

City of Smithville \$3M Series 2023 Tax Note

Police Department					
Qty	Description	Unit Cost	Total	Actual	Comments
1	Micellaneous Equipment	\$85,000	\$85,000		Weapons, Ammunition, Tasers, Office Equipment, Computers, etc.
4	Patrol Vehicles	\$65,000	\$260,000		Two (2) fully outfitted vehicles + two (2) offline vehicles
1	New HVAC	\$20,000	\$20,000		Replace / repair HVAC to improve efficiency and reduce cost
1	Animal Control Vehicle	\$55,000	\$55,000		Replace old vehicle with new holding pins for animals
13	Mobile CAD Units for Patrol Cars	\$6,250	\$81,250		Mobile access to BADGE system and other LE databases.
			\$501,250	\$0	

Public Works / Utilities					
Qty	Description	Unit Cost	Total	Actual	Comments
1	Chipper Truck	\$85,000	\$85,000		Replace older chipper truck
1	Sewer Pump Truck	\$200,000	\$200,000		Truck needed to pump clogged sewer lines and/or lift stations
1	Small Bucket Truck	\$190,000	\$190,000		Use for tree trimming and cleaning alleys + back-up when needed
2	Utility Trucks (F-250)	\$80,000	\$160,000		Replace older trucks in current fleet
1	Tractor w/ Shredder	\$40,000	\$40,000		Additional tractor to mow at Airport and Riverbend Park
1	Warehouse Roof Repair	\$100,000	\$100,000		New roof w/ spray insullation to repair leaks help with heating / cooling
1	Rack Storage System (Warehouse)	\$25,000	\$25,000		Rack storage system will provide additional space in warehouse
1	Miscellaneous Tools / Equip.	\$100,000	\$100,000		Mowers, Weed-eaters, Chainsaws, Tools, Tire Balancer, Industrial Vacuum
1	Streets/Drainage/Sidewalks/Curbs	\$100,000	\$100,000		Road repair / paving. Sidewalks, curbs, and gutters. Small drainage projects.
			\$1,000,000	\$0	

General					
Qty	Description	Unit Cost	Total	Actual	Comments
1	Airport Lighting System	\$150,000	\$150,000		Upgrade runway lighting system. Est. cost = \$1.5M w/ 10% Grant Match.
1	Downtown Lighting Upgrade	\$500,000	\$500,000		Upgrade ornamental lighting with Dark-skies compatible LED lighting
1	Tanker Truck	\$275,000	\$275,000		Fire Tanker for SVFD
1	Playground Equipment	\$200,000	\$200,000		Playground equipment for City Parks w/ weatherproof padding
1	Misc. City Facility Upgrades	\$100,000	\$100,000		Public restroom remodel. Security doors @ City Hall. Video surveillance.
1	Grant Match for Infrastructure	\$275,000	\$275,000		GLO Drainage (\$130k) / TXDOT Main Street ADA Ramps & Sidewalks (\$145k)
			\$1,500,000	\$0	

Grand Total \$3,001,250

CITY OF SMITHVILLE, TEXAS

DISCUSSION ON ISSUANCE OF TAX NOTES

August 14, 2023

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Tax Rate Impact of the Notes

Tax Year	Taxable Assessed Value	TAV Growth %	M&O Rate	I&S Rate	Total Tax Rate
2022	\$394,511,444	20.54%	\$0.3831	\$0.1658	\$0.5489
2023*	\$455,019,894	15.34%	\$0.3765	\$0.1724	\$0.5489

** Represents the Certified Values and proposed but not yet adopted tax rates.*

Due to changes in property tax law imposed by Senate Bill 2 passed into law during the 2021 legislative session, the City's M&O tax rate may not increase by an amount greater than 3.5% of the prior year's levy, generally, without seeking authorization from the voters to do so.

Since taxable values are growing at an annual rate in excess of 3.5%, the City's M&O tax rate is being compressed (forced lower) and the City can support new debt for capital projects while maintaining the same total tax rate year-over-year.

Method of Sale

The City has typically sold its short-term tax notes via competitive private placement to a local, regional or national bank in order to achieve the lowest borrowing rate.

Historically, banks have been able to provide competitive interest rates compared to rates of publicly sold tax-exempt debt offerings while allowing the City to avoid costs of issuance which drive the effective borrowing rate higher (i.e. Bond Rating fee, Document preparation and printing fees, and underwriting costs).

At this time, banks' costs of funds is higher (~5.25% depending upon the bank) and almost all banks have stopped buying tax-exempt debt because they have so much low yielding debt purchased over the last several years which they must now hold to maturity or realize a steep loss if traded. The few banks that remain active to purchase private placements are requiring higher interest rates than the City can expect under a public sale method even after paying higher costs of issuance.

SAMCO is recommending a public offering of the Tax Notes in order to achieve the lowest possible interest rate.

Tax Rate Impact Analysis

Smithville, City of Tax Rate Impact Analysis: \$3,000,000 Tax Notes August 11, 2023								
FYE (9/30)	Taxable Assessed Valuation ⁽¹⁾	Existing Debt	Utility/ Drainage Improvement Fees	\$3MM Tax Notes, Series 2023 ⁽²⁾	New Net Total Debt Service	Tax Rate Impact		
						I&S Tax Rate Required	M&O Rate ⁽³⁾	Total Tax Rate
2023	\$ 394,511,444	\$ 747,038	\$ 87,000		\$ 660,038	\$ 0.1658	\$ 0.3831	\$ 0.5489
2024	445,962,142	642,338	87,000	\$ 222,900	778,238	0.1720	0.3765	0.5486
2025	490,558,356	355,110	-	502,900	858,010	0.1726	0.3763	0.5490
2026	507,727,899	356,416	-	521,400	877,816	0.1729	0.3763	0.5492
2027	525,498,375	352,642	-	558,100	910,742	0.1733	0.3763	0.5496
2028	543,890,818	353,716	-	558,300	912,016	0.1677	0.3763	0.5440
2029	562,926,997	245,368	-	562,600	807,968	0.1435	0.3763	0.5198
2030	582,629,442	55,825	-	561,000	616,825	0.1059	0.3763	0.4822
2031	582,629,442	59,250	-	-	59,250	0.0102	0.3763	0.3865
2032	582,629,442	52,675	-	-	52,675	0.0090	0.3763	0.3854
2033	582,629,442	55,963	-	-	55,963	0.0096	0.3763	0.3859
2034	582,629,442	-	-	-	-	-	0.3763	0.3763
2035	582,629,442	-	-	-	-	-	0.3763	0.3763
2036	582,629,442	-	-	-	-	-	0.3763	0.3763
2037	582,629,442	-	-	-	-	-	0.3763	0.3763
2038	582,629,442	-	-	-	-	-	0.3763	0.3763
2039	582,629,442	-	-	-	-	-	0.3763	0.3763
2040	582,629,442	-	-	-	-	-	0.3763	0.3763
2041	582,629,442	-	-	-	-	-	0.3763	0.3763
2042	582,629,442	-	-	-	-	-	0.3763	0.3763
2043	582,629,442	-	-	-	-	-	0.3763	0.3763
Total		\$ 3,276,341	\$ 174,000	\$ 3,487,200	\$ 6,589,541			

⁽¹⁾ 2023 Certified Values from Bastrop CAD. Assumes annual growth rate 10% for 1 year, 3.5% for 5 years and 0% thereafter.

⁽²⁾ Preliminary, subject to change. Interest calculated at an assumed rate of 4.06% for illustrative purposes only.

⁽³⁾ Assumes the adoption of the Voter Approval M&O Rate.

Timetable of Events

Date	Event
August 14 th	Council to consider plan of finance and 'greenlight' staff and consultants to proceed with plan of issuance
Week of August 28 th	Rating Conference Call with S&P Global Ratings
August 30 th	Post Notice of Sale and Preliminary Official Statement
September 11 th	<ul style="list-style-type: none">• Bids Due at 11AM;• Council to consider authorization of Ordinance approving the sale of Notes to the winning bidder.
October 11 th	Closing; Funds delivered to the City's Depository Bank



\$3,000,000*
CITY OF SMITHVILLE, TEXAS (THE "CITY")
TAX NOTES, SERIES 2023 (THE "NOTES")

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

Wednesday, August 9, 2023	SAMCO send the Request for Information ("RFI") to the City
Monday, August 14, 2023	SAMCO presents plan of finance to the City Council for authorization to proceed with the financing
Wednesday, August 16, 2023	The City returns RFI to SAMCO
Thursday, August 17, 2023	1st Draft of NOS/POS sent to Bond Counsel for review and comments
Monday, August 21, 2023	1 st Draft comments due to SAMCO from Bond Counsel
Wednesday, August 23, 2023	2 nd Draft of NOS/POS sent to City, Bond Counsel, Rating Agency and Bond Insurers
Week of August 28, 2023	Rating Conference Call
Monday, August 28, 2023	2nd Draft (FINAL) comments due to SAMCO from City, Bond Counsel, Rating Agency and Bond Insurers
Wednesday, August 30, 2023	Post NOS/POS to SAMCO website and electronically distribute to potential Bidders
September 5th -6, 2023	Receive Rating
Monday, September 11, 2023	<ul style="list-style-type: none"> Bids on the Notes due at 12:00 P.M. (Noon), Central Time, from potential purchasers City Council adopts ordinance authorizing the issuance of the Notes at 6:00 P.M., Central Time
Monday, September 18, 2023	Print and distribute and post Final Official Statement (OS)
Wednesday, October 4, 2023	SAMCO notifies all parties of closing/delivery instructions
Wednesday, October 11, 2023	Payment for delivery of the Notes. Funds wires to City's depository bank

**Preliminary; subject to change.*