

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.



PRELIMINARY OFFICIAL STATEMENT

Dated June 23, 2014

Ratings:
Moody's: "Aaa"
S&P: "AAA"
(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds are not private activity bonds. See "Tax Matters - Tax Exemption" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS



\$27,485,000*
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD BONDS, SERIES 2014

Dated Date: June 15, 2014
Accrues from Delivery Date

Due: February 15, as shown below

PAYMENT TERMS . . . Interest on the \$27,485,000* Collin County, Texas Unlimited Tax Road Bonds, Series 2014 (the "Unlimited Tax Bonds") will accrue from the date of initial delivery (the "Delivery Date") to the initial purchasers shown below (the "Underwriters"), and will be payable February 15, 2015, and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Unlimited Tax Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Unlimited Tax Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Unlimited Tax Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Unlimited Tax Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Unlimited Tax Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Unlimited Tax Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapter 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and a bond order adopted on June 23, 2014 by the Commissioners Court of the County authorizing the issuance of the Unlimited Tax Bonds (the "Unlimited Tax Bond Order"), and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, without legal limit as to rate or amount, as provided by the Unlimited Tax Bond Order (see "The Bonds - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Unlimited Tax Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including participation in joint city-county projects; and (ii) pay costs of issuance associated with the sale of the Unlimited Tax Bonds.

MATURITY SCHEDULE*

CUSIP Prefix: 194738 ⁽¹⁾

Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 895,000	2015				\$ 1,370,000	2025			
980,000	2016				1,425,000	2026			
1,015,000	2017				1,475,000	2027			
1,055,000	2018				1,535,000	2028			
1,095,000	2019				1,590,000	2029			
1,135,000	2020				1,655,000	2030			
1,180,000	2021				1,715,000	2031			
1,225,000	2022				1,780,000	2032			
1,270,000	2023				1,850,000	2033			
1,320,000	2024				1,920,000	2034			

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. Neither the County nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Unlimited Tax Bonds having stated maturities on and after February 15, 2025, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2024, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

SEPARATE ISSUES . . . The Unlimited Tax Bonds are being offered by the County concurrently with its Limited Tax Refunding and Improvement Bonds, Series 2014 (the "Limited Tax Bonds"), under a common Official Statement, and the Unlimited Tax Bonds and Limited Tax Bonds are hereinafter sometimes referred to collectively as the "Bonds." The Limited Tax Bonds and the Unlimited Tax Bonds are separate and distinct securities offerings being issued and sold independently except for the Official Statement, and, while the Limited Tax Bonds and the Unlimited Tax Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders.

LEGALITY . . . The Unlimited Tax Bonds are offered for delivery when, as, and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell & Giuliani LLP, Bond Counsel, Dallas, Texas (see Appendix C - "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Unlimited Tax Bonds will be available for delivery through The Depository Trust Company on July 31, 2014 (the "Delivery Date").

CITIGROUP

ESTRADA HINOJOSA & COMPANY, INC.

STEPHENS INC.

* Preliminary, subject to change.

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PRELIMINARY OFFICIAL STATEMENT

Dated June 23, 2014

Ratings:
 Moody's: "Aaa"
 S&P: "AAA"
 (See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds are not private activity bonds. See "Tax Matters - Tax Exemption" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS



\$23,480,000*
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BONDS, SERIES 2014

Dated Date: June 15, 2014
 Accrues from Delivery Date

Due: February 15, as shown below

PAYMENT TERMS . . . Interest on the \$23,480,000* Collin County, Texas, Limited Tax Refunding and Improvement Bonds, Series 2014 (the "Limited Tax Bonds") will accrue from the date of initial delivery (the "Delivery Date") to the initial purchasers shown below (the "Underwriters"), and will be payable February 15, 2015, and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Limited Tax Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Limited Tax Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Limited Tax Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Limited Tax Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Limited Tax Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Limited Tax Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Limited Tax Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended and Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007 and a bond order adopted on June 23, 2014 by the Commissioners Court of the County authorizing the issuance of the Limited Tax Bonds (the "Limited Tax Bond Order" and together with the Unlimited Tax Bond Order, the "Orders"), and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, within the limits prescribed law, as provided by the Limited Tax Bond Order (see "The Bonds - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Limited Tax Bonds will be used for (i) acquiring and improving land for park and open space purposes, including joint city-county projects, (ii) refund a portion of the County's outstanding limited tax debt described in Schedule I (the "Refunded Bonds") for debt service savings; and (iii) paying the costs of issuance associated with the sale of the Limited Tax Bonds.

MATURITY SCHEDULE*

CUSIP Prefix: 194738⁽¹⁾

Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 545,000	2015				\$ 2,400,000	2025			
1,615,000	2016				2,525,000	2026			
1,595,000	2017				120,000	2027			
1,670,000	2018				125,000	2028			
1,760,000	2019				125,000	2029			
1,850,000	2020				130,000	2030			
1,950,000	2021				135,000	2031			
2,055,000	2022				140,000	2032			
2,160,000	2023				150,000	2033			
2,275,000	2024				155,000	2034			

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OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Limited Tax Bonds having stated maturities on and after February 15, 2025, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2024, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

SEPARATE ISSUES . . . The Limited Tax Bonds are being offered by the County concurrently with its Unlimited Tax Road Bonds, Series 2014 (the "Unlimited Tax Bonds"), under a common Official Statement, and the Limited Tax Bonds and Unlimited Tax Bonds are hereinafter sometimes referred to collectively as the "Bonds." The Limited Tax Bonds and the Unlimited Tax Bonds are separate and distinct securities offerings being issued and sold independently except for the Official Statement, and, while the Limited Tax Bonds and the Unlimited Tax Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders.

LEGALITY . . . The Limited Tax Bonds are offered for delivery when, as, and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell & Giuliani LLP, Bond Counsel, Dallas, Texas (see Appendix C - "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Limited Tax Bonds will be available for delivery through The Depository Trust Company on July 31, 2014 (the "Delivery Date").

CITIGROUP

ESTRADA HINOJOSA & COMPANY, INC.

STEPHENS INC.

* Preliminary, subject to change.

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For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the County with respect to the Bonds that has been "deemed final" by the County as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement, which includes the cover page, the Schedule and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the County and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

The agreements of the County and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchaser of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

NEITHER THE COUNTY, ITS FINANCIAL ADVISOR, NOR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. **INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.**

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The cover page hereof, this page, the schedule, the appendices included herein and any addenda, supplement, or amendment hereto are part of the Preliminary Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

- THE COUNTY** The County is a body politic and political subdivision of the State, located in northeast Texas and is a component of the Dallas-Fort Worth Metroplex. The County covers approximately 836 square miles. The City of McKinney is the County Seat.
- THE UNLIMITED TAX BONDS**..... The Unlimited Tax Bonds are issued as \$27,485,000* Unlimited Tax Road Bonds, Series 2014 (the "Unlimited Tax Bonds"). The Unlimited Tax Bonds mature serially on February 15 in each of the years 2015 through 2034 (see "The Bonds - Description of the Bonds").
- THE LIMITED TAX BONDS**..... The Limited Tax Bonds are issued as \$23,480,000* Limited Tax Refunding and Improvement Bonds, Series 2014 (the "Limited Tax Bonds"). The Limited Tax Bonds mature serially on February 15 in each of the years 2015 through 2034 (see "The Bonds - Description of the Bonds").
- PAYMENT OF INTEREST** Interest on the Unlimited Tax Bonds and Limited Tax Bonds (collectively, the "Bonds") will accrue from the Delivery Date, and is payable February 15, 2015, and each August 15 and February 15 thereafter until maturity or prior redemption (see "The Bonds - Description of the Bonds").
- AUTHORITY FOR ISSUANCE**..... The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Article III, Section 52 of the Texas Constitution, as amended, Chapter 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and the Unlimited Tax Bond Order adopted by the Commissioners Court of the County on June 23, 2014, in which the Board delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and will complete the sale of the Unlimited Tax Bonds (see "The Bonds - Authority for Issuance").
- The Limited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Chapter 1207, Texas Government Code, as amended and Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007, and the Limited Tax Bond Order adopted by the Commissioners Court of the County on June 23, 2014, in which the Board delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and will complete the sale of the Limited Tax Bonds (see "The Bonds - Authority for Issuance").
- SECURITY FOR THE BONDS** The Unlimited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, without legal limit as to rate or amount, on all taxable property located within the County (see "The Bonds - Security and Source of Payment-Unlimited Tax Bonds").
- The Limited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County (see "The Bonds - Security and Source of Payment-Limited Tax Bonds").
- REDEMPTION** The County reserves the right, at its option, to redeem Bonds of either series, having stated maturities on and after February 15, 2025, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2024, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds - Optional Redemption").
- TAX EXEMPTION** In the opinion of Bond Counsel, under existing law, the interest on the Bonds will be excludable from gross income for federal income tax purposes and the Bonds are not private activity bonds. See "Tax Matters - Tax Exemption" for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.
- USE OF PROCEEDS** Proceeds from the sale of the Unlimited Tax Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including participation in joint city-county projects; and (ii) pay costs of issuance associated with the sale of the Unlimited Tax Bonds.

* Preliminary, subject to change.

Proceeds from the sale of the Limited Tax Bonds will be used for (i) acquiring and improving land for park and open space purposes, including joint city-county projects, (ii) refunding a portion of the County's outstanding limited tax debt described in Schedule I (the "Refunded Bonds") for debt service savings; and (iii) paying the costs of issuance associated with the sale of the Limited Tax Bonds.

RATINGS The Bonds and the presently outstanding tax supported debt of the County are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") without regard to third-party credit enhancement (see "Other Information - Ratings").

BOOK-ENTRY-ONLY SYSTEM..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "The Bonds - Book-Entry-Only System").

PAYMENT RECORD The County has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated County Population	Taxable Assessed Valuation ⁽¹⁾	Per Capita Taxable Assessed Valuation	Funded Tax Debt	Per Capita Funded Tax Debt	Ratio Funded Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2010	782,341 ⁽²⁾	\$ 72,388,951,258	\$ 92,529	\$ 383,805,000	\$ 491	0.53%	102.79%
2011	801,865 ⁽³⁾	71,277,687,478	88,890	347,725,000	434	0.49%	102.79%
2012	804,390 ⁽³⁾	72,462,518,559	90,084	393,210,000	489	0.54%	103.08%
2013	813,133 ⁽³⁾	74,640,404,493	91,794	393,350,000	484	0.53%	102.52%
2014	834,642 ⁽⁴⁾	79,186,696,846	94,875	393,950,000 ⁽⁵⁾	472	0.50%	100.20% ⁽⁶⁾

(1) As reported by the Collin Central Appraisal District on the County's annual State Property Tax Reports; subject to change during the ensuing year.

(2) Source: U.S. Census Bureau

(3) Source: Texas Workforce Commission

(4) Source: County Officials

(5) Projected; includes all limited tax and unlimited tax debt of the County and the Bonds. Excludes the Refunded Bonds. Preliminary, subject to change.

(6) Collections through April 30, 2014.

COUNTY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

<u>Commissioners Court</u>	<u>Term Expires</u>
Keith Self County Judge	12/31/2014
Mark Reid Commissioner, Precinct No. 1	12/31/2014
Cheryl Williams Commissioner, Precinct No. 2	12/31/2014
Chris Hill Commissioner, Precinct No. 3	12/31/2016
Duncan Webb Commissioner, Precinct No. 4	12/31/2014

OTHER ELECTED AND APPOINTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Bill Bilyeu	County Administrator	Appointed by Commissioners Court
Jeff May	County Auditor	Appointed by District Judges 9/30/2015
Monika Arris	Budget Director	Appointed by Commissioners Court
Stacey Kemp	County Clerk	12/31/2014
Kenneth L. Maun	Tax Assessor-Collector	12/31/2016

CONSULTANTS AND ADVISORS

Certified Public Accountants	Patilla, Brown & Hill, L.L.P. Waco, Texas
Bond Counsel	Bracewell & Giuliani LLP Dallas, Texas
Financial Advisor.....	First Southwest Company Fort Worth, Texas

For additional information regarding the County, please contact:

Monika Arris Budget Director Collin County 2300 Bloomdale Rd., Suite 4100 McKinney, Texas 75071 (972) 548-4603	or	Jeff May County Auditor Collin County 2300 Bloomdale Rd., Suite 3100 McKinney, Texas 75071 (972) 548-4640	or	David K. Medanich Nick Bulaich First Southwest Company 777 Main Street, Suite 1200 Fort Worth, Texas 76102 (817) 332-9710
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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

COLLIN COUNTY, TEXAS

\$27,485,000*

UNLIMITED TAX ROAD BONDS, SERIES 2014

\$23,480,000*

**LIMITED TAX REFUNDING AND
IMPROVEMENT BONDS, SERIES 2014**

INTRODUCTION

This Official Statement, which includes the Appendices and Schedule I hereto, provides certain information regarding the issuance of \$27,485,000* Collin County, Texas Unlimited Tax Road Bonds, Series 2014 (the "Unlimited Tax Bonds") and \$23,480,000* Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2014 (the "Limited Tax Bonds" and, together with the Unlimited Tax Bonds, the "Bonds"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the separate Unlimited Tax Bond Order and the Limited Tax Bond Order (collectively, the "Orders"). The Commissioners Court of Collin County (the "County") on June 23, 2014 delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and will complete the sale of the Bonds (the "Orders" and the Pricing Certificate are jointly referred to as the "Order").

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "Other Information –Forward Looking Statements").

There follow in this Official Statement descriptions of the Bonds and certain information regarding the County and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the County's Financial Advisor, First Southwest Company, Dallas, Texas.

DESCRIPTION OF THE COUNTY . . . The County was organized in 1846. The County operates as specified under the Constitution and statutes of the State of Texas (the "State") and is governed by a Commissioners Court consisting of the County Judge and four Commissioners, one for each of four Commissioners' Precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms. Other major County elected officers include the County Clerk and County Tax Assessor/Collector. The County Auditor is appointed for a term of two years by, and serves at the will of, the District Judges whose courts are located in the County. For additional demographic information describing the County, see Appendix A hereto.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Unlimited Tax Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including participation in joint city-county projects; and (iii) pay costs of issuance associated with the sale of the Unlimited Tax Bonds.

Proceeds from the sale of the Limited Tax Bonds will be used for (i) acquiring and improving land for park and open space purposes, including joint city-county projects, (ii) refunding a portion of the County's outstanding limited tax debt described in Schedule I (the "Refunded Bonds") for debt service savings; and (iii) paying the costs of issuance associated with the sale of the Limited Tax Bonds.

REFUNDED BONDS . . . The principal of and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and redemption dates for the Refunded bonds as shown on Schedule I hereto, from funds to be deposited pursuant to an Escrow Agreement between the County and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as escrow agent (the "Escrow Agent"). The Limited Tax Bond Order will provide that a portion of the proceeds from the sale of the Limited Tax Bonds in an amount sufficient to accomplish the discharge and final payment of the Refunded Bonds will be deposited with the Escrow Agent pursuant to the Escrow Agreement for deposit to special escrow funds (the "Escrow Fund") established under the Escrow Agreement for the payment of the Refunded Bonds. Amounts on deposit in the Escrow Fund will be used to purchase obligations authorized by Chapter 1207, Texas Government Code, as amended (the "Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal and interest on the Refunded Bonds.

* Preliminary, subject to change.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the Limited Tax Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. (see "Other Information – Verification of Arithmetical and Mathematical Computations").

By the deposit of the Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the County will have effected the defeasance of all of the Tax Refunded Bonds in accordance with applicable law and the respective orders authorizing the issuance of the Refunded Bonds. It is the opinion of Bond Counsel that as a result of such defeasance, and in reliance upon the report of Grant Thornton LLP, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and the Refunded Bonds will not be deemed as being outstanding obligations of the County payable from ad valorem taxes nor for the purpose of applying any limitation on the issuance of debt.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds and contributions from the County, if any, will be applied approximately as follows:

	<u>Unlimited Tax Bonds</u>	<u>Limited Tax Bonds</u>
<u>Sources of Funds</u>		
Par Amount of Bonds	\$ -	\$ -
Reoffering Premium	-	-
Accrued Interest	-	-
Transfer from Prior Issue Debt Service Funds	-	-
Total Sources of Funds	<u>\$ -</u>	<u>\$ -</u>
<u>Uses of Funds</u>		
Deposit to Escrow Fund	\$ -	\$ -
Deposit to Debt Service Fund	-	-
Deposit to Construction Fund	-	-
Costs of Issuance ⁽¹⁾	-	-
Total Uses of Funds	<u>\$ -</u>	<u>\$ -</u>

(1) Includes the Underwriters' Discount.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated June 15, 2014 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on the cover page (with respect to the Unlimited Tax Bonds) and page 3 (with respect to the Limited Tax Bonds) hereof. Interest will accrue on the Bonds from the Delivery Date to the Underwriters and will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15, 2015, and on each August 15 and February 15 thereafter until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment by such participating members to the beneficial owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein.

Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity upon presentation to designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "The Bonds - Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE . . . The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapter 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and the Unlimited Tax Bond Order adopted by the Commissioners Court of the County.

The Limited Tax Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended and Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007 and the Limited Tax Bond Order adopted by the Commissioners Court of the County.

SECURITY AND SOURCES OF PAYMENT . . .

Unlimited Tax Bonds . . . The Unlimited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, without legal limit as to rate or amount, on all taxable property in the County, as provided in the Unlimited Tax Bond Order.

Limited Tax Bonds . . . The Limited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property in the County as provided in the Limited Tax Bond Order. The Limited Tax Bonds are payable from the County's \$0.80 constitutional tax rate limit; see "Tax Rate Limitations – General Operations: Bonds, Time Warrants, Certificate of Obligation, and Contractual Obligations" below.

TAX RATE LIMITATIONS . . . The Texas Constitution provides various taxing authority for counties, as described below. For information relating to the constitutionally authorized taxes that the County currently levies, see "Tax Information - Table 5 - Tax Rate Distribution Analysis."

General Operations; Limited Tax Bonds, Tax Notes, Time Warrants, Tax Notes and Contractual Obligations... Article VIII, Section 9 of the Texas Constitution imposes a limit of \$0.80 per \$100 of assessed valuation for general fund, Improvement fund, road and bridge fund, and jury fund purposes, including debt service of bonds, warrants, tax notes and certificates of obligation issued against such funds. Chapter 1301, Texas Government Code, as amended, limits the amount of limited tax bonds that may be issued for road and bridge purposes to 1 1/2 percent of the taxable assessed valuation of a county. By administrative policy, the Attorney General of Texas will permit allocation of \$0.40 of the constitutional \$0.80 tax rate for the payment of the debt service requirements on the County's limited tax general obligation indebtedness. The Limited Tax Bonds will be payable from the levy and collection of this tax.

Road Bonds... An unlimited tax rate is authorized to be voted to pay debt service on road bonds; Article III, Section 52 of the Texas Constitution provides that such debt may not exceed 25% of the County's assessed valuation of real property.

Road Maintenance (Special Road and Bridge Tax)... Under Section 256.052, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed \$0.15 on the \$100 valuation of property provided by Article VIII, Section 9 of the Texas Constitution, for the further maintenance of county roads. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. The additional tax may not be used for debt service. **The voters of the County have approved the adoption of the additional county road tax.**

Farm-to-Market Roads or Flood Control... Under Section 256.054, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed \$0.30 on the \$100 assessed valuation, after exemption of homesteads up to \$3,000, provided by Article VIII, Section 9 of the Texas Constitution, for the construction and maintenance of farm-to-market and lateral roads or for flood control. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. No allocation is prescribed by statute between debt service and maintenance. Therefore, all or part may be used for either purpose. **The voters of the County have not approved the adoption of the additional county farm-to-market and/or flood control tax.**

See "Table 1 - Valuations, Exemptions and Tax-Supported General Obligation Bond Debt" herein for a description of the amount of the County's debt that is secured by the unlimited tax authorized by Article III, Section 52 of the Texas Constitution, and amount of debt secured by the limited tax authorized by Article VII, Section 9 of the Texas Constitution. Also, see "Table 11- Authorized But Unissued Bonds" herein for a description of the County's remaining voted and unissued bond authorization relating to each of such unlimited and limited constitutional taxing authorizations.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem the Bonds of either series having stated maturities on and after February 15, 2025 in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2024 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the County may select the maturities of Bonds, as the case may be, to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date. The County reserves the right, in the case of an optional redemption to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent

events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the County to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds of either series to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. IF A BOND (OR ANY PORTION OF ITS PRINCIPAL SUM) SHALL HAVE BEEN DULY CALLED FOR REDEMPTION AND NOTICE OF SUCH REDEMPTION DULY GIVEN, THEN UPON THE REDEMPTION DATE SUCH BOND (OR THE PORTION OF ITS PRINCIPAL SUM TO BE REDEEMED) SHALL BECOME DUE AND PAYABLE. AND, IF MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR AND ALL OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST SHALL CEASE TO ACCRUE AND BE PAYABLE FROM AND AFTER THE REDEMPTION DATE ON THE PRINCIPAL AMOUNT REDEEMED.

DEFEASANCE . . . The Orders provide that the County may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current State law, such discharge may be accomplished either (i) by depositing with the Paying Agent/Registrar or other lawfully authorized entity a sum of money equal to the principal of, premium, if any, and all interest to accrue on such Bonds to maturity or redemption or (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity amounts sufficient, together with the investment earnings thereon, to provide for the payment and/or redemption of such Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding obligations to refund the Bonds, as applicable, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds, as the case may be.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of Bonds have been made as described above, all rights of the County take any action amending the terms of such Bonds are extinguished; provided, however, that the right to call such Bonds for redemption is not extinguished.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Orders do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The County believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds or any notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds) or any notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds of each series will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participant and Indirect Participants are referred to herein as "Participants". DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the County, the Financial Advisor or the Underwriters .

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM. In the event that the Book-Entry-Only System is discontinued, printed certificates will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In each of the Orders, the County retains the right to replace the Paying Agent/Registrar. The County covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a bank or trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, of either series, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at the stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "Book-Entry-Only System" herein. If the date for any payment on the Bonds is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed Bond certificates will be delivered to the registered owners and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "The Bonds – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond called for redemption in part.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . If the County defaults in the payment of principal, interest, or redemption price on the Bonds of either series when due, or if it fails to make payments into any fund or funds created in the Orders, or defaults in the observation

or performance of any other covenants, conditions, or obligations set forth in the Orders, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or Orders and the County's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Orders do not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the County for breach of the Bonds or covenant set forth in the Orders. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. In addition, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

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TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the County is the responsibility of the Collin Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under Title 1 of the Texas Tax Code (referred to herein as the "Property Tax Code") to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios.

In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal, and the market data comparison method of appraisal. The chief appraiser selects the most appropriate method. Effective January 1, 2010, State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed the lesser of (1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value in the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The County may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the County by petition filed with the Appraisal Review Board.

Reference is made to the Property Tax Code for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and other State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than \$3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of \$5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces. The exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000; provided, however, that beginning in the 2009 tax year, a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence

homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded. The County has authorized the tax freeze on homesteads of taxpayers 65 years of age or older. For additional information, see "Ad Valorem Tax Information - County Application of Tax Code" and "Table 1 – Valuation, Exemptions and General Obligation Bond Debt."

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing, or fabrication. Notwithstanding such exemption, counties, school districts, junior college districts and cities may tax such tangible personal property provided official action to tax the same was taken before April 1, 1990. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-n provides for an exemption from ad valorem taxation for "goods-in-transit", which are defined as personal property (i) acquired or imported into Texas and transported to another location in the State or outside the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods and (iii) transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. Pursuant to changes enacted during the 2011 Texas Legislature Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 2011 to provide for the taxation of the goods-in-transit. After holding the public hearing, the taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011, to tax goods-in-transit and pledged the taxes imposed on goods-in-transit until the debt is discharged, the tax remains effective if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

Under authority of Chapter 311, Texas Tax Code, as amended, a county or a city may create one or more tax increment reinvestment zones ("TIRZ") within the County and freeze the taxable values of property in the TIRZ at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIRZ, including the County, may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIRZ in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIRZ. Taxes levied by the County against the values of real property a TIRZ, in which the County participates, in excess of the "frozen" value are not available for general County use but are restricted to paying or financing "project costs" within the TIRZ.

The County also may enter into tax abatement agreements to encourage economic development. Under tax abatement agreements, a property owner agrees to construct certain improvements on its property. The County in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The tax abatement agreement could last for a period of up to ten years.

The County is authorized, pursuant to Chapter 381, Texas Local Government Code, as amended ("Chapter 381"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the County. In accordance with a program established pursuant to Chapter 381, the County may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the County. The County may contract with the federal government, the State, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . The Commissioners Court will be required to adopt the annual tax rate per \$100 taxable value for the County before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the County. If the Commissioners Court does not adopt a tax rate by such required date the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the County for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Furthermore, the Property Tax Code provides the Commissioners Court may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the County's website if the County owns, operates or controls

an Internet website and public notice be given by television if the County has free access to a television channel) and the Commissioners Court has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the County is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process that uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on January 31 of each year and the final installment due on July 31.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty remains at 12%, and accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge (the County currently assesses a 15% charge for legal costs incurred collecting delinquent taxes). Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the County's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

COUNTY APPLICATION OF TEXAS TAX CODE . . . The County grants a \$30,000 exemption to the market value of the residence homestead of persons 65 years of age or older or the disabled.

The County has granted the local-option additional exemption of 5% of the market value of residence homesteads.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the County against the exempt value of residence homesteads for the payment of debt.

The County has adopted the tax freeze on residence homesteads of disabled persons and persons over 65 which was implemented in the 2004 tax year. As a result of the adoption of the freeze, total County taxes on the residence homestead of a disabled person

or persons 65 years of age or older residing in the County are at the level of taxes billed for the County's 2004-05 fiscal year, or to the amount of taxes imposed in the year such residence qualified for such exemption. In order to qualify for the exemption, a taxpayer must make application to the Appraisal District. The County has not made a comprehensive study regarding the impact that the freeze has had or will have on the taxable assessed value of the County in future years, but as the population of the County ages, the freeze is expected to have a greater impact on the County's ad valorem tax revenues.

The County does not tax nonbusiness personal property, and the County collects its own taxes.

The County does not permit split payments of taxes or discounts for early payment of taxes, although State law permits such measures on a local-option basis.

The County has exempted freeport property from taxation.

The County does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The County does tax "goods-in-transit".

The Commissioners Court has adopted a tax abatement policy that reflects the options available under Chapter 312 of the Texas Tax Code ("Chapter 312"). In general, the County requires municipalities that propose County participation in abatement agreements to initiate the application and review process and to make compliance reports to the County. Most County tax abatements extend for the full ten year term permitted by Chapter 312 and include abatements of ad valorem taxes on 50% of qualifying properties, although the County has negotiated for greater or lesser amounts of tax abatement, depending upon the extent of economic development offered by an abatement applicant.

The County also participates in ten TIRZs, one each with the Cities of Allen, Farmersville, Frisco, Lavon, Melissa, Plano, and Richardson, one with the Town of Prosper and two with the City of McKinney. The County has not created a TIRZ.

TABLE 1 - VALUATION, EXEMPTIONS, AND GENERAL OBLIGATION BOND DEBT

2013/14 Market Valuation Established by the Collin Central Appraisal District
(excluding totally exempt property) \$ 90,331,740,866

Less Exemptions/Reductions at 100% Market Value:

Over 65 and Disabled	\$ 1,092,741,784	
Disabled Veterans Exemptions	151,734,208	
Charitable Organizations	49,954,153	
Tax Abatements	685,090,838	
Homestead Exemption	2,088,637,829	
Freeport Exemption	635,933,573	
Pollution Control Property	39,579,879	
Historical Exemption	25,927,584	
Homestead Cap Adjustment	77,203,870	
Limited Income Housing	2,117,041	
Agricultural Productivity, Open Space Land Use Reductions	6,291,586,327	
Other	<u>4,536,934</u>	<u>11,145,044,020</u>

2013/14 Taxable Assessed Valuation \$ 79,186,696,846

County Funded Debt Payable from Ad Valorem Taxes (as of 5-1-14)

Limited Tax Debt	\$ 97,675,000 ⁽¹⁾
Unlimited Tax Debt	245,310,000
The Limited Tax Bonds	23,480,000 ⁽²⁾
The Unlimited Tax Bonds	<u>27,485,000 ⁽²⁾</u>

Funded Debt Payable from Ad Valorem Taxes \$ 393,950,000

Interest and Sinking Fund (as of 5-1-14) \$ 18,716,946

Ratio General Obligation Debt to Taxable Assessed Valuation 0.50%

2014 Estimated Population - 834,642
Per Capita Taxable Assessed Valuation - \$94.875
Per Capita Funded Debt Payable from Ad Valorem Taxes - \$472

(1) Excludes the Refunded Bonds; preliminary, subject to change.
(2) Preliminary, subject to change.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 50,936,281,711	56.39%	\$ 48,335,459,628	56.47%	\$ 47,803,044,461	57.07%
Real, Residential, Multi-Family	5,387,792,815	5.96%	4,909,285,970	5.74%	4,462,205,042	5.33%
Real, Vacant Lots/Tracts	830,859,338	0.92%	824,879,626	0.96%	892,928,396	1.07%
Real, Acreage (Land Only)	6,360,727,206	7.04%	7,119,882,130	8.32%	7,090,704,021	8.46%
Real, Farm and Ranch Improvements	1,792,805,955	1.98%	805,914,525	0.94%	817,548,827	0.98%
Real, Commercial and Industrial	16,672,278,031	18.46%	15,755,099,044	18.41%	15,198,818,038	18.14%
Real and Intangible Personal, Utilities	1,182,787,309	1.31%	1,163,061,803	1.36%	1,128,257,894	1.35%
Tangible Personal, Business	6,118,621,334	6.77%	5,720,297,694	6.68%	5,485,905,795	6.55%
Tangible Personal, Other	42,642,081	0.05%	45,864,441	0.05%	40,668,941	0.05%
Inventory	799,245,446	0.88%	734,478,360	0.86%	681,181,171	0.81%
Special Inventory Tax	207,699,640	0.23%	187,868,538	0.22%	167,581,030	0.20%
Total Appraised Value Before Exemptions	\$ 90,331,740,866	100.00%	\$ 85,602,091,759	100.00%	\$ 83,768,843,616	100.00%
Less: Total Exemption/Reductions	(11,145,044,020)		(10,961,687,266)		(11,306,325,057)	
Taxable Assessed Value	\$ 79,186,696,846		\$ 74,640,404,493		\$ 72,462,518,559	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2011		2010	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 47,129,255,659	56.95%	\$ 47,023,799,761	55.92%
Real, Residential, Multi-Family	4,359,373,394	5.27%	4,418,373,249	5.25%
Real, Vacant Lots/Tracts	903,532,169	1.09%	897,382,927	1.07%
Real, Acreage (Land Only)	7,415,809,201	8.96%	7,982,962,832	9.49%
Real, Farm and Ranch Improvements	833,309,201	1.01%	826,660,638	0.98%
Real, Commercial and Industrial	14,844,885,029	17.94%	15,448,987,640	18.37%
Real and Intangible Personal, Utilities	1,174,373,653	1.42%	1,099,988,202	1.31%
Tangible Personal, Business	5,146,374,881	6.22%	5,161,195,686	6.14%
Tangible Personal, Other	42,760,159	0.05%	45,207,373	0.05%
Inventory	755,930,021	0.91%	1,013,621,038	1.21%
Special Inventory Tax	146,010,145	0.18%	167,718,060	0.20%
Total Appraised Value Before Exemptions	\$ 82,751,613,512	100.00%	\$ 84,085,897,406	100.00%
Less: Total Exemptions/Reductions	(11,473,926,034)		(11,696,946,148)	
Taxable Assessed Value	\$ 71,277,687,478		\$ 72,388,951,258	

NOTE: Valuations shown are certified taxable assessed values reported by the Collin Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL BOND DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population	Taxable Assessed Valuation ⁽¹⁾	Taxable Assessed Valuation Per Capita	Net Tax Debt Outstanding at End of Year	Ratio Tax Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2010	782,341 ⁽²⁾	\$ 72,388,951,258	\$ 92,529	\$ 383,805,000	0.53%	\$ 491
2011	801,865 ⁽³⁾	71,277,687,478	88,890	347,725,000	0.49%	434
2012	804,390 ⁽³⁾	72,462,518,559	90,084	393,210,000	0.54%	489
2013	813,133 ⁽³⁾	74,640,404,493	91,794	393,350,000	0.53%	484
2014	834,642 ⁽⁴⁾	79,186,696,846	94,875	393,950,000 ⁽⁵⁾	0.50%	472

(1) As reported by the Collin Central Appraisal District on the County's annual State Property Tax Reports; subject to change during the ensuing year.

(2) Source: U.S. Census Bureau

(3) Source: Texas Workforce Commission

(4) Source: County Officials

(5) Projected; includes the Bonds. Excludes the Refunded Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2010	\$ 0.24250	\$0.187080	\$ 0.055420	\$ 175,543,207	101.04%	102.79%
2011	0.24000	0.184580	0.055420	170,749,824	100.27%	102.79%
2012	0.24000	0.176046	0.063954	170,204,902	101.39%	103.08%
2013	0.24000	0.174663	0.065337	176,489,220	101.06%	102.52%
2014	0.23750	0.180334	0.057166	185,623,327	99.62% ⁽¹⁾	100.20% ⁽¹⁾

(1) Collections through April 30, 2014.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Tax Year				
	2013	2012	2011	2010	2009
<u>Limited Constitutional Taxes ⁽¹⁾</u>					
Operating Fund	\$ 0.176334	\$ 0.173046	\$ 0.173046	\$ 0.184580	\$ 0.181080
Limited Tax Debt Service Fund	0.019378	0.026190	0.026190	0.025530	0.024890
Total Constitutional Tax Rate	\$ 0.195712	\$ 0.199236	\$ 0.199236	\$ 0.210110	\$ 0.205970
<u>Unlimited Constitutional Taxes ⁽²⁾</u>					
Road and Bridge Fund	\$ 0.004000	\$ 0.003000	\$ 0.003000	\$ 0.000000	\$ 0.006000
Farm-to-Market and Lateral Road	0.000000	0.000000	0.000000	0.000000	0.000000
Unlimited Tax Debt Service Fund	0.037788	0.037764	0.037764	0.029890	0.030530
Total Tax Rate	\$ 0.237500	\$ 0.240000	\$ 0.240000	\$ 0.240000	\$ 0.242500

(1) Taxes levied pursuant to Article XIII, Section 9 of the Texas Constitution, limited to \$0.80 per \$100 of taxable assessed valuation for general operations and limited tax debt.

(2) To support debt issued pursuant to Article III, Section 52 of the Texas Constitution.

TABLE 6 - TEN LARGEST TAXPAYERS

Name of Taxpayer	2013/14 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oncor Electric Delivery Company	\$ 495,218,356	0.63%
Bank of America NA	321,486,177	0.41%
Stonebriar Mall Ltd. Partnership	239,971,384	0.30%
Health Care Service Corporation	209,172,377	0.26%
J.C. Penney Company	164,974,971	0.21%
Cisco Systems Inc	163,098,708	0.21%
Village at Allen LP	142,468,550	0.18%
AT&T Mobility LLC	137,198,694	0.17%
IBM Credit LLC	135,149,181	0.17%
EMC Corporation	123,696,347	0.16%
	<u>\$ 2,132,434,745</u>	<u>2.69%</u>

TABLE 7 - TAX ADEQUACY ⁽¹⁾

2014 Principal and Interest Requirements	\$ 43,321,763
\$0.0553 Tax Rate at 99% Collection Produces	\$ 43,352,341
Average Annual Principal and Interest Requirements, 2014 - 2034	\$ 28,024,537
\$0.0358 Tax Rate at 99% Collection Produces	\$ 28,065,349
Maximum Principal and Interest Requirements, 2015	\$ 46,019,292
\$0.0588 Tax Rate at 99% Collection Produces	\$ 46,096,160

(1) For all tax supported indebtedness (limited and unlimited), including the Bonds. Excludes the Refunded Bonds. Preliminary, subject to change.

TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on property within their boundaries and within the County. Such entities are independent of the County and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional tax debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional tax debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the County.

<u>Governmental Subdivision</u>	2013/14 Taxable Assessed Value ⁽¹⁾	2013/14 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 4-1-14
Collin County	\$ 79,186,696,846	\$ 0.237500	\$ 393,950,000 ⁽²⁾	100.00%	\$ 393,950,000
<u>Special Districts</u>					
Collin County Community College District	\$ 75,070,158,023	\$ 0.083600	\$ 37,460,000	100.00%	\$ 37,460,000
Seis Lagos Utility District	116,628,822	0.469300	201,000	100.00%	201,000
Total Districts					\$ 37,661,000
<u>Cities</u>					
Allen	\$ 8,381,352,574	\$ 0.550000	\$ 97,535,000	100.00%	\$ 97,535,000
Anna	431,258,729	0.650300	12,229,000	100.00%	12,229,000
Blue Ridge	26,238,598	0.593400	1,086,000	100.00%	1,086,000
Celina	509,226,019	0.645000	24,660,000	100.00%	24,660,000
Fairview	1,244,555,384	0.360000	28,205,000	100.00%	28,205,000
Farmersville	151,207,773	0.697500	5,440,000	100.00%	5,440,000
Josephine	35,385,939	0.590000	359,000	95.60%	343,204
Lavon	175,030,578	0.455700	-	100.00%	-
Lowry Crossing	82,767,742	0.229780	-	100.00%	-
Lucas	603,228,802	0.355600	10,700,000	100.00%	10,700,000
McKinney	11,904,898,520	0.585500	216,310,000	100.00%	216,310,000
Melissa	406,202,223	0.610000	27,200,000	100.00%	27,200,000
Murphy	1,638,397,833	0.570000	40,360,000	100.00%	40,360,000
Nevada	43,565,820	0.192880	-	100.00%	-
New Hope	35,093,538	0.210000	-	100.00%	-
Parker	548,739,132	0.357100	5,970,000	100.00%	5,970,000
Princeton	301,605,545	0.739000	15,335,000	100.00%	15,335,000
Prosper	1,447,466,215	0.520000	60,920,000	91.74%	55,888,008
St. Paul	75,184,055	0.404910	-	100.00%	-
Weston	146,893,008	0.360000	-	100.00%	-
Wylie	2,418,173,253	0.883900	103,015,000	97.92%	100,872,288
<u>County-Line Cities</u>					
Carrollton	\$ 9,589,672,434	\$ 0.617900	\$ 141,295,000	0.53%	\$ 748,864
Dallas	84,731,367,860	0.797000	1,430,406,063	4.10%	58,646,649
Frisco	15,922,401,858	0.461910	540,775,000	63.65%	344,203,288
Garland	10,054,746,637	0.704600	439,651,258	0.20%	879,303
Plano	25,260,977,455	0.488600	310,585,000	96.64%	300,149,344
Richardson	10,752,208,703	0.635160	249,800,000	39.53%	98,745,940
Royse City	477,369,504	0.698000	15,001,000	15.44%	2,316,154
Sachse	1,272,209,207	0.770800	37,980,000	35.09%	13,327,182
Total Cities					\$ 1,461,150,223

(1) Tax Year 2013 Taxable Assessed Valuation.

(2) Includes the Bonds. Excludes the Refunded Bonds. Preliminary, subject to change.

	2013/14 Taxable Assessed Value ⁽¹⁾	2013/14 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 4-1-14
<u>School Districts</u>					
Allen ISD	\$ 7,856,846,598	\$ 1.670000	\$ 499,128,037	100.00%	\$ 499,128,037
Anna ISD	517,391,366	1.540000	91,970,024	100.00%	91,970,024
Farmersville ISD	308,032,186	1.400000	12,672,459	100.00%	12,672,459
Lovejoy ISD	1,374,068,213	1.535000	133,580,471	100.00%	133,580,471
McKinney ISD	8,827,214,160	1.670000	465,965,000	100.00%	465,965,000
Melissa ISD	442,477,719	1.540000	54,383,710	100.00%	54,383,710
Plano ISD	33,089,436,438	1.453000	922,505,466	100.00%	922,505,466
Princeton ISD	490,104,096	1.480000	78,365,068	100.00%	78,365,068
Wylie ISD	3,301,878,002	1.640000	231,081,055	100.00%	231,081,055
<u>County-Line School Districts</u>					
Bland ISD	\$ 111,541,314	\$ 1.510000	\$ 14,097,894	9.11%	\$ 1,284,318
Blue Ridge ISD	127,043,059	1.616600	15,380,000	98.65%	15,172,370
Celina ISD	631,156,529	1.640000	56,701,695	93.36%	52,936,702
Community ISD	446,837,951	1.625000	28,616,540	98.69%	28,241,663
Frisco ISD	19,767,032,614	1.460000	1,534,800,843	72.51%	1,112,884,091
Gunter ISD	187,089,476	1.600000	15,150,000	0.85%	128,775
Leonard ISD	139,747,894	1.273000	1,260,000	8.11%	102,186
Prosper ISD	2,268,579,822	1.670000	230,601,557	93.10%	214,690,049
Rockwall ISD	6,082,150,561	1.460000	347,903,257	0.01%	34,790
Royse City ISD	1,027,437,117	1.670000	107,257,662	8.11%	8,698,596
Trenton ISD	153,517,998	1.440000	7,779,000	4.17%	324,384
Van Alstyne ISD	412,981,942	1.520000	31,918,488	9.96%	3,179,081
Whitewright ISD	162,033,663	1.370000	7,523,158	2.94%	221,181
Total School Districts					\$ 3,927,549,479
Total Direct and Overlapping Funded Debt					\$ 5,820,310,701
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation					7.75%
Per Capita Overlapping Funded Debt					\$ 6,973

(1) Tax Year 2013 Taxable Assessed Valuation.

TABLE 9 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Unlimited Tax Outstanding Debt ⁽¹⁾		Limited Tax Outstanding Debt ⁽¹⁾⁽²⁾		The Unlimited Tax Bonds ⁽³⁾		The Limited Tax Bonds ⁽⁴⁾		Total Debt Service	% of Principal Retired
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
	2014	\$ 17,455,000	\$ 11,431,653	\$ 9,710,000	\$ 4,725,110	\$ -	\$ -	\$ -		
2015	18,600,000	10,248,690	9,550,000	3,733,510	895,000	1,185,688	545,000	1,261,404	46,019,292	
2016	18,020,000	9,529,938	8,650,000	3,368,547	980,000	978,750	1,615,000	1,049,750	44,191,985	
2017	18,805,000	8,808,238	9,040,000	3,044,108	1,015,000	941,344	1,595,000	993,425	44,242,114	
2018	18,440,000	8,040,638	9,475,000	2,710,279	1,055,000	902,531	1,670,000	920,406	43,213,854	34.93%
2019	19,335,000	7,220,009	9,775,000	2,368,058	1,095,000	862,219	1,760,000	835,750	43,251,036	
2020	16,595,000	6,443,268	7,310,000	2,056,852	1,135,000	820,406	1,850,000	746,625	36,957,151	
2021	15,250,000	5,742,096	7,510,000	1,792,240	1,180,000	777,000	1,950,000	652,781	34,854,117	
2022	14,815,000	5,061,165	7,370,000	1,529,765	1,225,000	731,906	2,055,000	553,875	33,341,711	
2023	15,510,000	4,376,603	5,525,000	1,276,770	1,270,000	685,125	2,160,000	449,750	31,253,248	66.92%
2024	16,220,000	3,692,310	5,775,000	1,027,247	1,320,000	636,563	2,275,000	340,156	31,286,276	
2025	13,565,000	3,055,641	5,165,000	783,772	1,370,000	586,125	2,400,000	224,625	27,150,163	
2026	13,230,000	2,442,700	2,785,000	592,310	1,425,000	533,719	2,525,000	102,906	23,636,635	
2027	12,670,000	1,836,850	2,910,000	436,106	1,475,000	479,344	120,000	38,250	19,965,550	
2028	9,460,000	1,324,898	2,850,000	277,365	1,535,000	422,906	125,000	33,656	16,028,825	90.47%
2029	6,705,000	949,168	2,450,000	127,668	1,590,000	364,313	125,000	28,969	12,340,116	
2030	5,870,000	663,900	495,000	47,706	1,655,000	303,469	130,000	24,188	9,189,263	
2031	6,150,000	401,225	515,000	28,944	1,715,000	240,281	135,000	19,219	9,204,669	
2032	4,200,000	170,800	375,000	12,638	1,780,000	174,750	140,000	14,063	6,867,250	
2033	1,870,000	37,400	150,000	3,000	1,850,000	106,688	150,000	8,625	4,175,713	99.51%
2034	-	-	-	-	1,920,000	36,000	155,000	2,906	2,113,906	100.00%
Totals	\$ 262,765,000	\$ 91,477,187	\$ 107,385,000	\$ 29,941,995	\$ 27,485,000	\$ 11,769,125	\$ 23,480,000	\$ 8,301,329	\$ 562,604,636	

(1) Includes that portion of interest offset by the refundable tax credit to be received by the County from the Department of Treasury as a result of a portion of the related outstanding obligations being designated as "Build America Bonds."

(2) Excludes the Refunded Bonds. Preliminary, subject to change.

(3) Average life of the issue – 11.419 years. Interest on the Unlimited Tax Bonds has been calculated at the average rate of 3.75% for purposes of illustration. Preliminary, subject to change.

(4) Average life of the issue – 7.012 years. Interest on the Limited Tax Bonds has been calculated at the average rate of 2.42% for purposes of illustration. Preliminary, subject to change.

TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2014		\$ 43,321,763
Interest and Sinking Fund Balance, 9/30/2013	\$ 9,957,971	
Budgeted Interest and Sinking Fund Tax Levy	45,414,771	
Non-Tax Revenues	52,050	55,424,792
Estimated Balance, 9/30/2014		<u>\$ 12,103,029</u>

TABLE 11 - AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Park ⁽¹⁾	11/6/2007	\$ 17,000,000	\$ 10,200,000	\$ 2,200,000	\$ 4,600,000
Road ⁽²⁾	11/6/2007	235,600,000	133,845,000	27,485,000	74,270,000
Court Buildings ⁽¹⁾	11/6/2007	76,300,000	30,500,000	-	45,800,000
		<u>\$ 328,900,000</u>	<u>\$ 174,545,000</u>	<u>\$ 29,685,000</u>	<u>\$ 124,670,000</u>

(1) Article VIII, Section 9 indebtedness (limited tax).

(2) Article III, Section 52 indebtedness (unlimited tax).

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The Commissioners Court annually adopts a capital improvement plan (the "CIP") as part of the County's annual budget. The CIP is made for planning purposes and may identify projects that will be deferred or omitted entirely in future years. In addition, as conditions change, new projects may be added that are not currently identified. The improvements included in the CIP plan are generally funded from a blend of bond proceeds, reserves or current year revenue sources. The current CIP covers fiscal years 2014 through 2019, and includes total capital expenditures of \$212.1 million, of which \$150.3 million are scheduled for fiscal year 2014. Most of the planned expenditures will be funded with proceeds of prior bond issues. As shown in Table 11, the County currently has \$163,400,000 of authorized but unissued bonds. The County anticipates issuing approximately \$29.7 million of such amount in fiscal year 2014 and the remaining bond authorization over the following three years in amounts that will allow the County to maintain a level debt service tax rate over such period.

TABLE 12 - OTHER OBLIGATIONS

The County has no unfunded debt outstanding as of September 30, 2013.

PENSION FUND . . . The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed Chapter 841, Texas Government Code, as amended (the "TCDRS Act") so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. The County has elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed an amount of 8.5% in 2013 which was an increase from the 7.7% in 2012 but still less than the 13.5% in 2011. This decrease from 2011 to 2012 was due to the County making a lump sum payment of \$40.5 million in 2012. This carried over into allowing a lower rate in 2013 of 8.5% and will allow lower contribution amounts for years to come. The actuarial required rate was 8.06% in 2013 and 7.64% in 2012. The contribution rate payable by the employee members for the calendar years of 2013 and 2012 was 7% as adopted by the governing body of the County. The employee contribution rate and the County's contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

OTHER POST RETIREMENT BENEFITS . . . In February 2011, the Commissioners Court elected to discontinue a post-retirement health benefit plan for retired County employees that had been in existence since January 1, 2007. Under the prior post-retirement health benefit plan, the County paid a portion of the health insurance premiums (ranging from 25%-100%) of retired County employees beginning at age 65 based on the years of continuous service to the County. State law requires that counties provide retirees with a health insurance plan, but does not require counties to pay the cost of such coverage. As a result of the elimination of this post-retirement health benefit plan, the County does not currently offer any "other post-retirement benefits" ("OPEBs") for retired County employees.

FINANCIAL INFORMATION

TABLE 13 - CHANGES AND NET ASSETS ⁽¹⁾

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
<u>Revenues:</u>					
Program Revenues:					
Charges for Services	\$ 43,375,449	\$ 40,328,746	\$ 39,499,797	\$ 38,596,963	\$ 42,048,000
Operating Grants and Contributions	14,384,010	14,516,234	17,903,172	14,336,973	16,374,000
Capital Grants and Contributions	930,653	1,059,413	387,681	631,454	1,064,000
Total Program Revenues	<u>\$ 58,690,112</u>	<u>\$ 55,904,393</u>	<u>\$ 57,790,650</u>	<u>\$ 53,565,390</u>	<u>\$ 59,486,000</u>
General Revenues:					
Taxes	\$ 183,016,167	\$ 177,761,766	\$ 173,193,625	\$ 178,396,150	\$ 176,960,000
Unrestricted Investment Earnings	1,336,534	2,314,418	1,977,093	2,300,812	3,690,000
Gain (Loss) on Sale of Assets	-	-	-	-	-
Miscellaneous	142,080	903,048	195,152	203,048	73,000
Total General Revenues	<u>\$ 184,494,781</u>	<u>\$ 180,979,232</u>	<u>\$ 175,365,870</u>	<u>\$ 180,900,010</u>	<u>\$ 180,723,000</u>
Total Revenues	<u>\$ 243,184,893</u>	<u>\$ 236,883,625</u>	<u>\$ 233,156,520</u>	<u>\$ 234,465,400</u>	<u>\$ 240,209,000</u>
<u>Expenses:</u>					
General Administration	\$ 27,866,729	\$ 29,244,085	\$ 67,690,144	\$ 36,468,596	\$ 34,518,000
Judicial	16,427,358	16,068,834	14,109,924	17,436,080	17,195,000
Financial Administration	10,167,597	10,027,826	8,821,845	10,753,583	10,891,000
Legal	10,300,586	10,204,545	9,292,969	11,436,163	11,254,000
Public Facilities	21,949,602	18,700,897	17,040,033	16,981,488	18,129,000
Equipment Services	3,236,108	2,858,704	2,494,730	2,484,792	2,320,000
Public Safety	55,924,293	57,155,752	50,874,877	62,472,977	61,904,000
Public Transportation	42,392,813	45,514,784	70,789,320	87,756,972 ⁽²⁾	25,491,000
Health and Welfare	18,130,149	17,188,582	18,074,594	19,088,453	18,369,000
Culture and Recreation	3,333,334	1,591,047	1,521,696	1,622,389	1,720,000
Conservation	246,371	249,193	235,128	293,137	295,000
Debt Service, Interest and Fiscal Charges	21,846,718	22,193,212	17,588,985	17,078,488	19,267,000
Total Expenses - Before Transfers	<u>\$ 231,821,658</u>	<u>\$ 230,997,461</u>	<u>\$ 278,534,245</u>	<u>\$ 283,873,118</u>	<u>\$ 221,353,000</u>
Change in Net Assets	\$ 11,363,235	\$ 5,886,164	\$ (45,377,725)	\$ (49,407,718)	\$ 18,856,000
Adjustments	-	61,992	(9)	-	-
Net Assets as of October 1	361,930,497	355,982,341	401,360,075	450,767,793	431,912,000
Net Assets as of September 30	<u>\$ 373,293,732</u>	<u>\$ 361,930,497</u>	<u>\$ 355,982,341</u>	<u>\$ 401,360,075</u>	<u>\$ 450,768,000</u>

(1) In accordance with GASB 34, the County's financial statements for the fiscal year ended September 30, 2013, which are attached hereto as Appendix B, include a management discussion and analysis of the operating results of such fiscal year. Reference is made to Appendix B for such information. Government Activities only.

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

Revenues	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
Taxes	\$ 129,156,674	\$ 126,555,655	\$ 131,828,854	\$ 130,271,143	\$ 119,981,000
License and Permits	378,671	282,352	-	-	-
Federal and State Funds	5,033,417	7,042,027	6,379,302	3,908,666	3,993,000
Fees and Charges for Services	19,319,252	18,435,832	17,368,901	16,070,485	16,654,000
Fines and Forfeitures	2,142,678	2,191,532	1,992,671	1,821,451	2,270,000
Other Local Government Funds	-	-	-	-	-
Rental Revenues	254,430	222,540	-	-	-
Interest	485,868	1,133,435	2,117,949	2,189,100	3,484,000
Miscellaneous	1,269,903	811,304	932,685	598,633	817,000
Total Revenues	\$ 158,040,893	\$ 156,674,677	\$ 160,620,362	\$ 154,859,478	\$ 147,199,000
Expenditures					
General Administration	\$ 23,850,268	\$ 24,948,893	\$ 63,529,742	\$ 28,875,085	\$ 23,809,000
Judicial	14,598,191	14,551,857	14,954,776	14,141,857	13,846,000
Financial Administration	9,903,760	9,773,492	10,093,805	9,970,218	9,946,000
Legal	10,040,658	9,969,632	10,465,059	10,655,750	10,322,000
Public Safety	52,794,966	55,369,495	57,793,126	46,021,607	44,931,000
Public Health and Welfare	12,075,076	11,651,835	12,011,123	10,767,712	11,315,000
Public Facilities	10,575,698	10,457,208	10,159,746	9,652,871	10,172,000
Culture and Recreation	841,464	1,027,050	1,028,684	424,024	496,000
Equipment Services	2,164,730	2,208,379	2,094,787	1,940,815	1,919,000
Capital Outlay	3,964,567	4,010,412	11,600,278	1,990,979	2,315,000
Conservation	244,445	246,119	278,096	276,767	285,000
Principal Retirement	-	-	-	-	4,096,000
Debt Service	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	414,000
Total Expenditures	\$ 141,053,823	\$ 144,214,372	\$ 194,009,222	\$ 134,717,685	\$ 133,866,000
Excess (Deficiency) of Revenues Over Expenditures	\$ 16,987,070	\$ 12,460,305	\$ (33,388,860)	\$ 20,141,793	\$ 13,333,000
Other Financing Sources (Uses)					
Sale of Capital and Non-Capital Assets	\$ 3,540,233	\$ 42,885	\$ 20,353	\$ 109,520	\$ 80,000
Operating Transfers In	79,505	125,958	25,557	110,829	162,000
Operating Transfers Out	(515,900)	(346,348)	(1,001,263)	(8,581,000)	(9,462,000)
Total Other Financing Sources (Uses)	\$ 3,103,838	\$ (177,505)	\$ (955,353)	\$ (8,360,651)	\$ (9,220,000)
Net Change in Fund Balances	\$ 20,090,908	\$ 12,282,800	\$ (34,344,213)	\$ 11,781,142	\$ 4,113,000
Beginning Fund Balance	165,628,061	153,345,261	187,689,474 ⁽¹⁾	133,626,241	129,513,000
Ending Fund Balance	\$ 185,718,969	\$ 165,628,061	\$ 153,345,261	\$ 145,407,383	\$ 133,626,000

(1) The governmental funds balance has been restated to reflect the requirements of GASB 54.

FINANCIAL ADMINISTRATION . . . Under the Texas Constitution and other Texas law, financial administration is the responsibility of the Commissioners Court, both as to policy and execution. The County Auditor assists the Commissioners Court in budget preparation, financial recordkeeping, and auditing.

FINANCIAL POLICIES

Basis of Accounting . . . The accounting policies of the County conform to generally accepted accounting principles for governmental entities as promulgated by the Government Accounting Standards Board. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recorded when the related fund liability is incurred. However, principal of and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Major revenue sources which have been treated as susceptible to accrual under the modified basis of accounting include property taxes, charges for services, intergovernmental revenues, and investment of idle funds.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

The County reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Budgetary Procedures . . . The budget is prepared by the County staff and approved by the Commissioners Court following departmental budget reviews and a public hearing. A copy of the budget must be filed with the County Clerk and the County Auditor and made available to the public. The Commissioners Court must provide for a public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to October 31 of the current fiscal year.

INVESTMENTS

The County invests its investable funds in investments authorized by Texas law (including specifically Chapter 2256, Texas Government Code, as amended, the "PFIA") in accordance with investment policies approved by the Commissioners Court of the County. Both State law and the County's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under the PFIA, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit that are issued by a state or national bank domiciled in the State of Texas, a savings bank domiciled in the State of Texas, or a state or federal credit union domiciled in the State and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits, (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the FDIC or the National Credit Union share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits or a) where the funds are invested by an investing entity through: (i) a broker that has its main office or a branch office in this state and is selected from a list adopted by the County; or (ii) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity; (b) where the broker or the depository institution selected by the investing entity under (a) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints the depository institution selected by the investing entity under (a), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the United States Securities and Exchange Commission (the "SEC") and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the County; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State, (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business

in the State; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with and regulated by the SEC that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share and (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph. The County also is authorized by the PFIA to invest its funds in certificates of deposit issued by one or more federally insured depository institutions, wherever located, in accordance with procedures set forth in the PFIA.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent rating by at least one nationally recognized rating service and meet other requirements listed in Section 2256.016 of the PFIA.

Notwithstanding the preceding, the County may not invest in obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest; or collateralized mortgage obligations that have a stated final maturity date of greater than ten years or the interest rate of which is determined by an index that adjusts opposite to the changes in a market index. The County may not invest in the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for debt service, in mutual funds described in clause (13) above, and may not invest any portion of bond proceeds, reserves, and funds held for debt service in mutual funds described in clause (13) above. Nor may the County invest its funds or funds under its control, including bond proceeds, reserves, and other funds held for debt service, in any one mutual fund described in clauses (12) or (13) above in an amount that exceeds 10% of the total assets of the mutual fund. The County must also restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement proceeds to no greater than the term of the reverse repurchase agreement.

INVESTMENT POLICIES . . . Under State law, the County is required to invest its funds under a written investment policy that primarily emphasizes safety of principal and liquidity; that addresses investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment, and the maximum average dollar-weighted maturity allowed for pooled fund groups. All County funds must be invested in accordance with a formally adopted "Investment Strategy Statement" which specifically addresses each fund's or each group of fund's investment. Each Investment Strategy Statement will describe the investment objectives for the fund or group of funds in question to address specifically: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

Under State law, County investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest County funds without express written authority from the Commissioners Court. At least quarterly, the investment officers of the County must submit an investment report to the Commissioners Court which is prepared jointly and signed by all investment officers and which meets the reporting requirements of Section 2256.023 of the PFIA.

ADDITIONAL PROVISIONS . . . Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business or family relationships with firms or individuals seeking to sell investments to the County to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Trustees, (3) require an authorized representative of each firm seeking to sell investments to the County to receive and review the County's investment policy and to acknowledge in writing that reasonable controls and procedures have been implemented to preclude imprudent investment activities, (4) to perform an annual audit of the management controls on investments and adherence to the County's investment policy, and (5) provide investment training for the County's investment officers.

Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment

transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the County's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the County and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the County's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

The County's investment policy requires that its funds be invested in accordance with State law. The County generally invests in public fund investment pools or obligations of the United States or its agencies and instrumentalities.

TABLE 14 - CURRENT INVESTMENTS

As of May 1, 2014, the County's investable funds were invested in the following categories:

Description	Percent	Book Value	Market Value
Local Government Investment Pools ⁽¹⁾	56.20%	\$ 235,359,249	\$ 235,359,249
U.S. Agency Securities	13.10%	54,856,534	54,748,618
Certificates of Deposit	20.57%	86,161,499	86,161,499
Municipal Bonds	4.88%	20,456,123	21,097,018
Money Market	5.24%	21,942,833	21,942,833
	<u>100.00%</u>	<u>\$ 418,776,238</u>	<u>\$ 419,309,217</u>

As of such date, 61.44% of the County's investment portfolio is available upon demand. The market value of the investment portfolio was approximately 100.127% of its purchase price.

No funds of the County are invested in equity securities or derivative securities (i.e., securities whose rate of return is determined by reference to some other instrument, index or commodity), and therefore the County has not sustained any losses in the market value of its portfolio during the recent economic downturn.

(1) One of the local government investment pools used by the County is TexSTAR, which is co-administered by First Southwest Asset Management, Inc., the investment affiliate of First Southwest Company, the Financial Advisor for the County. TexSTAR is operated in a manner consistent with Rule 2a-7, promulgated by the SEC under authority of the Investment Company Act of 1940, that governs mutual funds.

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Bracewell & Giuliani LLP, Bond Counsel, (i) interest on the Bonds of each series is excludable from gross income for federal income tax purposes under existing law and (ii) the Bonds are not private activity bonds under the Internal Revenue Code of 1986, as amended (the "Code") and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The County has covenanted in the Orders that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Orders pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the County, the County's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the County, the County's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. Bond Counsel will further rely on the report (the "Report") of Grant Thornton LLP, certified public accountants, regarding the mathematical accuracy of certain computations relating to the Bonds and the Refunded Bonds. If the County should fail to comply with the covenants in the Orders or if the foregoing representations or the Report should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such includability occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT or REMIC), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on certain tax-exempt obligations is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, low and middle income taxpayers qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "Collateral Tax Consequences" generally applies, and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the cover page of this Official Statement. Neither the County nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Orders, the County has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The County will provide certain updated financial information and operating data to the MSRB on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement under Tables numbered 1 through 7 and 9 through 14 and in Appendix B. The County will update and provide this information within six months after the end of each fiscal year ending in and after September 30, 2014.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the County commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the County will provide unaudited financial information by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation.

The County's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB of the change.

DISCLOSURE EVENT NOTICES . . . The County shall notify the MSRB of any of the following events with respect to the Bonds, in a timely manner not in excess of ten Business Days after the occurrence of the event: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the County; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material (neither the Bonds nor the Orders make any provision for debt service reserves or liquidity enhancement).

As used in clause 12 above, the phrase bankruptcy, insolvency, receivership or similar event means the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if jurisdiction has been assumed by leaving the Commissioners Court and official or officers of the County in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County. The term "Business Day" means a day other than a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close.

AVAILABILITY OF INFORMATION . . . All information and documentation filing required to be made by the County in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings is provided, without charge to the general public, by the MSRB via www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete

presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

The County may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the County (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the County so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . In connection with the County's outstanding unlimited tax and limited tax debt issuances, the County has entered into continuing disclosure undertakings to provide certain updated financial information and operating data within six-months of the end of the County's fiscal year along with notices of specified material events at required times. In addition, the County has agreed to provide audited financial statements within six-months of the end of the County's fiscal year if audited financial statements are available by such time. If audited financial statements are not available by the required time, the County has agreed to provide notice that audited financial statements are not available and to provide unaudited financial statements for the applicable fiscal year. The County has further agreed to provide audited financial statements when and if such audited financial statements become available.

During the previous five years, the County filed certain update financial information and operating data in the form of certain tables (the "Tables") identified in the official statements for each of the respective debt issuances within six-months (March 31) after the end of each fiscal year. The audited financial statements for the fiscal years ending September 30, 2012, September 30, 2011, September 20, 2010 and September 30, 2009 were not available within six months of the end of the respective fiscal years, but the Tables that were filed included certain unaudited financial statement information that was similar to the type included in the audited financial statements. The County filed audited financial statements for the fiscal year ended September 30, 2013 within six-months of the end of the fiscal year. The County filed audited financial statements of the County for the fiscal years ended September 30, 2012, September 30, 2011, September 30, 2010 and September 30, 2009 on May 15, 2013, April 30, 2012, May 20, 2011 and September 20, 2010, respectively. The County also filed an annual Rule 15c2-12 Filing Cover Sheet for each of the previous five fiscal years within six-months of the end of each respective fiscal year that indicated whether or not the "annual financial report or CAFR" (Comprehensive Annual Financial Report) was being filed along with the Table information. The County did not provide a separate notice with regard to the respective audited financial statements being "not available" during such periods. For the fiscal years identified above for which the audited financial statements were not available within six-months of the end of the respective fiscal year, the County filed an amended Rule 15c2-12 Filing Cover Sheet along with the audited financial statements that indicated that the "annual financial report or CAFR" was now being filed by the County. The Rule 15c2-12 Filing Cover Sheets did not affirmatively state that the audited financial statements for such fiscal years were "not available". The County now has procedures in place to file the required notice if the "annual financial report or CAFR" is not available.

OTHER INFORMATION

RATINGS

The Bonds and the presently outstanding tax supported debt of the County are rated "Aaa" by Moody's and "AAA" by S&P without regard to third-party credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the County makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

LITIGATION

It is the opinion of the County Attorney and County Staff that there is no pending litigation against the County that would have a material adverse financial impact upon the County or its operations.

At the time of the initial delivery of the Bonds, the County will provide the Underwriters with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The County assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the PFIA, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "Other Information - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The County will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of each series of Bonds, including the approving legal opinions of the Attorney General of the State of Texas to the effect that the Initial Bond of each series is a valid and binding obligation of the County, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel to the effect that the Bonds issued in compliance with the provisions of the Orders are valid and legally binding obligations of the County and the interest on the Bonds is excludable from gross income for federal income tax purposes under existing law and the Bonds are not private activity bonds, subject to the matters described under "Tax Matters" herein including alternative minimum tax consequences for corporations. Forms of such opinions are attached hereto as Appendix C. Though they represent the Financial Advisor and Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by the County and only represents the County in connection with the issuance of the Bonds. Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions "Plan of Financing" (except for the subcaption "Sources and Uses of Proceeds)", "The Bonds" (except for the subcaptions "Book-Entry-Only System" and "Bondholder's Remedies"), "Tax Matters" and "Continuing Disclosure of Information" (except for the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Bonds for Sale", "Legal Investments and Eligibility to Secure Public Fund in Texas", and "Legal Matters" under the caption "Other Information", and such firm is of the opinion that the information relating to the Bonds and the Orders contained therein fairly and accurately describe the provisions thereof. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Counsel to the Underwriters. The legal fees to be paid to Underwriters' Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from County records, audited financial statements and other sources which the County believes to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete

statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the County in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the County has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Unlimited Tax Bonds from the County, at an underwriting discount of \$_____ from the initial offering prices to the public. The Underwriters will be obligated to purchase all of the Unlimited Tax Bonds if any Unlimited Tax Bonds are purchased. The Unlimited Tax Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Unlimited Tax Bonds into investment trusts) at prices lower than the public offering prices of such Unlimited Tax Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain conditions, to purchase the Limited Tax Bonds from the County, at an underwriting discount of \$_____ from the initial offering prices to the public. The Underwriters will be obligated to purchase all of the Limited Tax Bonds if any Limited Tax Bonds are purchased. The Limited Tax Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Limited Tax Bonds into investment trusts) at prices lower than the public offering prices of such Limited Tax Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Preliminary Official Statement: The Underwriters have reviewed the information in this Preliminary Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

The underwriters and their respective affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the County, that are not purely

historical, are forward-looking statements, including statements regarding the County's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the County on the date hereof, and the County assumes no obligation to update any such forward-looking statements. The County's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the County. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by First Southwest Company on behalf of the County relating to (a) computation of forecasted receipts of principal and interest on the Escrowed Securities and the forecasted payments of principal and interest to pay the Refunded Bonds and (b) computation of the yields of the Bonds and the restricted securities will be verified by Grant Thornton LLP, certified public accountants. Such computations will be based solely on assumptions and information supplied by First Southwest Company on behalf of the County. Grant Thornton LLP will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations will be based and, accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the County's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolution. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Orders will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Bonds by the Underwriters.

Pricing Officer
Collin County, Texas

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SCHEDULE OF THE REFUNDED BONDS*

Limited Tax Permanent Improvement & Refunding Bonds, Series 2004

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/15/2004	2/15/2015	4.000%	\$ 640,000	\$ 640,000
			\$ 640,000	\$ 640,000

The 2015 maturity will be redeemed prior to their original maturity on August 29, 2014 at par.

Limited Tax Permanent Improvement & Refunding Bonds, Series 2005

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/1/2005	2/15/2016	5.000%	\$ 1,680,000	\$ 1,680,000
			\$ 1,680,000	\$ 1,680,000

The 2016 maturity will be redeemed prior to their original maturity on February 15, 2015 at par.

Limited Tax Permanent Improvement Bonds, Series 2006

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/15/2006	2/15/2017	5.000%	\$ 1,690,000	\$ 1,690,000
	2/15/2018	4.250%	1,770,000	1,770,000
	2/15/2019	4.250%	1,850,000	1,850,000
	2/15/2020	4.250%	1,935,000	1,935,000
	2/15/2021	4.250%	2,025,000	2,025,000
	2/15/2022	4.250%	2,120,000	2,120,000
	2/15/2023	4.250%	2,215,000	2,215,000
	2/15/2024	4.250%	2,315,000	2,315,000
	2/15/2025	4.250%	2,425,000	2,425,000
	2/15/2026	4.250%	2,535,000	2,535,000
			\$ 20,880,000	\$ 20,880,000

The 2017 - 2026 maturities will be redeemed prior to their original maturity on February 15, 2016 at par.

* Preliminary, subject to change.

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APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY
