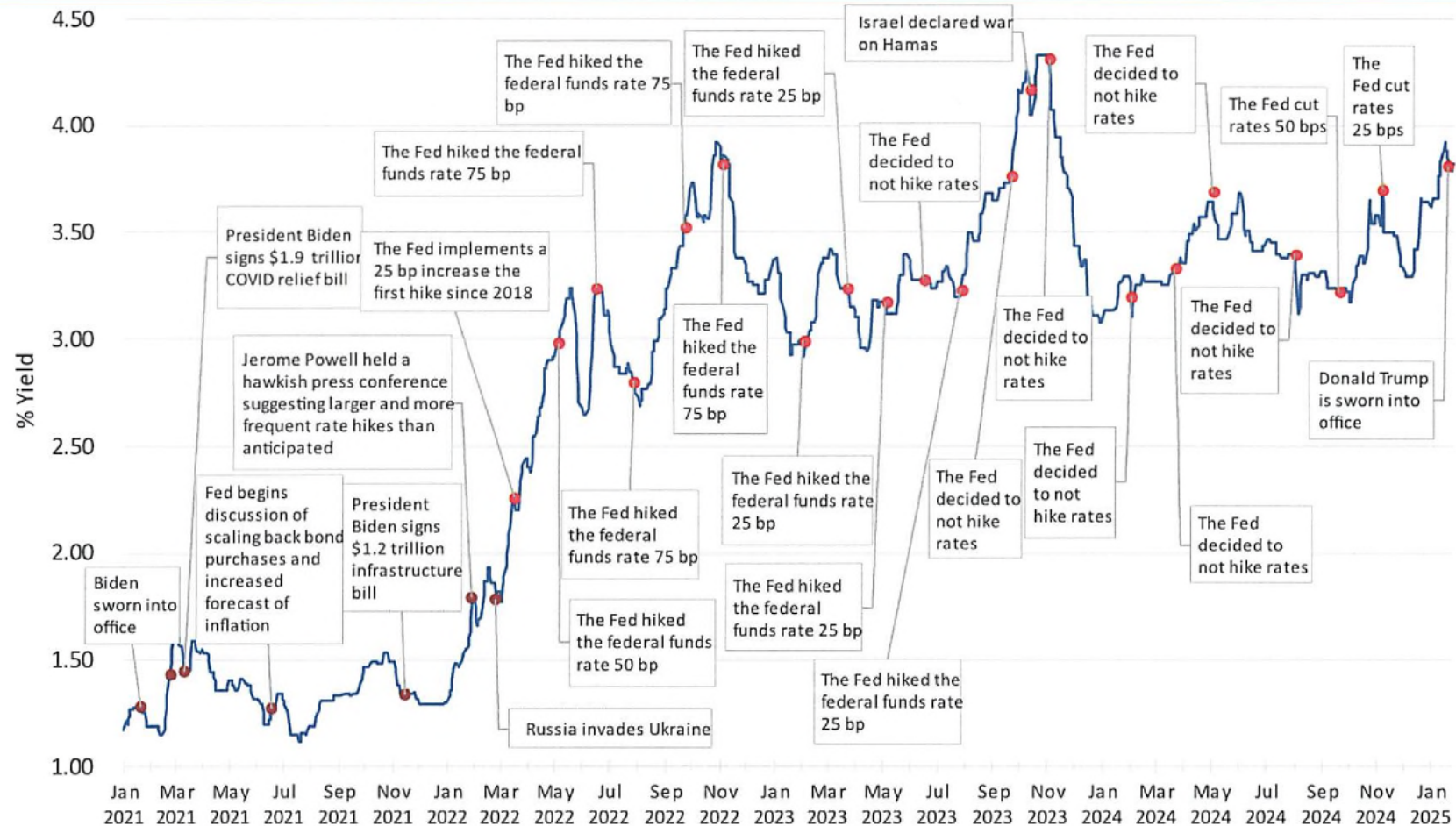
Source: The Bond Buyer "A Decade of Bond Finance" and Thomson Reuters (based on data available through December 31, 2024) Excludes Notes





## Change in 20-Year MMD

Change in 20-Year MMD with Market Commentary – 1/1/21 to 1/24/2025



Source: Refinitiv Municipal Market Data and HilltopSecurities



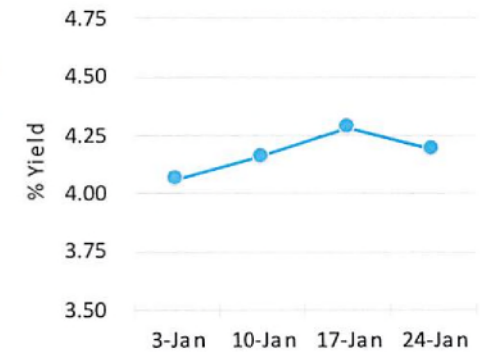


## Tax-Exempt Market Overview | The Bond Buyer

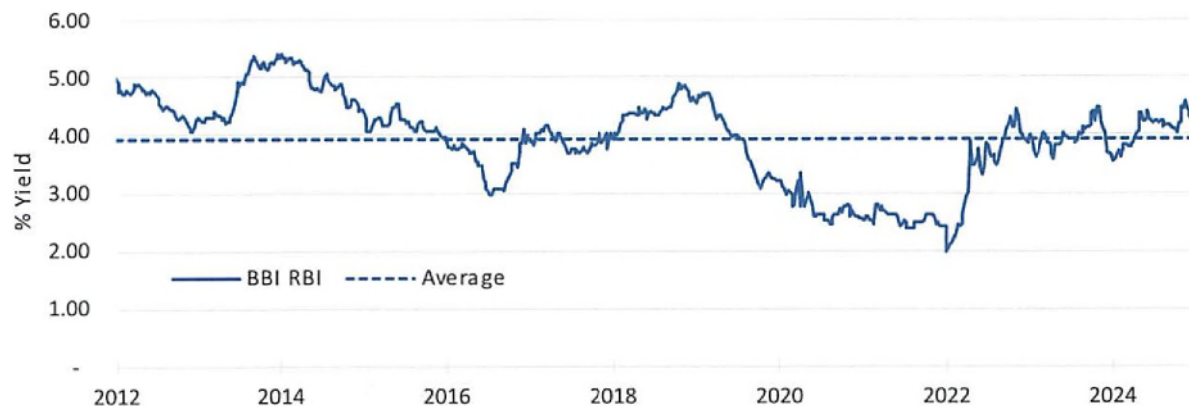
The Bond Buyer 20-Bond General Obligation Index – 1/1/12 to 1/24/2025



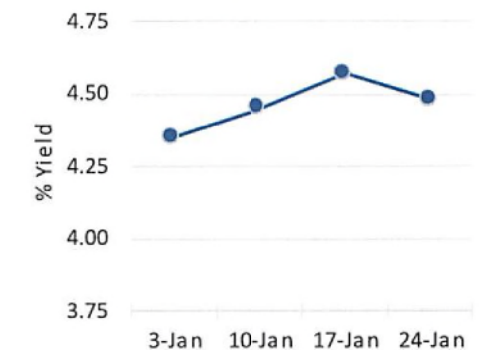
4-Week Snapshot



The Bond Buyer Revenue Bond Index – 1/1/12 to 1/24/2025



4-Week Snapshot



Source: The Bond Buyer