TRANSCRIPT OF PROCEEDINGS
RELATING TO

$8,120,000
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS
SERIES 2010

Dated: October 1, 2010
Delivered: November 17, 2010

Vinson & Elkins

ATTORNEYS AT LAW

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COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS,
SERIES 2010

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CERTIFICATE FOR ORDER

I, the undersigned County Clerk of Collin County, Texas, hereby certify as follows:

1. The Commissioners Court of Collin County, Texas (the "Commissioners Court") convened in regular meeting, on October 11, 2010, at the regular meeting place hereof; and the roll was called of the duly constituted and acting members of the Commissioners Court, to wit:

Keith Self, County Judge
Matt Shaheen, Commissioner, Precinct No. 1
Jerry Hoagland, Commissioner, Precinct No. 2
Joe Jaynes, Commissioner, Precinct No. 3
Kathy Ward, Commissioner, Precinct No. 4

and all of the members of the Commissioners Court were present except Kathy Ward, Commissioner, Precinct No. 4, thus constituting a quorum. Whereupon, among other business, a written Order bearing the following caption was introduced for consideration by the Commissioners Court:

AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, LEVYING A TAX TO SECURE PAYMENT OF THE COUNTY'S LIMITED TAX REFUNDING BONDS, SERIES 2010, IN THE AGGREGATE PRINCIPAL AMOUNT OF $8,120,000; RATIFYING AND CONFIRMING PRIOR ACTIONS TAKEN WITH RESPECT TO THE ISSUANCE AND SALE OF SUCH BONDS; AND ENACTING OTHER PROVISIONS RELATING THERETO

was duly introduced for consideration of said Commissioners Court. It was then duly moved and seconded that said Order be passed; and, after due discussion, said motion, carrying with it the passage of said Order, prevailed and carried by the following vote:

AYES: 4 NOES: 0 ABSTENTIONS: 0

2. A true, full and correct copy of the aforesaid Order passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Order has been duly recorded in the official minutes of said Commissioners Court; the above and foregoing paragraph is a true and correct excerpt from said minutes of said meeting pertaining to the passage of said Order; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said Order, were the duly chosen, qualified and acting officers and members of said Commissioners Court as indicated therein; each of said officers and members was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting and that said Order would be introduced and considered for passage at said meeting, and each of said officers and members consented in advance to the holding of said meeting for such purpose; and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, TEX. GOV'T CODE ANN., as amended.

SIGNED AND SEALED this October 11, 2010.

County Clerk, Collin County, Texas

[COUNTY SEAL]

Signature Page for Certificate for Order
Levying Limited Tax

AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, LEVYING A TAX TO SECURE PAYMENT OF THE COUNTY'S LIMITED TAX REFUNDING BONDS, SERIES 2010, IN THE AGGREGATE PRINCIPAL AMOUNT OF $8,120,000; RATIFYING AND CONFIRMING PRIOR ACTIONS TAKEN WITH RESPECT TO THE ISSUANCE AND SALE OF SUCH BONDS; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Commissioners Court (the "Court") of Collin County, Texas (the "County"), on October 4, 2010, approved the issuance and sale of the County's Limited Tax Refunding Bonds, Series 2010 (the "Bonds"), pursuant to an order of the Court captioned:

"AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, LIMITED TAX REFUNDING BONDS, SERIES 2010, IN THE AGGREGATE PRINCIPAL AMOUNT OF $8,120,000 APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT AND ESCROW AGREEMENT; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT"

(as captioned, the "Bond Order"); and

WHEREAS, at the meeting held on October 4, 2010 at which the Court approved the Bond Order and the issuance and sale of the Bonds, there were present less than the minimum number of Commissioners required by applicable law to levy a limited ad valorem tax to provide for the payment of the principal of and interest on the Bonds; and

WHEREAS, there are present at the meeting at which this Order is considered the legally required number of Commissioners necessary to levy a limited ad valorem tax to secure the payment of the Bonds; and

WHEREAS, the Court has found and determined that it is in the best interests of the citizens of the County that such limited ad valorem tax be levied at a rate and in the manner prescribed in Article II of the Bond Order and that the proceeds from the levy of such limited ad valorem tax be pledged to the payment of the Bonds in the manner and as prescribed in the Bond Order and for no other purpose; and

WHEREAS, the Court has determined to ratify and confirm all actions, other than the levy of an limited ad valorem tax, taken in the Bond Order and the issuance and sale of the Bonds; and

WHEREAS, it is officially found, determined and declared that the meeting at which this Order has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this

Order, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended;

NOW, THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS:

Section 1. Findings and Determinations. The declarations, determinations and findings declared, made and found in the preamble to this Order are hereby adopted, restated and made a part of the operative provisions hereof.

Section 2. Levy of Limited Ad Valorem Tax. (a) In order to provide for the payment of the debt service requirements on the Bonds, being (i) the interest on the Bonds and (ii) a sinking fund for their payment at maturity or a sinking fund of two percent (2%) per annum of the original principal amount of the Bonds (whichever is greater), there is hereby levied for the current year and each succeeding year thereafter, while the Bonds or interest thereon remain outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the County, at a rate sufficient, within the limit prescribed by law, to pay such debt service requirements, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the County most recently approved in accordance with law, and the money thus collected shall be deposited as collected to the interest and sinking fund established for such purpose in the Bond Order (the "Interest and Sinking Fund").

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Order.

(d) The limited ad valorem tax herein levied shall be effective to secure the payment of the Bonds when due in accordance with the terms and provisions of the Bond Order as if the levy established herein had been adopted on the date of the adoption of the Bond Order.

Section 3. Confirmation and Ratification of Bond Order. The Bond Order, and the terms and provisions thereof, including the approval and authorization of the issuance and sale of the Bonds as prescribed therein, are hereby in all things confirmed and ratified as of the date of adoption of such Bond Order.

APPROVED AND ADOPTED October 11, 2010.

County Judge, Collin County, Texas

ATTEST:

County Clerk, Collin County, Texas

[SEAL]

CERTIFICATE FOR ORDER

I, the undersigned County Clerk of Collin County, Texas, hereby certify as follows:

1. The Commissioners Court of Collin County, Texas (the "Commissioners Court") convened in regular meeting, on October 4, 2010, at the regular meeting place hereof; and the roll was called of the duly constituted and acting members of the Commissioners Court, to wit:

Keith Self, County Judge
Matt Shaheen, Commissioner, Precinct No. 1
Jerry Hoagland, Commissioner, Precinct No. 2
Joe Jaynes, Commissioner, Precinct No. 3
Kathy Ward, Commissioner, Precinct No. 4

and all of the members of the Commissioners Court were present except Joe Jaynes, Commissioner, Precinct No. 3 and Kathy Ward, Commissioner, Precinct No. 4, thus constituting a quorum. Whereupon, among other business, a written Order bearing the following caption was introduced for consideration by the Commissioners Court:

AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, LIMITED TAX REFUNDING BONDS, SERIES 2010, IN THE AGGREGATE PRINCIPAL AMOUNT OF $8,120,000 APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT AND ESCROW AGREEMENT; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

was duly introduced for consideration of said Commissioners Court. It was then duly moved and seconded that said Order be passed; and, after due discussion, said motion, carrying with it the passage of said Order, prevailed and carried by the following vote:

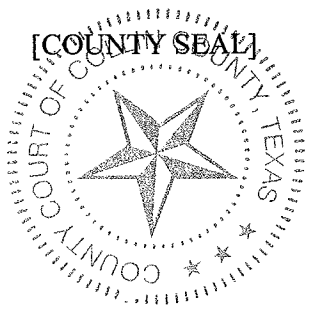
AYES: 3 NOES: 0 ABSTENTIONS: 0

2. A true, full and correct copy of the aforesaid Order passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Order has been duly recorded in the official minutes of said Commissioners Court; the above and foregoing paragraph is a true and correct excerpt from said minutes of said meeting pertaining to the passage of said Order; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said Order, were the duly chosen, qualified and acting officers and members of said Commissioners Court as indicated therein; each of said officers and members was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting and that said Order would be introduced and considered for passage at said meeting, and each of said officers and members consented in advance to the holding of said meeting for such purpose; and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, TEX. GOV'T CODE ANN., as amended.

SIGNED AND SEALED this October 4, 2010.

County Clerk, Collin County, Texas

[COUNTY SEAL]



Signature Page for Certificate for Authorizing Order
Limited Tax Refunding Bonds, Series 2010

ORDER

AUTHORIZING THE ISSUANCE OF

$8,120,000
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS
SERIES 2010

Dated: October 1, 2010

Adopted: October 4, 2010

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AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, LIMITED TAX REFUNDING BONDS, SERIES 2010, IN THE AGGREGATE PRINCIPAL AMOUNT OF $8,120,000 APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT AND ESCROW AGREEMENT; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, Collin County, Texas (the "County"), has previously issued and there presently are outstanding limited tax bonds of the County, secured by a pledge of ad valorem taxes, levied within the limits prescribed by law, against all taxable property located in the County sufficient to pay debt service on such bonds; and

WHEREAS, a portion of such previously issued and outstanding bonds is intended to be refunded pursuant to this Order, the bonds to be refunded being described on Schedule I attached hereto (the "Refunded Bonds"); and

WHEREAS, the Commissioners Court of Collin County (the "Commissioners Court") hereby finds, determines and declares that the refunding of the Refunded Bonds will result in a gross savings of approximately $562,654.44 and a net present value savings of approximately $496,937.29 for the County; and

WHEREAS, the bonds hereinafter authorized to refund the Refunded Bonds (the "Refunding Bonds") are to be issued and delivered pursuant to the authority granted under the general laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended ("Chapter 1207"); and

WHEREAS, Chapter 1207 further authorizes the County to enter into an escrow agreement with any commercial bank with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the County and such bank may agree, provided that such deposits may be invested and reinvested only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which shall mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or prepayment of the Refunded Bonds; and

WHEREAS, the Commissioners Court hereby finds, determines and declares that the refunding of the Refunded Bonds is necessary and required in order to lower the overall annual debt service requirements and to restructure the payment requirements of the County; and

WHEREAS, the Commissioners Court has found and determined that it is necessary and in the best interest of the County and its citizens that it authorize by this Order the issuance and delivery of the Bonds in a single series at this time; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Order has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Order, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended;

NOW THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Order the following terms shall have the meanings specified below:

"Bond" means any of the Bonds.

"Bonds" means the County's bonds entitled "Collin County, Texas, Limited Tax Refunding Bonds, Series 2010" authorized to be issued by Section 3.01.

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions relating thereto.

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Dallas, Texas, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the County and such successor.

"DTC" shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Escrow Agent" means The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its successors or assigns.

"Escrow Agreement" means the escrow agreement, dated as of October 1, 2010, by and between the County and the Escrow Agent.

"Escrow Fund" means the fund established by the Escrow Agreement to hold cash and securities for the payment of principal of and interest on the Refunded Bonds

"Event of Default" means any Event of Default as defined in Section 11.01.

"Initial Bond" means the Bond described in Section 3.04(d).

"Interest and Sinking Fund" means the interest and sinking fund established by Section 8.01(a).

"Interest Payment Date" means the date or dates upon which interest on the Bonds is scheduled to be paid until the maturity of the Bonds, such dates being February 15 and August 15 of each year commencing February 15, 2011.

"Maturity Date" means one of the respective dates specified in Section 3.02 hereof on which the principal of the Bonds is due and payable.

"Order" means this Order.

"Original Issue Date" means the initial date from which interest on the Bonds accrues and which is designated in Section 3.02(a).

"Owner" means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

"Paying Agent/Registrar" means initially The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or any successor thereto as provided in this Order.

"Paying Agent/Registrar Agreement" means the Paying Agent/Registrar Agreement between the County and the Paying Agent/Registrar relating to the Bonds.

"Record Date" means the last business day of the month next preceding an Interest Payment Date.

"Register" means the Register specified in Section 3.06(a).

"Representation Letter" means the Blanket Letter of Representations between the County and DTC.

"Special Payment Date" means the Special Payment Date prescribed by Section 3.03(b).

"Special Record Date" means the Special Record Date prescribed by Section 3.03(b).

"Unclaimed Payments" means money deposited with the Paying Agent/Registrar for the payment of the principal, redemption premium, if any, or interest on Bonds as the same become due and payable or money set aside for the payment of Bonds duly called for redemption prior to maturity and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

"Underwriters" means Stifel Nicolaus & Company, Incorporated, and Citigroup Global Markets Inc., as underwriters of the Bonds pursuant to that certain Bond Purchase Agreement approved in Section 7.01 hereof.

Section 1.02. Other Definitions. The terms "Commissioners Court" and "County" shall have the meaning assigned in the preamble to this Order.

Section 1.03. Findings. The declarations, determinations and findings declared, made and found in the preamble to this Order are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.04. Table of Contents, Titles and Headings. The table of contents, titles and headings of the Articles and Sections of this Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Order or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.05. Interpretation. (a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Article and section references shall mean references to articles and sections of this Order unless designated otherwise.

(c) This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Order.

ARTICLE II

SECURITY FOR THE BONDS

Section 2.01. Tax Levy for Payment of the Bonds. (a) In order to provide for the payment of the debt service requirements on the Bonds, being (i) the interest on the Bonds and (ii) a sinking fund for their payment at maturity or a sinking fund of two percent (2%) per annum of the original principal amount of the Bonds (whichever is greater), there is hereby levied for the current year and each succeeding year thereafter, while the Bonds or interest thereon remain outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the County, at a rate sufficient, within the limit prescribed by law, to pay such debt service requirements, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the County most recently approved in accordance with law, and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Order.

(d) To the extent the County has available funds which may be lawfully used to pay debt service on the Bonds and such funds are on deposit in the Interest and Sinking Fund in advance of the time the County Commissioners are required to set a tax rate for any year, then such tax rate which otherwise would be required to be established pursuant to subsection (a) of this Section may be reduced to the extent and by the amount of such funds then on deposit in the Interest and Sinking Fund.

(e) If the liens and provisions of this Order shall be discharged in a manner permitted by Article XI, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization. The County's bonds to be designated "Collin County, Texas, Limited Tax Refunding Bonds, Series 2010," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, Chapter 1207, Texas Government Code, as amended, in the aggregate principal amount of $8,120,000 for the purpose of providing funds (i) to refund the Refunded Bonds, and (ii) to pay costs of issuance associated with the sale of the Bonds.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest. (a) The Bonds shall be dated October 1, 2010, shall be in fully registered form, without coupons, in the denomination of $5,000 or any integral multiple thereof, and shall be numbered separately from one upward or such other designation acceptable to the County and the Paying Agent/Registrar.

(b) The Bonds shall mature on February 15 in the years and in the principal amounts set forth in the following schedule:

Year	Principal Amount	Interest Rate
2011	$ 110,000	2.000%
2012	285,000	2.000%
2013	1,600,000	3.000%
2014	1,660,000	3.000%
2015	1,440,000	3.000%
2016	1,485,000	3.000%
2017	1,540,000	4.000%

(c) Interest shall accrue and be paid on each Bond, respectively, until the payment of the principal amount thereof shall have been paid or provided for, from the later of the Original Issue Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually commencing on February 15,

2011 and on each August 15 and February 15 thereafter until maturity. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment. (a) The principal of, premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners whose names appear in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest 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 (the "Special Payment Date," which shall be at least 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 Owner of a Bond appearing on the 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.

(c) Interest on the Bonds shall be paid by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the person entitled to such payment, United States mail, first class postage prepaid, to the address of such person as it appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar.

(d) The principal of each Bond shall be paid to the person in whose name such Bond is registered on the due date thereof (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(e) If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

(f) Unclaimed Payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owners of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the County to be used for any lawful purpose.

Thereafter, neither the County, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.04. Execution and Initial Registration. (a) The Bonds shall be executed on behalf of the County by the County Judge and County Clerk of the County, by their manual or facsimile signatures, and the official seal of the County shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the County had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the County whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Order, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Order, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the County, and has been registered by the Comptroller.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the Purchaser or its designee, executed and registered as provided above, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser registered definitive Bonds as described in Section 3.10(a). To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.05. Ownership. (a) The County, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that interest is to be paid to the person in whose name the Bond is registered on the Record Date), and for all other purposes, whether or not such Bond is

overdue, and neither the County nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the County and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange. (a) So long as any Bonds remain outstanding, the County shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Order.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of $5,000 principal amount and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the County and shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration or any subsequent transfer of Bonds, but the Paying Agent/Registrar will require the Owner to pay the reasonable cost incurred by the Paying Agent/Registrar in connection with the exchange of a Bond or Bonds for a different denomination where no simultaneous transfer of the Bond or Bonds to a new Owner also occurs. In addition, the Paying Agent/Registrar may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(f) Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond so selected for redemption, in whole or in part, when such redemption is scheduled to occur within 45 days.

Section 3.07. Cancellation. All Bonds paid in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Order, shall be cancelled and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall then dispose of cancelled Bonds in accordance with the Securities Exchange Act of 1934.

Section 3.08. Temporary Bonds. (a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the County may execute and, upon the County's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the County executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Order.

(c) The County, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Bonds. (a) Upon the presentation and surrender to the Paying Agent/Registrar, at the Designated Payment/Transfer Office, of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The County or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected herewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the County to save them harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the County and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the County and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the County or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the County and shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.10. Book-Entry Only System. (a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the County and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Order. Without limiting the immediately preceding sentence, the County and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, the County and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to payment of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the register, shall receive a certificate evidencing the obligation of the County to make payments of amounts due pursuant to this Order. Upon

delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

(c) The Representations Letter previously executed and delivered by the County, and applicable to the County's obligations delivered in book-entry-only form to DTC as securities depository, is hereby ratified and approved for the Bonds.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the County or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the County or the Paying Agent/ Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

Section 3.12. Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE IV

NO REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption. The Bonds shall be subject to redemption before scheduled maturity only as provided in this Article IV.

Section 4.02. No Redemption. (a) The Bonds are not subject to redemption prior to maturity.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar. (a) The County hereby appoints The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the County and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The County or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(b) The County hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds. The Paying Agent/Registrar shall keep proper records of all payments made by the County and the Paying Agent/Registrar with respect to the Bonds, and of all conversions, exchanges and replacements of such Bonds, as provided in the Order.

(c) The execution and delivery of the Paying Agent/Registrar Agreement, substantially in the form presented at this meeting, specifying the duties and responsibilities of the County and the Paying Agent/Registrar, is hereby approved with such changes as may be approved by the County Judge of the County, and the County Judge and County Clerk of the County are hereby authorized to execute such agreement.

Section 5.02. Qualifications. Each Paying Agent/Registrar shall be a commercial bank, trust company, or other entity duly qualified and legally authorized under applicable law, to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 5.03. Maintaining Paying Agent/Registrar. (a) At all times while any Bonds are outstanding, the County will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Order. The County Judge is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the County and the Paying Agent/Registrar. The signature of the County Judge shall be attested by the County Clerk of the County.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the County will promptly appoint a replacement.

Section 5.04. Termination. The County, upon not less than 60 days notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination.

Section 5.05. Notice of Change to Owners. Promptly upon each change in the entity serving as Paying Agent/Registrar, the County will cause notice of the change to be sent to each

Owner by United States mail, first class postage prepaid, at the address in the Register, stating the effective date of the change and the name of the replacement Paying Agent/Registrar and the mailing address of its Designated Payment/Transfer Office.

Section 5.06. Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Order and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby.

Section 5.07. Delivery of Records to Successor. If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally. (a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the County or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds, if any, shall be typewritten, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02. Form of Bonds. The form of Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Bond of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bond

REGISTERED REGISTERED

No. R-_____ $_____

United States of America
State of Texas

COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BOND
SERIES 2010

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP NUMBER:
_____%	February 15, ____	October 1, 2010	_____

Collin County (the "County"), State of Texas, for value received, hereby promises to pay to

_____

or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Original Issue Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2011.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A. (the "Designated Payment/Transfer Office"), as the initial Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close

of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest 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 (the "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 Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the County in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of $8,120,000 (herein referred to as the "Bonds") pursuant to a certain order of the Commissioners Court of the County (the "Order") for the public purpose of providing funds to (i) refund the Refunded Bonds and (ii) pay the costs of issuance related to the Bonds.

This Bond and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, within the limit prescribed by law, against all taxable property in the County as described and provided in the Order.

This Bond is not subject to redemption prior to maturity.

As provided in the Order, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The County, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the County nor the Paying Agent/Registrar shall be affected by notice to the contrary.

Neither the County nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within

45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the County, including the Bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the County has caused this Bond to be executed by the manual or facsimile signature of the County Judge, countersigned by the manual or facsimile signature of the County Clerk of the County, and the official seal of the County has been duly impressed or placed in facsimile on this Bond.

County Clerk, Collin County	County Judge, Collin County

[SEAL]

(b) Form of Comptroller's Registration Certificate. The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
OF THE STATE OF TEXAS	§	

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the County of Collin, Texas; and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, _____.

Comptroller of Public Accounts
of the State of Texas

(c) Form of Certificate of Paying Agent/Registrar. The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Order.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as
Paying Agent/Registrar

Dated: _____ By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

_____

_____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated:_____

Signature Guaranteed By:

_____

_____
Authorized Signatory

NOTICE: The Signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers.

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As shown below," and the reference to the "CUSIP NUMBER ___" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years	Principal Installments	Interest Rates
(Information to be inserted from schedule in Section 3.02(b) hereof); and		

(iii) the Initial Bond shall be numbered T-1.

Section 6.03. CUSIP Registration. The County may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the County nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04. Legal Opinion. The approving legal opinion of Vinson & Elkins L.L.P., Bond Counsel, may be printed on the back of each Bond over the certification of the County Clerk of the County, which may be executed in facsimile.

ARTICLE VII

SALE OF THE BONDS; CONTROL AND DELIVERY OF THE BONDS

Section 7.01. Sale of Bonds; Official Statement. (a) The Bonds are hereby officially sold and awarded and shall be delivered to the Underwriters, in accordance with the terms and provisions of that certain Bond Purchase Agreement relating to the Bonds between the County and the Underwriters and dated the date of the passage of this Order. The form and content of such Bond Purchase Agreement are hereby approved, and the County Judge is hereby authorized and directed to execute and deliver, and the County Clerk is hereby authorized and directed to attest, such Bond Purchase Agreement. It is hereby officially found, determined and declared that the terms of this sale are the most advantageous reasonably obtainable. The Bonds shall initially be registered in the name of Stifel Nicolaus & Company, Incorporated (the "Representative") or its designee.

(b) The form and substance of the Preliminary Official Statement for the Bonds and any addenda, supplement or amendment thereto (the "Preliminary Official Statement"), and the

final Official Statement presented to and considered at this meeting (the "Official Statement"), are hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The County agrees to deliver appropriate numbers of executed copies of the Official Statement to the Underwriter. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the County Judge and the Representative may be used by the Underwriter in the public offering of the Bonds and the sale thereof. The County Clerk is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Official Statement for the Bonds and the preliminary public offering of the Bonds by the Underwriter is hereby ratified, approved and confirmed.

(c) All officers of the County are authorized to take such actions and to execute such documents, certificates and receipts, and to make such elections with respect to the tax-exempt status of the Bonds, as they may deem necessary and appropriate in order to consummate the delivery of the Bonds.

(d) The obligation of the Underwriters to accept delivery of the Bonds is subject to the Underwriters being furnished with the final, approving opinion of Vinson & Elkins L.L.P., Dallas, Texas, Bond Counsel for the County, which opinion shall be dated as of and delivered on the Closing Date.

(e) Bond Counsel is hereby authorized to make non-substantive changes to the terms of this Order if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

Section 7.02. Control and Delivery of Bonds. (a) The County Judge is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the County is hereby authorized and directed to issue a check of the County payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount not to exceed $9,500).

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Purchasers under and subject to the general supervision and direction of the County Judge, against receipt by the County of all amounts due to the County under the terms of sale.

ARTICLE VIII

CREATION OF FUNDS AND ACCOUNTS; DEPOSIT OF PROCEEDS; INVESTMENTS

Section 8.01. Creation of Funds. (a) The County hereby establishes the following special funds or accounts:

(i) Collin County, Texas, Limited Tax Refunding Bonds, Series 2010, Interest and Sinking Fund (the "Interest and Sinking Fund").

(b) Said fund or account shall be maintained at an official depository of the County.

Section 8.02. Interest and Sinking Fund. (a) The taxes levied under Section 2.01 shall be deposited to the credit of the Interest and Sinking Fund at such times and in such amounts as necessary for the timely payment of the principal of and interest on the Bonds.

(b) If the amount of money in the Interest and Sinking Fund is at least equal to the aggregate principal amount of the outstanding Bonds plus the aggregate amount of interest due and that will become due and payable on such Bonds, no further deposits to that fund need be made.

(c) Money on deposit in the Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds as such become due and payable.

Section 8.03. Security of Funds. All moneys on deposit in the funds and accounts referred to in this Order shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Order.

Section 8.04. Deposit of Proceeds. (a) All amounts received on the Closing Date as accrued interest on the Bonds from the Original Issue Date to the Closing Date shall be deposited to the Interest and Sinking Fund.

(b) $8,588,520.61 of Bond proceeds shall be deposited to the Escrow Fund, which sum shall be applied as provided in the Escrow Agreement.

(c) $77,540.79 of Bond proceeds shall be used to pay the costs and expenses pertaining to the issuance of the Bonds. To the extent any of such sum is not used for such purpose, such excess shall be deposited to the Interest and Sinking Fund.

Section 8.05. Investments. (a) Money in the Interest and Sinking Fund, at the option of the County, may be invested in such securities or obligations as permitted under applicable law.

(b) Any securities or obligations in which money is invested pursuant to Section 8.05(a) shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

(c) Money in the Escrow Fund shall be invested solely in accordance with the provisions of the Escrow Agreement.

Section 8.06. Investment Income. Interest and income derived from investment of any fund or account created by this Order shall be credited to such fund or account.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Bonds. On or before each Interest Payment Date, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of the Bonds as will accrue or mature on the applicable Interest Payment Date.

Section 9.02. Other Representations and Covenants. (a) The County will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Order and in each Bond; the County will promptly pay or cause to be paid the principal of and interest on each Bond on the dates and at the places and manner prescribed by this Order; and the County will, at the times and in the manner prescribed by this Order, deposit or cause to be deposited the amounts of money specified by this Order.

(b) The County is duly authorized under the laws of the State of Texas to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the County in accordance with their terms.

Section 9.03. Federal Income Tax Exclusion. (a) General. The County intends that the interest on the Bonds shall be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations promulgated thereunder (the "Regulations"). The County covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes. In particular, the County covenants and agrees to comply with each requirement of this Section 9.03; provided, however, that the County shall not be required to comply with any particular requirement of this Section 9.03 if the County has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or if the County has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Section 9.03 will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section 9.03.

(b) No Private Use or Payment and No Private Loan Financing. The County shall certify, through an authorized officer, employee or agent that based upon all facts and estimates

known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Bonds will not be used, in a manner that would cause the Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations. Moreover, the County covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations.

(c) No Federal Guarantee. The County covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Regulations, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The County covenants and agrees that it has not and will not to take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code and the Regulations.

(e) No Arbitrage. The County shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the County will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the Regulations. The County covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the Regulations.

(f) Arbitrage Rebate. If the County does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the County will take all necessary steps to comply with the requirement that certain amounts earned by the County on the investment of the "gross proceeds" of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the County will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the County allocable to other bond issue of the County or moneys which do not represent gross proceeds of any bonds of the County, (ii) calculate at such times as are required by the Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the County will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a

reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The County covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the Regulations.

(h) Record Retention. The County will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Bonds until six years after the last Bond is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the County to retrieve and reproduce such books and records in the event of an examination of the Bonds by the Internal Revenue Service.

(i) Continuing Obligation. Notwithstanding any other provision of this Order, the County's obligations under the covenants and provisions of this Section 9.03 shall survive the defeasance and discharge of the Bonds.

Section 9.04. Qualified Tax-Exempt Obligations. The County hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of section 265(b) of the Code. In connection therewith, the County represents (a) that the aggregate amount of tax-exempt obligations issued by the County during calendar year 2010, including the Bonds, which have been designated as "qualified tax-exempt obligations" under section 265(b)(3) of the Code does not exceed $30,000,000, and (b) that the reasonably anticipated amount of its tax-exempt obligations which will be issued by the County during calendar year 2010, including the Bonds, will not exceed $30,000,000. For purposes of this Section 9.04, the term "tax-exempt obligations" does not include "private activity bonds" within the meaning of section 141 of the Code, other than "qualified 501(c)(3) bonds" within the meaning of section 145 of the Code. In addition, for purposes of this Section 9.04, the County includes all governmental units which are aggregate with the County under section 265(b) of the Code.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an "Event of Default," to-wit:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the County, the failure to perform which materially, adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Order, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the County.

Section 10.02. Remedies for Default. (a) Upon the happening of any Event of Default, then and in every case any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the County for the purpose of protecting and enforcing the rights of the Owners under this Order, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Section 10.03. Remedies Not Exclusive. (a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Order, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Order.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI

DISCHARGE

Section 11.01. Discharge by Payment. The Bonds may be defeased, refunded and discharged in any manner permitted by applicable law.

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Definitions of Continuing Disclosure Terms. As used in this Article, the following terms have the meanings assigned to such terms below:

"EMMA" means the Electronic Municipal Market Access system.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2 12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

Section 12.02. Annual Reports. (a) The County shall provide annually to the MSRB, within six (6) months after the end of each fiscal year, financial information and operating data with respect to the County of the general type included in the final Official Statement, being the information described in Exhibit A. Any financial statements to be so provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A, (ii) audited, if the County commissions an audit of such statements and the audit is completed within the period during which they must be provided, and (iii) submitted through the EMMA in an electronic format with accompanying identifying information, as prescribed by the MSRB. If the audit of such financial statements is not complete within such period, then the County shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for the applicable fiscal year to the MSRB. Thereafter, when and if audited financial statements become available, the County shall provide such audited financial statements to the MSRB.

(b) If the County changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the County otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

Section 12.03. Material Event Notices. (a) The County shall notify the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

(i) principal and interest payment delinquencies;

(ii) nonpayment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax exempt status of the Bonds;

(vii) modifications to rights of Owners;

(viii) bond calls;

(ix) defeasance;

(x) release, substitution, or sale of property securing repayment of the Bonds; and

(xi) rating changes.

(b) The County shall notify the MSRB, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with Section 12.02 of this Order by the time required by such Section.

Section 12.04. Limitations, Disclaimers and Amendments. (a) The County shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the County remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the County in any event will give notice of any deposit made in accordance with Article XI that causes Bonds no longer to be Outstanding.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The County undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the County's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The County does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE COUNTY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the County in observing or performing its obligations under this Article shall comprise a breach of or default under the Order for purposes of any other provisions of this Order.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the County under federal and state securities laws.

(e) The provisions of this Article may be amended by the County 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, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to

purchase or sell Bonds in the primary offering of the Bonds 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 (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Order that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. If the County so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.02 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

(f) Any obligation of the County to expend funds pursuant to the provisions of this Article shall be subject to the appropriation of said funds by the Commissioners Court from sources of funds legally available for such purpose.

ARTICLE XIII

APPROVAL OF ESCROW AGREEMENT; SUBSCRIPTION FOR SECURITIES; PAYMENT OF REFUNDED BONDS

Section 13.01. Approval of Escrow Agreement. The Escrow Agreement in substantially the form presented at the meeting at which this Order is adopted, and its execution and delivery by the County Judge is hereby authorized and approved. The signature of the County Judge shall be attested by the County Clerk.

Section 13.02. Purchase of Securities for Escrow Fund. The County may use proceeds of the sale of the Bonds for the purchase of the Federal Securities referenced in the Escrow Agreement as may be necessary for the Escrow Fund and the application for the acquisition of the Federal Securities is hereby approved and ratified.

Section 13.03. Redemption of Refunded Bonds. (a) The Refunded Bonds described on Schedule I are hereby called for redemption prior to their maturity on the dates set forth in Schedule I, each at the price of par plus accrued interest to the date of redemption. The redemption price of the Refunded Bonds shall be paid from the funds deposited into the Escrow Fund.

(b) Delivery of a copy of this Order to the paying agent for the Refunded Bonds shall constitute notice to the paying agent of the Refunded Bonds of the redemption thereof prior to maturity pursuant to this Order. The paying agent for the Refunded Bonds is hereby authorized and directed to give notice of such redemption to the owners thereof in the form and manner prescribed in the order that authorized the issuance of the Refunded Bonds.

APPROVED AND ADOPTED this October 4, 2010.

County Judge, Collin County, Texas

ATTEST:

County Clerk, Collin County, Texas

[SEAL]

SCHEDULE I

SCHEDULE OF REFUNDED BONDS

Limited Tax Permanent Improvement Bonds, Series 2001

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
8/1/2001	2/15/2012	4.300%	$ 245,000	$ 245,000
	2/15/2013	4.450%	255,000	255,000
	2/15/2014	4.550%	270,000	270,000
			$ 770,000	$ 770,000

The 2012-2014 maturities will be redeemed prior to their original maturity on February 15, 2011 at par.

Limited Tax Permanent Improvement Bonds, Series 2002

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
5/1/2002	2/15/2013	4.500%	$ 1,315,000	$ 1,315,000
	2/15/2014	4.600%	1,385,000	1,385,000
	2/15/2015	4.700%	1,460,000	1,460,000
	2/15/2016	4.800%	1,535,000	1,535,000
	2/15/2017	4.850%	1,615,000	1,615,000
			$ 7,310,000	$ 7,310,000

The 2013-2017 maturities will be redeemed prior to their original maturity on February 15, 2012 at par.

EXHIBIT A

DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XII of this Order.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the County to be provided annually in accordance with such Article are as specified (and included in the Appendix or other headings of the Official Statement referred to) below:

1. The portions of the financial statements of the County appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.

2. Statistical and financial data set forth in Tables 1-7 and 9-14, inclusive.

Accounting Principles

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements referred to in Paragraph 1 above.

ORDER

AUTHORIZING THE ISSUANCE OF

$4,975,000

COLLIN COUNTY, TEXAS

LIMITED TAX PERMANENT IMPROVEMENT BONDS

SERIES 2001

Adopted

August: 13, 2001

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Exhibit A – Description of Annual Disclosure of Financial Information A-1

AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2001, IN THE AGGREGATE PRINCIPAL AMOUNT OF $4,975,000; APPROVING THE OFFICIAL STATEMENT FOR THE BONDS; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the bonds hereinafter authorized were duly and favorably voted, as required by the Constitution and laws of the State of Texas, at an election held in Collin County, Texas (the "County"), on February 20, 1999; and

WHEREAS, at said election, the following are among the purposes and amounts of the bonds which were authorized, reflecting any amount previously issued pursuant to such voted authorization, the amount therefrom being issued pursuant to this Order, and the balance that remains unissued after the issuance of the bonds herein authorized, to-wit:

Purpose	Amount Voted	Amount Previously Issued	Amount Being Issued	Unissued Balance
Criminal Justice and Related Facilities	$32,000,000	$30,750,000	$1,250,000	$-0-
Old Collin County Courthouse	1,000,000	-0-	1,000,000	-0-
Land for Park and Open Spaces (including joint city and county projects)	5,725,000	3,000,000	2,725,000	-0-

WHEREAS, the Commissioners Court of Collin County (the "Commissioners Court") has found and determined that it is necessary and in the best interest of the County and its citizens that it authorize by this Order the issuance and delivery of $4,975,000 of such bonds in a single series at this time;

WHEREAS, it is officially found, determined, and declared that the meeting at which this Order has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Order, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended;

NOW THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Order the following terms shall have the meanings specified below:

"Bond" means any of the Bonds.

"Bonds" means the County's bonds entitled "Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2001" authorized to be issued by Section 3.01.

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions relating thereto.

"Construction Fund" means the construction fund established by Section 8.01(a).

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Dallas, Texas, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the County and such successor.

"DTC" shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Event of Default" means any Event of Default as defined in Section 10.01.

"Initial Bond" means the Bond described in Section 3.04(d) and 6.02(d).

"Interest and Sinking Fund" means the interest and sinking fund established by Section 8.01(a).

"Interest Payment Date" means the date or dates upon which interest on the Bonds is scheduled to be paid until the maturity of the Bonds, such dates being February 15 and August 15 of each year commencing February 15, 2002.

"Order" means this Order.

"Original Issue Date" means the initial date from which interest on the Bonds accrues and which is designated in Section 3.02(a).

"Owner" means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

"Paying Agent/Registrar" means initially The Chase Manhattan Bank, Houston, Texas, or any successor thereto as provided in this Order.

"Paying Agent/Registrar Agreement" means the Paying Agent/Registrar Agreement between the County and the Paying Agent/Registrar relating to the Bonds.

"Purchaser" means the person, firm or entity initially purchasing the Bonds from the County and which is designated in Section 7.01.

"Record Date" means the last business day of the month next preceding an Interest Payment Date.

"Register" means the Register specified in Section 3.06(a).

"Representation Letter" means the Blanket Letter of Representations between the County and DTC.

"Special Payment Date" means the Special Payment Date prescribed by Section 3.03(b).

"Special Record Date" means the Special Record Date prescribed by Section 3.03(b).

"Unclaimed Payments" means money deposited with the Paying Agent/Registrar for the payment of the principal, redemption premium, if any, or interest on Bonds as the same become due and payable or money set aside for the payment of Bonds duly called for redemption prior to maturity and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

Section 1.02. Other Definitions. The terms "Commissioners Court" and "County" shall have the meaning assigned in the preamble to this Order.

Section 1.03. Findings. The declarations, determinations and findings declared, made and found in the preamble to this Order are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.04. Table of Contents, Titles and Headings. The table of contents, titles and headings of the Articles and Sections of this Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Order or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.05. Interpretation. (a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Article and section references shall mean references to articles and sections of this Order unless designated otherwise.

(c) This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Order.

ARTICLE II

SECURITY FOR THE BONDS

Section 2.01. Tax Levy for Payment of the Bonds. (a) In order to provide for the payment of the debt service requirements on the Bonds, being (i) the interest on the Bonds and (ii) a sinking fund for their payment at maturity or a sinking fund of two percent (2%) per annum of the original principal amount of the Bonds (whichever is greater), there is hereby levied for the current year and each succeeding year thereafter, while the Bonds or interest thereon remain outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the County, at a rate sufficient, within the limit prescribed by law, to pay such debt service requirements, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the County most recently approved in accordance with law, and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Order.

(d) To the extent the County has available funds which may be lawfully used to pay debt service on the Bonds and such funds are on deposit in the Interest and Sinking Fund in advance of the time the County Commissioners are required to set a tax rate for any year, then such tax rate which otherwise would be required to be established pursuant to subsection (a) of this Section may be reduced to the extent and by the amount of such funds then on deposit in the Interest and Sinking Fund.

(e) If the liens and provisions of this Order shall be discharged in a manner permitted by Article XI, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization. The County's bonds to be designated "Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2001," are hereby authorized to be

issued and delivered in accordance with the Constitution and laws of the State of Texas, including Chapter 1473, Texas Government Code, as amended, Chapter 1301 Texas Government Code, as amended, Chapter 292, Texas Local Government Code, as amended, and Chapter 331, Texas Local Government Code, as amended, in the aggregate principal amount of $4,975,000 for the public purpose of providing funds for permanent public improvements, to-wit: (i) acquisition, construction, improvement, renovation and equipment of criminal justice and related facilities, including detention and court facilities and the acquisition of land therefore; (ii) acquisition and improvement of land for park and open space purposes, including joint county-city projects and (iii) renovation, improvement and restoration to the old Collin County Courthouse; and (iv) to pay all or a portion of the costs of issuance of the Bonds.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest. (a) The Bonds shall be dated August 1, 2001, shall be in fully registered form, without coupons, in the denomination of $5,000 or any integral multiple thereof, and shall be numbered separately from one upward or such other designation acceptable to the County and the Paying Agent/Registrar.

(b) The Bonds shall mature on February 15 in the years and in the principal amounts set forth in the following schedule:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2002	$ 145,000	4.00%	2012	$ 245,000	4.30%
2003	155,000	4.00%	2013	255,000	4.45%
2004	160,000	4.00%	2014	270,000	4.55%
2005	170,000	4.00%	2015	285,000	4.65%
2006	180,000	4.00%	2016	300,000	4.75%
2007	190,000	4.00%	2017	315,000	4.80%
2008	200,000	4.00%	2018	335,000	5.00%
2009	210,000	5.00%	2019	350,000	5.00%
2010	220,000	4.85%	2020	370,000	5.00%
2011	230,000	4.75%	2021	390,000	5.00%

(c) Interest shall accrue and be paid on each Bond, respectively, until the payment of the principal amount thereof shall have been paid or provided for, from the later of the Original Issue Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually commencing on February 15, 2002 and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment. (a) The principal of, premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners whose names appear in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest 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 (the "Special Payment Date," which shall be at least 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 Owner of a Bond appearing on the 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.

(c) Interest on the Bonds shall be paid by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the person entitled to such payment, United States mail, first class postage prepaid, to the address of such person as it appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar.

(d) The principal of each Bond shall be paid to the person in whose name such Bond is registered on the due date thereof (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/ Transfer Office.

(e) If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

(f) Unclaimed Payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owners of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the County to be used for any lawful purpose. Thereafter, neither the County, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.04. Execution and Initial Registration. (a) The Bonds shall be executed on behalf of the County by the County Judge and County Clerk of the County, by their manual or facsimile signatures, and the official seal of the County shall be impressed or placed in facsimile

thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the County had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the County whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Order, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Order, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the County, and has been registered by the Comptroller.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the Purchaser or its designee, executed and registered as provided above, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser registered definitive Bonds as described in Section 3.10(a). To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.05. Ownership. (a) The County, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that interest is to be paid to the person in whose name the Bond is registered on the Record Date), and for all other purposes, whether or not such Bond is overdue, and neither the County nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the County and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange. (a) So long as any Bonds remain outstanding, the County shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Order.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of $5,000 principal amount and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the County and shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration or any subsequent transfer of Bonds, but the Paying Agent/Registrar will require the Owner to pay the reasonable cost incurred by the Paying Agent/Registrar in connection with the exchange of a Bond or Bonds for a different denomination where no simultaneous transfer of the Bond or Bonds to a new Owner also occurs. In addition, the Paying Agent/Registrar may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(f) Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond so selected for redemption, in whole or in part, when such redemption is scheduled to occur within 30 days.

Section 3.07. Cancellation. All Bonds paid in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Order, shall be cancelled and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall then dispose of cancelled Bonds in accordance with the Securities Exchange Act of 1934.

Section 3.08. Temporary Bonds. (a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the County may execute and, upon the County's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in

lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the County executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Order.

(c) The County, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Bonds. (a) Upon the presentation and surrender to the Paying Agent/Registrar, at the Designated Payment/Transfer Office, of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The County or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected herewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the County to save them harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the County and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the County and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom,

except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the County or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the County and shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.10. Book-Entry Only System. (a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the County and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Order. Without limiting the immediately preceding sentence, the County and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, the County and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to payment of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the register, shall receive a certificate evidencing the obligation of the County to make payments of amounts due pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks or drafts being mailed to the registered Owner at the

close of business on the Record Date, the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

(c) The Representations Letter previously executed and delivered by the County, and applicable to the County's obligations delivered in book-entry-only form to DTC as securities depository, is hereby ratified and approved for the Bonds.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the County or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the County or the Paying Agent/ Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

Section 3.12. Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption. The Bonds shall be subject to redemption before scheduled maturity only as provided in this Article IV.

Section 4.02. Optional Redemption. (a) The County reserves the option to redeem Bonds maturing on and after February 15, 2012, in whole or in part in principal amounts of $5,000 or any integral multiple thereof before their respective scheduled maturity dates, on February 15, 2011, or on any date thereafter, such redemption date or dates to be fixed by the County, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption.

(b) The County, at least 45 days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Section 4.03. Partial Redemption. (a) If less than all of the Bonds are to be redeemed, the County shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(b) A portion of a single Bond of a denomination greater than $5,000 may be redeemed, but only in a principal amount equal to $5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall treat each $5,000 portion of a Bond as though it were a single bond for purposes of selection for redemption.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Order, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge, notwithstanding any provision of Section 3.06 to the contrary.

(d) The Paying Agent/Registrar shall promptly notify the County in writing of the principal amount to be redeemed of any Bond as to which only a portion thereof is to be redeemed.

Section 4.04. Notice of Redemption to Owners. (a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Section 4.05. Payment Upon Redemption. (a) Before or on each redemption date, the County shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise received by the Paying Agent/Registrar from the County and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money set aside for such purpose.

Section 4.06. Effect of Redemption. (a) Notice of redemption having been given as provided in Section 4.04 of this Order, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the County defaults in the

payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If the County shall fail to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar. (a) The County hereby appoints The Chase Manhattan Bank, Houston, Texas, as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the County and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The County or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(b) The County hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds. The Paying Agent/Registrar shall keep proper records of all payments made by the County and the Paying Agent/Registrar with respect to the Bonds, and of all conversions, exchanges and replacements of such Bonds, as provided in the Order.

(c) The execution and delivery of the Paying Agent/Registrar Agreement, substantially in the form presented at this meeting, specifying the duties and responsibilities of the County and the Paying Agent/Registrar, is hereby approved with such changes as may be approved by the County Judge of the County, and the County Judge and County Clerk of the County are hereby authorized to execute such agreement.

Section 5.02. Qualifications. Each Paying Agent/Registrar shall be a commercial bank, trust company, or other entity duly qualified and legally authorized under applicable law, to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 5.03. Maintaining Paying Agent/Registrar. (a) At all times while any Bonds are outstanding, the County will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Order. The County Judge is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the County and the Paying Agent/Registrar. The signature of the County Judge shall be attested by the County Clerk of the County.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the County will promptly appoint a replacement.

Section 5.04. Termination. The County, upon not less than 60 days notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination.

Section 5.05. Notice of Change to Owners. Promptly upon each change in the entity serving as Paying Agent/Registrar, the County will cause notice of the change to be sent to each Owner by United States mail, first class postage prepaid, at the address in the Register, stating the effective date of the change and the name of the replacement Paying Agent/Registrar and the mailing address of its Designated Payment/Transfer Office.

Section 5.06. Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Order and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby.

Section 5.07. Delivery of Records to Successor. If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally. (a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the County or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds, if any, shall be typewritten, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02. Form of Bonds. The form of Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Bond of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bond

REGISTERED REGISTERED

No. R-_____ $_____

United States of America
State of Texas

COLLIN COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT BOND
SERIES 2001

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP NUMBER:
_____%	_____, ____	August 1, 2001	_____

Collin County (the "County"), State of Texas, for value received, hereby promises to pay to

_____

or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Original Issue Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2002.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of The Chase Manhattan Bank (the "Designated Payment/Transfer Office"), as the initial Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest

is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest 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 (the "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 Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the County in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of $4,975,000 (herein referred to as the "Bonds") pursuant to a certain order of the Commissioners Court of the County (the "Order") for the public purpose of providing funds for certain authorized public improvements, and to pay the costs of issuance related to the Bonds.

The Bonds and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, within the limit prescribed by law, against all taxable property in the County as described and provided in the Order.

The County has reserved the option to redeem the Bonds maturing on or after February 15, 2012, in whole or in part, before their respective scheduled maturity dates, on February 15, 2011, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the County shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

Notice of such redemption or redemptions shall be given by first class mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; and, from and after such date, notwithstanding that any of the Bonds or

portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

As provided in the Order, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The County, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the County nor the Paying Agent/Registrar shall be affected by notice to the contrary.

Neither the County nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the County, including the Bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the County has caused this Bond to be executed by the manual or facsimile signature of the County Judge, countersigned by the manual or facsimile signature of the County Clerk of the County, and the official seal of the County has been duly impressed or placed in facsimile on this Bond.

County Clerk, Collin County	County Judge, Collin County

[SEAL]

(b) Form of Comptroller's Registration Certificate. The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
OF THE STATE OF TEXAS §

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the County of Collin, Texas; and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, _____.

_____
Comptroller of Public Accounts
of the State of Texas

(c) Form of Certificate of Paying Agent/Registrar. The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Order.

THE CHASE MANHATTAN BANK,
as Paying Agent/Registrar

Dated: _____ By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

_____

_____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____

attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated:_____

Signature Guaranteed By:

_____

_____
Authorized Signatory

NOTICE: The Signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers.

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As shown below," and the reference to the "CUSIP NUMBER ___" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years	Principal Installments	Interest Rates

(Information to be inserted from schedule in Section 3.02 of this hereof); and

(iii) the Initial Bond shall be numbered T-1.

Section 6.03. CUSIP Registration. The County may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the County nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04. Legal Opinion. The approving legal opinion of Vinson & Elkins L.L.P., Bond Counsel, may be printed on the back of each Bond over the certification of the County Clerk of the County, which may be executed in facsimile.

Section 6.05. Municipal Bond Insurance. If municipal bond guaranty insurance is obtained with respect to the Bonds, the Bonds, including the Initial Bond, may bear an appropriate legend, as provided by the insurer.

ARTICLE VII

SALE OF THE BONDS; CONTROL AND DELIVERY OF THE BONDS

Section 7.01. Sale of Bonds; Official Statement. (a) The Bonds are hereby officially sold and awarded and shall be delivered to UBS PaineWebber, Inc. (the "Purchaser") at a price equal to the principal amount thereof plus accrued interest and plus a premium of $746.25. It is hereby found and determined that the bid of said purchaser is the best and lowest bid submitted for the Bonds. The Bonds shall initially be registered in the name of the Purchaser or its designee.

(b) The form and substance of the Preliminary Official Statement for the Bonds and any addenda, supplement or amendment thereto (the "Official Statement") presented to and considered at this meeting, is hereby in all respects approved and adopted, and the Official Statement is hereby deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The County agrees to deliver appropriate numbers of executed copies thereof to the Purchaser. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the County Judge and the Purchaser of the Bonds, may be used by the Purchaser in the public offering and sale thereof. The County Clerk is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Official Statement for the Bonds and the preliminary public offering of the Bonds by the Purchasers is hereby ratified, approved and confirmed.

(c) All officers of the County are authorized to take such actions and to execute such documents, certificates and receipts, and to make such elections with respect to the tax-exempt status of the Bonds, as they may deem necessary and appropriate in order to consummate the delivery of the Bonds.

(d) The obligation of the Purchaser to accept delivery of the Bonds is subject to the Purchaser being furnished with the final, approving opinion of Vinson & Elkins L.L.P., Dallas, Texas, Bond Counsel for the County, which opinion shall be dated as of and delivered on the Closing Date.

Section 7.02. Control and Delivery of Bonds. (a) The County Judge is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Purchaser under and subject to the general supervision and direction of the County Judge, against receipt by the County of all amounts due to the County under the terms of sale.

ARTICLE VIII

CREATION OF FUNDS AND ACCOUNTS; DEPOSIT OF PROCEEDS; INVESTMENTS

Section 8.01. Creation of Funds. (a) The County hereby establishes the following special funds or accounts:

(i) Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2001, Interest and Sinking Fund; and

(ii) Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2001, Construction Fund.

(b) Each of said funds or accounts shall be maintained at an official depository of the County.

Section 8.02. Interest and Sinking Fund. (a) The taxes levied under Section 2.01 shall be deposited to the credit of the Interest and Sinking Fund at such times and in such amounts as necessary for the timely payment of the principal of and interest on the Bonds.

(b) If the amount of money in the Interest and Sinking Fund is at least equal to the aggregate principal amount of the outstanding Bonds plus the aggregate amount of interest due and that will become due and payable on such Bonds, no further deposits to that fund need be made.

(c) Money on deposit in the Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds as such become due and payable.

Section 8.03. Construction Fund. (a) Money on deposit in the Construction Fund, including investment earnings thereof, shall be used for the purposes specified in Section 3.01 of this Order.

(b) All amounts remaining in the Construction Fund after the accomplishment of the purposes for which the Bonds are hereby issued, including investment earnings of the Construction Fund, shall be deposited into the Interest and Sinking Fund, unless a change in applicable law permits or authorizes all or any part of such funds to be used for other purposes.

Section 8.04. Security of Funds. All moneys on deposit in the funds referred to in this Order shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Order.

Section 8.05. Deposit of Proceeds. (a) All amounts received on the Closing Date as accrued interest on the Bonds from the Original Issue Date to the Closing Date, and premium, if any, shall be deposited to the Interest and Sinking Fund.

(b) The remaining balance received on the Closing Date shall be deposited to the Construction Fund, such moneys to be dedicated and used for the purposes specified in Section 3.01 and for paying the costs of issuance.

Section 8.06. Investments. (a) Money in the Interest and Sinking Fund and the Construction Fund, at the option of the County, may be invested in such securities or obligations as permitted under applicable law.

(b) Any securities or obligations in which money is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.07. Investment Income. Interest and income derived from investment of any fund created by this Order shall be credited to such fund.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Bonds. While any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay the interest on and the principal of the Bonds, as applicable, as will accrue or mature on each applicable Interest Payment Date.

Section 9.02. Other Representations and Covenants. (a) The County will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Order and in each Bond; the County will promptly pay or cause to be paid the principal of, interest on, and premium, if any, with respect to, each Bond on the dates and at the places and manner prescribed in such Bond; and the County will, at the times and in the manner prescribed by this Order, deposit or cause to be deposited the amounts of money specified by this Order.

(b) The County is duly authorized under the laws of the State of Texas to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the County in accordance with their terms.

Section 9.03. Federal Income Tax Exclusion. (a) General. The County intends that the interest on the Bonds shall be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Income Tax Regulations (the "Regulations"). The County covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax

purposes. In particular, the County covenants and agrees to comply with each requirement of this Section 9.03; provided, however, that the County shall not be required to comply with any particular requirement of this Section 9.03 if the County has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or if the County has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Section 9.03 will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section 9.03.

(b) No Private Use or Payment and No Private Loan Financing. The County shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Bonds will not be used, in a manner that would cause the Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the County covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(c) No Federal Guarantee. The County covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the applicable Regulations thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The County covenants and agrees that it has not and will not to take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.

(e) No Arbitrage. The County shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the County will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the County covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) Arbitrage Rebate. If the County does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the County will take all necessary steps to comply with the requirement that certain amounts earned by the County on the investment of the "gross proceeds" of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the County will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the County allocable to other bond issue of the County or moneys which do not represent gross proceeds of any bonds of the County, (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the County will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The County covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Continuing Obligation. Notwithstanding any other provision of this Order, the County's obligations under the covenants and provisions of this Section 9.03 shall survive the defeasance and discharge of the Bonds.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an "Event of Default," to-wit:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the County, the failure to perform which materially, adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Order, and the continuation

thereof for a period of 60 days after notice of such default is given by any Owner to the County.

Section 10.02. Remedies for Default. (a) Upon the happening of any Event of Default, then and in every case any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the County for the purpose of protecting and enforcing the rights of the Owners under this Order, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Section 10.03. Remedies Not Exclusive. (a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Order, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Order.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI

DISCHARGE

Section 11.01. Discharge by Payment. The Bonds may be defeased, refunded and discharged in any manner permitted by applicable law.

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Definitions of Continuing Disclosure Terms. As used in this Article, the following terms have the meanings assigned to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"SID" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

Section 12.02. Annual Reports. (a) The County shall provide annually to each NRMSIR and to any SID, within six (6) months after the end of each fiscal year ending in or after 2001, financial information and operating data with respect to the County of the general type included in the final Official Statement, being the information described in Exhibit A hereto. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A hereto, and (ii) audited, if the County commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the County shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for the applicable fiscal year to each NRMSIR and any SID. Thereafter, when and if audited financial statements become available, the County shall provide such audited financial statements as required to each NRMSIR and to any SID.

(b) If the County changes its fiscal year, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the County otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

Section 12.03. Material Event Notices. (a) The County shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

(i) principal and interest payment delinquencies

(ii) nonpayment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax exempt status of the Bonds;

(vii) modifications to rights of Owners;

(viii) bond calls;

(ix) defeasance;

(x) release, substitution, or sale of property securing repayment of the Bonds; and

(xi) rating changes.

(b) The County shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with Section 12.02 of this Order by the time required by such Section.

Section 12.04. Limitations, Disclaimers and Amendments. (a) The County shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the County remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the County in any event will give notice of any deposit made in accordance with Article XI that causes Bonds no longer to be Outstanding.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The County undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the County's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The County does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE COUNTY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the County in observing or performing its obligations under this Article shall comprise a breach of or default under the Order for purposes of any other provisions of this Order.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the County under federal and state securities laws.

(e) The provisions of this Article may be amended by the County 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, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds 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 (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Order that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. If the County so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.02 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

(f) Any obligation to the County to expend funds pursuant to the provisions of this Article shall be subject to the appropriation of said funds by the Commissioners Court from sources of funds legally available for such purpose.

APPROVED AND ADOPTED this August 13, 2001.

County Judge, Collin County, Texas

ATTEST:

County Clerk, Collin County, Texas

[SEAL]



EXHIBIT A
DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XII of this Order.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the County to be provided annually in accordance with such Article are as specified (and included in the Appendix or other headings of the Official Statement referred to) below:

1. The portions of the financial statements of the County appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.

2. Statistical and financial data set forth in Tables 1-7 and 9-15, inclusive.

Accounting Principles

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements referred to in Paragraph 1 above.

ORDER

AUTHORIZING THE ISSUANCE OF

$26,000,000

COLLIN COUNTY, TEXAS

LIMITED TAX PERMANENT IMPROVEMENT BONDS

SERIES 2002

Adopted

May 13, 2002

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Exhibit A – Description of Annual Disclosure of Financial Information A-1

AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2002, IN THE AGGREGATE PRINCIPAL AMOUNT OF $26,000,000; APPROVING THE OFFICIAL STATEMENT FOR THE BONDS; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the bonds hereinafter authorized were duly and favorably voted, as required by the Constitution and laws of the State of Texas, at an election held in Collin County, Texas (the "County"), on November 6, 2001; and

WHEREAS, at said election, the following are among the purposes and amounts of the bonds which were authorized, reflecting any amount previously issued pursuant to such voted authorization, the amount therefrom being issued pursuant to this Order, and the balance that remains unissued after the issuance of the bonds herein authorized, to-wit:

Purpose	Amount Voted	Amount Previously Issued	Amount Being Issued	Unissued Balance
Parks - Youth Camping and Related Outdoor Recreation and Education Facilities	$26,000,000	-0-	$26,000,000	-0-

WHEREAS, the Commissioners Court of Collin County (the "Commissioners Court") has found and determined that it is necessary and in the best interest of the County and its citizens that it authorize by this Order the issuance and delivery of $26,000,000 of such bonds in a single series at this time;

WHEREAS, it is officially found, determined, and declared that the meeting at which this Order has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Order, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended;

NOW THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Order the following terms shall have the meanings specified below:

"Bond" means any of the Bonds.

"Bonds" means the County's bonds entitled "Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2002" authorized to be issued by Section 3.01.

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions relating thereto.

"Construction Fund" means the construction fund established by Section 8.01(a).

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Dallas, Texas, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the County and such successor.

"DTC" shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Event of Default" means any Event of Default as defined in Section 10.01.

"Initial Bond" means the Bond described in Section 3.04(d) and 6.02(e).

"Interest and Sinking Fund" means the interest and sinking fund established by Section 8.01(a).

"Interest Payment Date" means the date or dates upon which interest on the Bonds is scheduled to be paid until the maturity of the Bonds, such dates being February 15 and August 15 of each year commencing February 15, 2003.

"Order" means this Order.

"Original Issue Date" means the initial date from which interest on the Bonds accrues and which is designated in Section 3.02(a).

"Owner" means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

"Paying Agent/Registrar" means initially JPMorgan Chase Bank, Dallas, Texas, or any successor thereto as provided in this Order.

"Paying Agent/Registrar Agreement" means the Paying Agent/Registrar Agreement between the County and the Paying Agent/Registrar relating to the Bonds.

"Purchaser" means the person, firm or entity initially purchasing the Bonds from the County and which is designated in Section 7.01.

"Record Date" means the last business day of the month next preceding an Interest Payment Date.

"Register" means the Register specified in Section 3.06(a).

"Representation Letter" means the Blanket Letter of Representations between the County and DTC.

"Special Payment Date" means the Special Payment Date prescribed by Section 3.03(b).

"Special Record Date" means the Special Record Date prescribed by Section 3.03(b).

"Unclaimed Payments" means money deposited with the Paying Agent/Registrar for the payment of the principal, redemption premium, if any, or interest on Bonds as the same become due and payable or money set aside for the payment of Bonds duly called for redemption prior to maturity and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

Section 1.02. Other Definitions. The terms "Commissioners Court" and "County" shall have the meaning assigned in the preamble to this Order.

Section 1.03. Findings. The declarations, determinations and findings declared, made and found in the preamble to this Order are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.04. Table of Contents, Titles and Headings. The table of contents, titles and headings of the Articles and Sections of this Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Order or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.05. Interpretation. (a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Article and section references shall mean references to articles and sections of this Order unless designated otherwise.

(c) This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Order.

ARTICLE II

SECURITY FOR THE BONDS

Section 2.01. Tax Levy for Payment of the Bonds. (a) In order to provide for the payment of the debt service requirements on the Bonds, being (i) the interest on the Bonds and (ii) a sinking fund for their payment at maturity or a sinking fund of two percent (2%) per annum of the original principal amount of the Bonds (whichever is greater), there is hereby levied for the current year and each succeeding year thereafter, while the Bonds or interest thereon remain outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the County, at a rate sufficient, within the limit prescribed by law, to pay such debt service requirements, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the County most recently approved in accordance with law, and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Order.

(d) To the extent the County has available funds which may be lawfully used to pay debt service on the Bonds and such funds are on deposit in the Interest and Sinking Fund in advance of the time the County Commissioners are required to set a tax rate for any year, then such tax rate which otherwise would be required to be established pursuant to subsection (a) of this Section may be reduced to the extent and by the amount of such funds then on deposit in the Interest and Sinking Fund.

(e) If the liens and provisions of this Order shall be discharged in a manner permitted by Article XI, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization. The County's bonds to be designated "Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2002," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including Chapter 331, Texas Local Government Code, as amended, in the aggregate principal amount of $26,000,000 for the public purpose of providing funds for park purposes, to-wit: acquiring, constructing, developing and equipping youth camping and related outdoor recreation and education facilities and acquiring land and interests in land therefor, and to pay costs of issuance associated with the sale of the Bonds.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest. (a) The Bonds shall be dated May 1, 2002, shall be in fully registered form, without coupons, in the denomination of $5,000 or any integral multiple thereof, and shall be numbered separately from one upward or such other designation acceptable to the County and the Paying Agent/Registrar.

(b) The Bonds shall mature on February 15 in the years and in the principal amounts set forth in the following schedule:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2004	$ 830,000	5.625%	2014	$1,385,000	4.600%
2005	870,000	5.625%	2015	1,460,000	4.700%
2006	920,000	5.625%	2016	1,535,000	4.800%
2007	965,000	5.625%	2017	1,615,000	4.850%
2008	1,015,000	5.625%	2018	1,705,000	5.000%
2009	1,070,000	4.150%	2019	1,790,000	5.000%
2010	1,130,000	4.150%	2020	1,885,000	5.000%
2011	1,185,000	4.200%	2021	1,985,000	5.000%
2012	1,250,000	4.300%	2022	2,090,000	5.000%
2013	1,315,000	4.500%			

(c) Interest shall accrue and be paid on each Bond, respectively, until the payment of the principal amount thereof shall have been paid or provided for, from the later of the Original Issue Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually commencing on February 15, 2003 and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment. (a) The principal of, premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners whose names appear in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest 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 (the "Special Payment Date," which shall be at least 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 Owner of a Bond appearing on the 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.

(c) Interest on the Bonds shall be paid by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the person entitled to such payment, United States mail, first class postage prepaid, to the address of such person as it appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar.

(d) The principal of each Bond shall be paid to the person in whose name such Bond is registered on the due date thereof (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(e) If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

(f) Unclaimed Payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owners of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the County to be used for any lawful purpose. Thereafter, neither the County, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.04. Execution and Initial Registration. (a) The Bonds shall be executed on behalf of the County by the County Judge and County Clerk of the County, by their manual or facsimile signatures, and the official seal of the County shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the County had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the County whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Order, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Order, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the County, and has been registered by the Comptroller.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the Purchaser or its designee, executed and registered as provided above, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser registered definitive Bonds as described in Section 3.10(a). To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.05. Ownership. (a) The County, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that interest is to be paid to the person in whose name the Bond is registered on the Record Date), and for all other purposes, whether or not such Bond is overdue, and neither the County nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the County and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange. (a) So long as any Bonds remain outstanding, the County shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Order.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of $5,000 principal amount and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the County and shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration or any subsequent transfer of Bonds, but the Paying Agent/Registrar will require the Owner to pay the reasonable cost incurred by the Paying Agent/Registrar in connection with the exchange of a Bond or Bonds for a different denomination where no simultaneous transfer of the Bond or Bonds to a new Owner also occurs. In addition, the Paying Agent/Registrar may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(f) Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond so selected for redemption, in whole or in part, when such redemption is scheduled to occur within 30 days.

Section 3.07. Cancellation. All Bonds paid in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Order, shall be cancelled and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall then dispose of cancelled Bonds in accordance with the Securities Exchange Act of 1934.

Section 3.08. Temporary Bonds. (a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the County

may execute and, upon the County's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the County executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Order.

(c) The County, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Bonds. (a) Upon the presentation and surrender to the Paying Agent/Registrar, at the Designated Payment/Transfer Office, of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The County or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected herewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the County to save them harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the County and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the County and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the County or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the County and shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.10. Book-Entry Only System. (a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the County and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Order. Without limiting the immediately preceding sentence, the County and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, the County and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to payment of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the register, shall receive a certificate evidencing the obligation of the County to make payments of amounts due pursuant to this Order. Upon

delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

(c) The Representations Letter previously executed and delivered by the County, and applicable to the County's obligations delivered in book-entry-only form to DTC as securities depository, is hereby ratified and approved for the Bonds.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the County or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the County or the Paying Agent/ Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

Section 3.12. Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption. The Bonds shall be subject to redemption before scheduled maturity only as provided in this Article IV.

Section 4.02. Optional Redemption. (a) The County reserves the option to redeem Bonds maturing on and after February 15, 2013, in whole or in part in principal amounts of $5,000 or any integral multiple thereof before their respective scheduled maturity dates, on February 15, 2012, or on any date thereafter, such redemption date or dates to be fixed by the County, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption.

(b) The County, at least 45 days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Section 4.03. Partial Redemption. (a) If less than all of the Bonds are to be redeemed, the County shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(b) A portion of a single Bond of a denomination greater than $5,000 may be redeemed, but only in a principal amount equal to $5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall treat each $5,000 portion of a Bond as though it were a single bond for purposes of selection for redemption.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Order, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge, notwithstanding any provision of Section 3.06 to the contrary.

(d) The Paying Agent/Registrar shall promptly notify the County in writing of the principal amount to be redeemed of any Bond as to which only a portion thereof is to be redeemed.

Section 4.04. Notice of Redemption to Owners. (a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Section 4.05. Payment Upon Redemption. (a) Before or on each redemption date, the County shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise received by the Paying Agent/Registrar from the County and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money set aside for such purpose.

Section 4.06. Effect of Redemption. (a) Notice of redemption having been given as provided in Section 4.04 of this Order, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the County defaults in the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If the County shall fail to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar. (a) The County hereby appoints JPMorgan Chase Bank, Dallas, Texas, as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the County and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The County or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(b) The County hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds. The Paying Agent/Registrar shall keep proper records of all payments made by the County and the Paying Agent/Registrar with respect to the Bonds, and of all conversions, exchanges and replacements of such Bonds, as provided in the Order.

(c) The execution and delivery of the Paying Agent/Registrar Agreement, substantially in the form presented at this meeting, specifying the duties and responsibilities of the County and the Paying Agent/Registrar, is hereby approved with such changes as may be approved by the County Judge of the County, and the County Judge and County Clerk of the County are hereby authorized to execute such agreement.

Section 5.02. Qualifications. Each Paying Agent/Registrar shall be a commercial bank, trust company, or other entity duly qualified and legally authorized under applicable law, to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 5.03. Maintaining Paying Agent/Registrar. (a) At all times while any Bonds are outstanding, the County will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Order. The County Judge is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the

County and the Paying Agent/Registrar. The signature of the County Judge shall be attested by the County Clerk of the County.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the County will promptly appoint a replacement.

Section 5.04. Termination. The County, upon not less than 60 days notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination.

Section 5.05. Notice of Change to Owners. Promptly upon each change in the entity serving as Paying Agent/Registrar, the County will cause notice of the change to be sent to each Owner by United States mail, first class postage prepaid, at the address in the Register, stating the effective date of the change and the name of the replacement Paying Agent/Registrar and the mailing address of its Designated Payment/Transfer Office.

Section 5.06. Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Order and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby.

Section 5.07. Delivery of Records to Successor. If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally. (a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the County or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds, if any, shall be typewritten, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02. Form of Bonds. The form of Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Bond of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bond

REGISTERED REGISTERED

No. R-_____ $_____

United States of America
State of Texas

COLLIN COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT BOND
SERIES 2002

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP NUMBER:
_____%	_____, ____	May 1, 2002	_____

Collin County (the "County"), State of Texas, for value received, hereby promises to pay to

_____

or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Original Issue Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2003.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of JPMorgan Chase Bank (the "Designated Payment/Transfer Office"), as the initial Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying

Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest 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 (the "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 Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the County in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of $26,000,000 (herein referred to as the "Bonds") pursuant to a certain order of the Commissioners Court of the County (the "Order") for the public purpose of providing funds for certain authorized public improvements as specified in the Order, and to pay the costs of issuance related to the Bonds.

The Bonds and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, within the limit prescribed by law, against all taxable property in the County as described and provided in the Order.

The County has reserved the option to redeem the Bonds maturing on or after February 15, 2013, in whole or in part, before their respective scheduled maturity dates, on February 15, 2012, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the County shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

Notice of such redemption or redemptions shall be given by first class mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the Bonds or

portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; and, from and after such date, notwithstanding that any of the Bonds or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

As provided in the Order, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The County, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the County nor the Paying Agent/Registrar shall be affected by notice to the contrary.

Neither the County nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the County, including the Bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the County has caused this Bond to be executed by the manual or facsimile signature of the County Judge, countersigned by the manual or facsimile signature of the County Clerk of the County, and the official seal of the County has been duly impressed or placed in facsimile on this Bond.

County Clerk, Collin County	County Judge, Collin County

[SEAL]

(b) Form of Comptroller's Registration Certificate. The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
OF THE STATE OF TEXAS	§	

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the County of Collin, Texas; and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, _____.

_____
Comptroller of Public Accounts
of the State of Texas

(c) Form of Certificate of Paying Agent/Registrar. The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Order.

JPMORGAN CHASE BANK,
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

_____

_____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated:_____

Signature Guaranteed By:

_____

_____

Authorized Signatory

_____

NOTICE: The Signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers.

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As shown below," and the reference to the "CUSIP NUMBER ___" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years	Principal Installments	Interest Rates

(Information to be inserted from schedule in Section 3.02 of this hereof); and

(iii) the Initial Bond shall be numbered T-1.

Section 6.03. CUSIP Registration. The County may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the County nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04. Legal Opinion. The approving legal opinion of Vinson & Elkins L.L.P., Bond Counsel, may be printed on the back of each Bond over the certification of the County Clerk of the County, which may be executed in facsimile.

Section 6.05. Municipal Bond Insurance. If municipal bond guaranty insurance is obtained with respect to the Bonds, the Bonds, including the Initial Bond, may bear an appropriate legend, as provided by the insurer.

ARTICLE VII

SALE OF THE BONDS; CONTROL AND DELIVERY OF THE BONDS

Section 7.01. Sale of Bonds; Official Statement. (a) The Bonds are hereby officially sold and awarded and shall be delivered to Morgan Stanley DW Inc (the "Purchaser") at a price equal to the principal amount thereof plus accrued interest and plus a premium of $-0-. It is hereby found and determined that the bid of said purchaser is the best and lowest bid submitted for the Bonds. The Bonds shall initially be registered in the name of the Purchaser or its designee.

(b) The form and substance of the Preliminary Official Statement for the Bonds and any addenda, supplement or amendment thereto (the "Preliminary Official Statement"), and the final Official Statement presented to and considered at this meeting (the "Official Statement"), are hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The County agrees to deliver appropriate numbers of executed copies of the Official Statement to the Purchaser. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the County Judge and the Purchaser may be used by the Purchaser in the public offering of the Bonds and the sale thereof. The County Clerk is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Official Statement for the Bonds and the preliminary public offering of the Bonds by the Purchaser is hereby ratified, approved and confirmed.

(c) All officers of the County are authorized to take such actions and to execute such documents, certificates and receipts, and to make such elections with respect to the tax-exempt status of the Bonds, as they may deem necessary and appropriate in order to consummate the delivery of the Bonds.

(d) The obligation of the Purchaser to accept delivery of the Bonds is subject to the Purchaser being furnished with the final, approving opinion of Vinson & Elkins L.L.P., Dallas, Texas, Bond Counsel for the County, which opinion shall be dated as of and delivered on the Closing Date.

Section 7.02. Control and Delivery of Bonds. (a) The County Judge is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Purchaser under and subject to the general supervision and direction of the County Judge, against receipt by the County of all amounts due to the County under the terms of sale.

ARTICLE VIII

CREATION OF FUNDS AND ACCOUNTS; DEPOSIT OF PROCEEDS; INVESTMENTS

Section 8.01. Creation of Funds. (a) The County hereby establishes the following special funds or accounts:

(i) Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2002, Interest and Sinking Fund; and

(ii) Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2002, Construction Fund.

(b) Each of said funds or accounts shall be maintained at an official depository of the County.

Section 8.02. Interest and Sinking Fund. (a) The taxes levied under Section 2.01 shall be deposited to the credit of the Interest and Sinking Fund at such times and in such amounts as necessary for the timely payment of the principal of and interest on the Bonds.

(b) If the amount of money in the Interest and Sinking Fund is at least equal to the aggregate principal amount of the outstanding Bonds plus the aggregate amount of interest due and that will become due and payable on such Bonds, no further deposits to that fund need be made.

(c) Money on deposit in the Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds as such become due and payable.

Section 8.03. Construction Fund. (a) Money on deposit in the Construction Fund, including investment earnings thereof, shall be used for the purposes specified in Section 3.01 of this Order.

(b) All amounts remaining in the Construction Fund after the accomplishment of the purposes for which the Bonds are hereby issued, including investment earnings of the Construction Fund, shall be deposited into the Interest and Sinking Fund, unless a change in applicable law permits or authorizes all or any part of such funds to be used for other purposes.

Section 8.04. Security of Funds. All moneys on deposit in the funds referred to in this Order shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Order.

Section 8.05. Deposit of Proceeds. (a) All amounts received on the Closing Date as accrued interest on the Bonds from the Original Issue Date to the Closing Date, and premium, if any, shall be deposited to the Interest and Sinking Fund.

(b) The remaining balance received on the Closing Date shall be deposited to the Construction Fund, such moneys to be dedicated and used for the purposes specified in Section 3.01 and for paying the costs of issuance.

Section 8.06. Investments. (a) Money in the Interest and Sinking Fund and the Construction Fund, at the option of the County, may be invested in such securities or obligations as permitted under applicable law.

(b) Any securities or obligations in which money is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.07. Investment Income. Interest and income derived from investment of any fund created by this Order shall be credited to such fund.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Bonds. While any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay the interest on and the principal of the Bonds, as applicable, as will accrue or mature on each applicable Interest Payment Date.

Section 9.02. Other Representations and Covenants. (a) The County will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Order and in each Bond; the County will promptly pay or cause to be paid the principal of, interest on, and premium, if any, with respect to, each Bond on the dates and at the places and manner prescribed in such Bond; and the County will, at the times and in the manner prescribed by this Order, deposit or cause to be deposited the amounts of money specified by this Order.

(b) The County is duly authorized under the laws of the State of Texas to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and

effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the County in accordance with their terms.

Section 9.03. Federal Income Tax Exclusion. (a) General. The County intends that the interest on the Bonds shall be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations promulgated thereunder (the "Regulations"). The County covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes. In particular, the County covenants and agrees to comply with each requirement of this Section 9.03; provided, however, that the County shall not be required to comply with any particular requirement of this Section 9.03 if the County has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or if the County has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Section 9.03 will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section 9.03.

(b) No Private Use or Payment and No Private Loan Financing. The County shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Bonds will not be used, in a manner that would cause the Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations. Moreover, the County covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations.

(c) No Federal Guarantee. The County covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Regulations, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The County covenants and agrees that it has not and will not to take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code and the Regulations.

(e) No Arbitrage. The County shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the County will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within

the meaning of section 148(a) of the Code and the Regulations. The County covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the Regulations.

(f) Arbitrage Rebate. If the County does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the County will take all necessary steps to comply with the requirement that certain amounts earned by the County on the investment of the "gross proceeds" of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the County will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the County allocable to other bond issue of the County or moneys which do not represent gross proceeds of any bonds of the County, (ii) calculate at such times as are required by the Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the County will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The County covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the Regulations.

(h) Continuing Obligation. Notwithstanding any other provision of this Order, the County's obligations under the covenants and provisions of this Section 9.03 shall survive the defeasance and discharge of the Bonds.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an "Event of Default," to-wit:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the County, the failure to perform which materially, adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Order, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the County.

Section 10.02. Remedies for Default. (a) Upon the happening of any Event of Default, then and in every case any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the County for the purpose of protecting and enforcing the rights of the Owners under this Order, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Section 10.03. Remedies Not Exclusive. (a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Order, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Order.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI

DISCHARGE

Section 11.01. Discharge by Payment. The Bonds may be defeased, refunded and discharged in any manner permitted by applicable law.

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Definitions of Continuing Disclosure Terms. As used in this Article, the following terms have the meanings assigned to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"SID" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

Section 12.02. Annual Reports. (a) The County shall provide annually to each NRMSIR and to any SID, within six (6) months after the end of each fiscal year ending in or after 2002, financial information and operating data with respect to the County of the general type included in the final Official Statement, being the information described in Exhibit A hereto. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A hereto, and (ii) audited, if the County commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the County shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for the applicable fiscal year to each NRMSIR and any SID. Thereafter, when and if audited financial statements become available, the County shall provide such audited financial statements as required to each NRMSIR and to any SID.

(b) If the County changes its fiscal year, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the County otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

Section 12.03. Material Event Notices. (a) The County shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

(i) principal and interest payment delinquencies

(ii) nonpayment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax exempt status of the Bonds;

(vii) modifications to rights of Owners;

(viii) bond calls;

(ix) defeasance;

(x) release, substitution, or sale of property securing repayment of the Bonds; and

(xi) rating changes.

(b) The County shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with Section 12.02 of this Order by the time required by such Section.

Section 12.04. Limitations, Disclaimers and Amendments. (a) The County shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the County remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the County in any event will give notice of any deposit made in accordance with Article XI that causes Bonds no longer to be Outstanding.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The County undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the County's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The County does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE COUNTY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the County in observing or performing its obligations under this Article shall comprise a breach of or default under the Order for purposes of any other provisions of this Order.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the County under federal and state securities laws.

(e) The provisions of this Article may be amended by the County 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, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds 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 (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Order that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. If the County so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.02 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

(f) Any obligation of the County to expend funds pursuant to the provisions of this Article shall be subject to the appropriation of said funds by the Commissioners Court from sources of funds legally available for such purpose.

APPROVED AND ADOPTED this May 13, 2002.

County Judge, Collin County, Texas

ATTEST:

County Clerk, Collin County, Texas

[SEAL]



EXHIBIT A
DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XII of this Order.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the County to be provided annually in accordance with such Article are as specified (and included in the Appendix or other headings of the Official Statement referred to) below:

1. The portions of the financial statements of the County appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.

2. Statistical and financial data set forth in Tables 1-7 and 9-15, inclusive.

Accounting Principles

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements referred to in Paragraph 1 above.

Purchase Contract

$8,120,000
Collin County, Texas
Limited Tax Refunding Bonds
Series 2010

October 4, 2010

The Honorable County Judge
and Members of the Commissioners Court
Collin County, Texas
2300 Bloomdale Road, Suite 3100
McKinney, Texas 75071

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the "Representative"), acting on its own behalf and on behalf of Citigroup Global Markets Inc. (jointly, the "Underwriters"), offers to enter into the following agreement with Collin County, Texas (the "Issuer") which, upon the Issuer's written acceptance of this offer (the or this "Contract"), will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Central time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Contract shall have the same meanings set forth in the Order (as defined herein) or in the Official Statement (as defined herein).

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's $8,120,000 Limited Tax Refunding Bonds, Series 2010 (the "Bonds"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriters are not acting as fiduciaries of the Issuer, but rather are acting solely in their capacities as Underwriters for their own accounts. The Representative represents and warrants to the Issuer that it has been duly authorized to execute this Contract and to act hereunder on behalf of the Underwriters.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions, yields and interest rates per annum are set forth in Schedule I hereto. The Bonds shall otherwise have such terms and provisions as set forth and as described in, and shall be issued and secured under and pursuant to the provisions of, the order authorizing the issuance of the Bonds adopted by the Commissioners Court of the Issuer on October 4, 2010 (the "Order").

The purchase price for the Bonds shall be $8,666,061.40 (representing the principal amount of the Bonds, plus an original issue premium of $588,136.20 and less an underwriting

discount of $42,074.80) plus accrued interest on the Bonds from October 1, 2010 to the date of Closing (as defined herein).

Delivered to the Issuer herewith as a good faith deposit is a corporate check of the Representative payable to the order of the Issuer in the amount of $79,100. In the event the Issuer accepts this Contract, such check shall be held uncashed by the Issuer until the time of Closing, at which time such check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Contract, such check will be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Contract (unless waived by the Representative), or should such obligations of the Underwriters be terminated for any reason permitted by this Contract, such check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters, and, except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this Contract shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters. The Representative hereby agrees not to stop or cause payment on such check to be stopped unless the Issuer has breached the terms of this Contract.

2. Public Offering. The Underwriters agree to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering prices set forth on page 3 of the Official Statement and may subsequently change such offering prices without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on page 3 of the Official Statement; provided that on or before the Closing, the Representative shall execute and deliver to Vinson & Elkins L.L.P., Dallas, Texas ("Bond Counsel") an issue price certificate for the Bonds prepared by Bond Counsel verifying the initial offering prices to the public at which the Underwriters reasonably expected to sell or in fact sold a substantial amount of each stated maturity of the Bonds to the public.

3. The Official Statement.

(a) Preliminary Official Statement. The Issuer previously has delivered, or caused to be delivered, copies of a Preliminary Official Statement, dated September 24, 2010, relating to the Bonds (the "Preliminary Official Statement"), to the Underwriters for their use in determining interest in the Bonds. The Issuer confirms that it has not prepared any document for dissemination to potential customers in connection with any offering of the Bonds (and will not do so without the consent of the Representative prior to the availability of the final Official Statement described below), except the Preliminary Official Statement. The Issuer prepared the Preliminary Official Statement for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby ratifies and approves the use by the Underwriters of the Preliminary Official Statement prior to the date hereof, and until the

availability of the final Official Statement, in connection with the public offering of the Bonds. The Issuer hereby represents and warrants that it deemed the Preliminary Official Statement final, within the meaning of Rule 15c2-12 issued by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), as of its date, except for the omission of information specified in Section (b)(1) of the Rule, as permitted by Section (b)(1) of the Rule. The Issuer hereby confirms that it does not object to the distribution of the Preliminary Official Statement in electronic form.

(b) Final Official Statement. The Issuer shall prepare and provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Contract (but, in any event, not later than within seven business days after the Issuer's acceptance of this Contract and in sufficient time to accompany any confirmation that requests payment from any customer) a final Official Statement which is complete as of the date of its delivery to the Underwriters, in such quantity and formats as the Representative shall request, and in any event in a "designated electronic format" (as defined in MSRB Rule G-32), in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). Such final Official Statement shall be substantially in form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Representative. Such final Official Statement, including the cover page, all exhibits, appendices, maps, pictures, diagrams, reports and statements included or incorporated therein or attached thereto, and any amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the "Official Statement". The Issuer hereby authorizes the Underwriters to use the Official Statement and the information contained therein in connection with the public offering and the sale of the Bonds. The Issuer hereby confirms that it does not object to the distribution of the Official Statement in electronic form. If, for any reason, the Issuer is unable or otherwise fails to deliver the final Official Statement to the Underwriters in compliance with this paragraph, the Issuer shall deliver the Preliminary Official Statement, including all amendments and supplements thereto, to the Underwriters in a "designated electronic format" (as defined in MSRB Rule G-32) at least one business day before the date of the Closing. The Issuer additionally shall provide, or cause to be provided, to the Representative on or before the date of the Closing (and, in any event, not later than within five business days of the date of the Closing) a copy of the fully executed Escrow Agreement (as hereinafter defined) in a "designated electronic format" (as defined in MSRB Rule G-32).

(c) If, after the date of this Contract to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period", as defined in the Rule, and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Underwriters with such information as the Representative may from time to time request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the

Issuer will prepare and furnish, at the Issuer's sole expense, in such quantity and in formats as the Representative shall request, and in any event in a "designated electronic format" (as defined in MSRB Rule G-32), in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB, copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Contract and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy of such supplement or amendment to the Official Statement. Unless otherwise notified in writing by the Representative, the Issuer may assume that the "end of the underwriting period", as defined in the Rule, is the date of the Closing. Additionally, if amendments are made to the Escrow Agreement during the period described above, the Issuer will prepare and provide, or cause to be provided, at the Issuer's sole expense, to the Representative a copy of the amendment or amendments to the Escrow Agreement in a "designated electronic format" (as defined in MSRB Rule G-32).

4. Representations, Warranties and Covenants of the Issuer. The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a duly organized political subdivision and body corporate and politic of the State of Texas (the "State") duly created, organized and existing under the laws of the State, and has full legal right, power and authority pursuant to the Constitution and general laws of the State, and has full legal right, power and authority pursuant to the Constitution and general laws of the State, including Chapter 1207, Texas Government Code, as amended (the "Act"), and at the date of the Closing will have full legal right, power and authority under the Act and the Order (i) to adopt the Order and to enter into, execute and deliver this Contract, any escrow or deposit agreement pertaining to the discharge of the obligations of the Issuer that are being refunded by the Bonds (the "Escrow Agreement"), and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Contract, the Escrow Agreement and the Order, which contains the Undertaking (as defined in Section 6(i)(2) hereof), are hereinafter referred to as the "Issuer Documents"), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein and (iii) to carry out and consummate the transactions described in the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all material respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance of this Contract, the Issuer has duly authorized all necessary action to be taken by it for the (i) adoption of the Order and the issuance and sale of the Bonds, (ii) approval of the Preliminary Official Statement and the Official Statement, (iii) approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents and (iv) consummation by the Issuer of all other transactions described in

the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement;

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to principles of sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Order and this Contract, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Order and enforceable in accordance with their terms, subject to principles of sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws, principles of equity relating to or affecting the enforcement of creditors' rights and principles of sovereign immunity. Upon the issuance, authentication and delivery of the Bonds as aforesaid; the Order will provide, for the benefit of the holders, from time to time, of the Bonds, for the levy and collection of an annual ad valorem tax, levied within the limits prescribed by law, for the payment of the Bonds;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or any of its property or assets are, otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Order and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or to which any of its property or assets are, otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Order;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for (i) such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds and (ii) the opinion of the Attorney General of the State approving the Bonds as required by law and the registration of the Bonds by the Comptroller of Public Accounts of the State (which approval and registration shall have been duly obtained or effected on or before the date of Closing);

(f) The Bonds and the Order conform to the descriptions thereof contained in the Official Statement under the captions "PLAN OF FINANCING" and "THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the subcaption "PLAN OF FINANCING - Sources and Uses of Proceeds" and will be used for the purposes set forth in the Order and in the Official Statement, and the Undertaking (as defined in Section 6(i)(2) hereof) conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION";

(g) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, (i) contesting the due organization and valid corporate existence of the Issuer or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the levy, assessment and/or collection of taxes pledged to the payment of principal of and interest on the Bonds pursuant to the Order, (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Order or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents; provided, however, that for all purposes of this Contract, including, without limitation, for purposes subparagraphs (h), (i) and (j) below, and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of DTC, or its book-entry-only system;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Contract) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 3 of this Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Order and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request, at no expense to the Issuer, (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding, the Issuer contained in the Official Statement fairly present the financial position of the Issuer as of the dates and for the periods therein set forth. Prior to the Closing, the Issuer will not take any action within or under its control that will cause an adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer from that described in the Official Statement. Except as may be described in the Official Statement, the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) Other than its "Collin County, Texas, Unlimited Tax Refunding Bonds, Series 2010", which bonds the Issuer reserves the right to authorize and issue at any time between the date hereof and the date of Closing, prior to the Closing the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Representative;

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Contract, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein;

(p) The Issuer covenants that between the date hereof and the Closing it will take no actions which will cause the representations and warranties made in this Section to be untrue as of the date of Closing;

(q) The Issuer, to the extent heretofore requested by the Representative, has delivered to the Underwriters true, correct, complete and legible copies of all information, applications, reports or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Bonds and, in each instance, true, correct, complete and legible copies of all correspondence or other communications relating, directly or indirectly, thereto; and

(r) To the best knowledge and belief of the Issuer, the Official Statement contains information, including financial information and operating data, as required by the Rule. The Issuer has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule during the last five years.

5. Closing.

(a) At 10:00 a.m. Central time, on November 17, 2010, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the initial Bond to the Underwriters duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Contract in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form shall be made through DTC, utilizing the book-entry-only form of issuance. The definitive Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Order, and shall be made available to the Underwriters at least one business day before the Closing for purposes of inspection at the offices of DTC or, if the Bonds are to be held in safekeeping for DTC by the Paying Agent/Registrar pursuant to DTC's FAST system, at the designated payment office of the Paying Agent/Registrar. In addition, the Issuer and the Underwriters agree that there shall be a preliminary Closing held at such place as the Issuer and the Representative shall mutually agree, commencing at least 24 hours prior to the Closing; provided, however, that such preliminary Closing shall not be required if Bond Counsel provides a complete Transcript of Proceedings acceptable to counsel for the Underwriters at least 24 hours prior to the Closing. The failure to include CUSIP numbers or the printing of an incorrect CUSIP number on any Bond shall not be a default under this Contract.

6. Closing Conditions. The Underwriters have entered into this Contract in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative, unless waived in writing by the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Contract to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Underwriters' Counsel to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Order shall have been duly adopted by the governing body of the Issuer in accordance with law and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the Bonds;

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that, in the reasonable judgment of the Representative, is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner described in the Official Statement;

(g) The Issuer shall not currently be in default on the payment of principal or interest on any of its outstanding obligations for borrowed money;

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Contract shall be reasonably satisfactory in legal form and effect to the Underwriters and their counsel;

(i) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, and the reports and audits referred to or appearing in the Official Statement;

(2) The Order with such supplements or amendments as may have been agreed to by the Representative, which shall include an undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule (the "Undertaking");

(3) The approving opinion of Bond Counsel with respect to the Bonds, in substantially the form and substance attached to the Official Statement as Appendix C;

(4) A supplemental opinion of Bond Counsel addressed to the Underwriters, substantially to the effect that:

(i) the Order has been duly adopted and is in full force and effect;

(ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Order under the Trust Indenture Act; and

(iii) such firm was not requested to participate, and 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 under the captions "PLAN OF FINANCING" (excluding the information under the subcaption "Sources and Uses of Proceeds"), "THE BONDS" (excluding the information under the subcaptions "Book-Entry-Only System" and "Bondholder's Remedies"), "TAX MATTERS", and "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Bonds for Sale", "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Matters" under the caption "OTHER INFORMATION" in the Official Statement, and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions and in Appendix C is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Order.

The supplemental opinion of Bond Counsel will also state that the Underwriters are entitled to rely upon the opinion of Bond Counsel delivered in accordance with the provisions of Section 6(i)(3) of this Contract.

(5) An opinion, dated the date of the Closing and addressed to the Underwriters, of counsel for the Underwriters, to the effect that:

(i) the Bonds are exempted securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act and the Order need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement, as of its date, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the

Official Statement and the information regarding DTC and its book-entry system, in each case as to which no view need be expressed);

(6) A certificate, dated the date of Closing, of appropriate officials of the Issuer, to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding or tax challenge against the Issuer is pending or, to such persons' knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents, (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and/or levying and/or collecting ad valorem taxes and making payments on the Bonds, pursuant to the Order, and the levy and/or collection of the taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, (e) contest the accuracy, completeness or the fairness of the Preliminary Official Statement or the Official Statement, or (f) contest the redemption of the Limited Tax Refunded Bonds; (iii) the Order has been duly adopted by the Issuer and this Contract has been duly executed by an authorized official of the Issuer, and the Order and this Contract are in full force and effect and have not been modified, amended or repealed; (iv) to the best of such persons' knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (v) there has not been any materially adverse change in the financial condition of the Issuer since September 30, 2009, the latest date as of which audited financial information is available;

(7) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code;

(8) An unqualified opinion, dated on or prior to the date of the Closing, of the Attorney General of the State, relating to the legality and validity of the Bonds and approving the Bonds as required by law;

(9) Evidence satisfactory to the Representative that the Bonds have been registered by the Comptroller of Public Accounts of the State as required by law;

(10) Any other certificates and opinions required by the Order for the issuance thereunder of the Bonds;

(11) Evidence satisfactory to the Representative that the Bonds have been rated "AAA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business and "Aaa" by Moody's Investors Service, Inc., each without regard to credit enhancement, and that such ratings are in effect as of the date of Closing;

(12) A copy of a special report prepared by Grant Thornton LLP, independent certified public accountants, addressed to the Issuer, Bond Counsel and the Representative, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Federal Securities and uninvested cash on hand under the Escrow Agreement to pay, when due, the principal of and interest on the Limited Tax Refunded Bonds, and (ii) the computation of the yields with respect to the Federal Securities and the Bonds;

(13) An executed copy of the Escrow Agreement; and

(14) Such additional legal opinions, certificates, instruments and other documents as the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

(j) Immediately following the Closing, the Issuer shall return the corporate check of the Representative delivered to the Issuer pursuant to Section 1 hereof.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Representative.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Contract, this Contract shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the good faith check), 4, 8 and 10 hereof shall continue in full force and effect.

7. Termination. The Representative shall have the right to cancel the Underwriters' obligation to purchase the Bonds if, between the date of this Contract and the date of the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Representative, reasonably exercised, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions described herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Order is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as described herein or in the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body in any jurisdiction in which more than ten percent (10%) of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto; provided that such withholding or stop order is not due to the malfeasance, misfeasance or nonfeasance of the Underwriters;

(d) a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum prices on any such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters and/or broker-dealers;

(f) any amendment to the federal or State Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), or the validity or enforceability of the assessment, levy and/or collection of taxes pledged to pay the principal of and interest on the Bonds;

(g) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any material statement or material information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Contract any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur, if any;

(i) there shall have occurred (whether or not foreseeable) any (a) new material outbreak of hostilities (including, without limitation, an act of terrorism) or (b) new material other national or international calamity or crisis, or any material adverse change in the financial or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereof;

(j) any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any notice shall have been given of any intended review for possible downgrade, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's debt obligations that are secured in a like manner as the Bonds (including any rating to be accorded the Bonds);

(l) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; provided, however, that such prohibition occurs after the date of this Contract and is not caused by the action, or failure to act, of the Underwriters;

(m) the debt ceiling of the United States is such that the Federal Securities required to fund the Escrow Agreement are not available for delivery on the date of Closing, and the Issuer is otherwise unable on the date of Closing to fund the Escrow Fund created pursuant to the terms of the Escrow Agreement; or

(n) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred.

With respect to the condition described in subparagraph (l) above, the Representative is not aware of any current, pending or proposed law or government inquiry or investigation as of

the date of execution of this Contract which would permit the Representative to invoke the Underwriters' termination rights hereunder.

8. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, the Preliminary Official Statement and the Official Statement; (ii) the fees and disbursements of Bond Counsel and counsel to the Issuer, if any; (iii) the fees and disbursements of the Financial Advisor to the Issuer; (iv) the fees and disbursements of the Paying Agent/Registrar for the Bonds, any paying agents for the Limited Tax Refunded Bonds, the verification agent and any engineers, accountants and other experts, consultants or advisers retained by the Issuer; (v) expenses incurred on behalf of Issuer's employees in connection with implementing this Contract, including, but not limited to, meals, transportation, lodging and entertainment of those employees; (vi) the fees for bond ratings; and (vii) the fees of the Attorney General of the State.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Contract, the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by the Underwriters in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters.

9. Notices. Any notice or other communication to be given to the Issuer under this Contract may be given by delivering the same in writing to its address set forth above, Attention: Mr. Jeff May, County Auditor, and any notice or other communication to be given to the Underwriters under this Contract may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 70 NE Loop 410 Suite 295, San Antonio, Texas 78216, Attention: Ms, Nora Chavez.

10. Parties in Interest. This Contract shall constitute the entire agreement between the Issuer and the Underwriters and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Contract may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters and (ii) delivery of and payment for the Bonds pursuant to this Contract. All of the Issuer's representations and warranties contained in this Contract shall remain operative and in full force and effect, regardless of any termination of this Contract.

11. Effectiveness. This Contract shall become effective upon the acceptance hereof by the Issuer and shall be valid and binding at the time of such acceptance.

12. Choice of Law. This Contract shall be governed by and construed in accordance with the laws of the State.

13. Severability. If any provision of this Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any

jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

14. Business Day. For purposes of this Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

15. Section Headings. Section headings have been inserted in this Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract and will not be used in the interpretation of any provisions of this Contract.

16. Counterparts. This Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. No Personal Liability. None of the members of the Commissioners Court, nor any officer, agent or employee of the Issuer, shall be charged personally by the Underwriters with any liability, or be held liable to the Underwriters under any term or provision of this Contract, or because of execution or attempted execution, or because of any breach or attempted or alleged breach of this Contract.

18. Status of the Underwriters. It is understood and agreed that for all purposes of this Contract and the transactions described herein, the Underwriters have, in their role as underwriters, acted solely as independent contractors and have not acted as financial or investment advisors, fiduciaries or agents to or for the Issuer, whether directly or indirectly through any person. The Issuer recognizes that the Underwriters expect to profit from the acquisition and potential distribution of the Bonds.

19. Entire Agreement. This Contract represents the entire agreement between the Issuer and the Underwriters with respect to the preparation of the Preliminary Official Statement and the Official Statement, the conduct of the offering, and the purchase and sale of the Bonds.

If the Issuer agrees with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Representative. This Contract shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this Contract shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, and
CITIGROUP GLOBAL MARKETS INC.,
the "Underwriters"

By: STIFEL, NICOLAUS & COMPANY,
INCORPORATED,
as Representative of the Underwriters

By: _____
Authorized Officer

ACCEPTANCE:

ACCEPTED AND AGREED TO at _____ a.m./p.m. Central Time on October 4, 2010.

COLLIN COUNTY, TEXAS

By: _____
County Judge

If the Issuer agrees with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Representative. This Contract shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this Contract shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, and
CITIGROUP GLOBAL MARKETS INC.,
the "Underwriters"

By: STIFEL, NICOLAUS & COMPANY,
INCORPORATED,
as Representative of the Underwriters

By: _____
Authorized Officer

ACCEPTANCE:

ACCEPTED AND AGREED TO at 10:15 a.m. p.m. Central Time on October 4, 2010.

COLLIN COUNTY, TEXAS

By: _____
County Judge

SCHEDULE I

$8,120,000
Collin County, Texas
Limited Tax Refunding Bonds
Series 2010

Dated Date: October 1, 2010
(Interest to accrue from the Dated Date)

Year (February 15)	Principal Amount	Interest Rate	Initial Yield
2011	$ 110,000	2.000 %	0.375 %
2012	285,000	2.000	0.570
2013	1,600,000	3.000	0.780
2014	1,660,000	3.000	0.980
2015	1,440,000	3.000	1.290
2016	1,485,000	3.000	1.600
2017	1,540,000	4.000	1.880

No Optional Redemption. The Bonds are not subject to redemption prior to maturity.

ESCROW AGREEMENT

Between

COLLIN COUNTY, TEXAS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Pertaining to

Collin County, Texas
Limited Tax Refunding Bonds,
Series 2010

Dated as of October 1, 2010

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ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of October 1, 2010 (herein, together with any amendments or supplements hereto, called the "Agreement"), entered into by and between COLLIN COUNTY, TEXAS (the "Issuer"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent").

W I T N E S S E T H :

WHEREAS, the Issuer has heretofore issued and there presently remain outstanding the obligations (the "Refunded Bonds") of the Issuer listed and described on Exhibit A, attached hereto;

WHEREAS, the Refunded Bonds are scheduled to mature or have been called for early redemption in such years, bear interest at such rates, and are payable at such times and in such amounts as are set forth in Exhibit B attached hereto and made a part hereof; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the maturity dates or redemption dates of the Refunded Bonds, then the Refunded Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with any place of payment for any of the Refunded Bonds, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; and

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow agreement with any such paying agent for any of the Refunded Bonds with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent may agree, provided that such deposits may be invested only in obligations authorized by Chapter 1207, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal and interest on the Refunded Bonds when due; and

WHEREAS, the Escrow Agent is the paying agent with respect to the Refunded Bonds, as described in Exhibit A hereto and this Agreement constitutes an escrow agreement of the kind authorized and required by Chapter 1207; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the other places of payment, if any, for the Refunded Bonds the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the issuance, sale, and delivery of the Collin County, Texas, Limited Tax Refunding Bonds, Series 2010 (the "Bonds") have been duly authorized for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of the Refunded Bonds at their respective maturity or redemption dates and the interest thereon to such maturity or redemption dates; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Bonds to the purchasers thereof, a portion of the proceeds of the Bonds shall be applied to purchase certain "Authorized Securities" (as herein defined) for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in the Escrow Fund; and

WHEREAS, the Authorized Securities shall mature and the interest thereon shall be payable at such times and in such amounts as will provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay the interest on the Refunded Bonds, as it accrues and becomes payable and the principal of the Refunded Bonds on their maturity dates or redemption dates; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Authorized Securities the Issuer desires to establish the Escrow Fund at the designated office of the Escrow Agent; and

WHEREAS, the Escrow Agent is a party to this Agreement and hereby acknowledges its acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby is acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Bonds, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Authorized Securities" means obligations authorized by Chapter 1207, Texas Government Code, as amended, that mature and/or bear interest payable at such times and in such amounts sufficient without reinvestment to provide for the scheduled payment of the principal of and interest on the Refunded Bonds. Investments in mutual funds and unit investment trusts are prohibited.

"Beginning Cash Balance" means the funds described in Exhibit C attached to this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions thereunder.

"Escrow Fund" means the fund created in Section 3.01 of this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

Section 1.02. Other Definitions. The terms "Agreement," "Issuer," "Escrow Agent," "Refunded Bonds," and "Bonds," when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS AND AUTHORIZIED SECURITIES

Section 2.01. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Bonds the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the Beginning Cash Balance and the Authorized Securities described in Exhibit C attached hereto and incorporated by reference as a part of this Agreement for all purposes. The Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent hereby creates on its books a special trust and irrevocable escrow fund to be known as the Collin County, Texas, Limited Tax Refunding Bonds, Series 2010 Escrow Fund (the "Escrow Fund") for the purpose of paying the principal of and interest on the Refunded Bonds as described in Exhibit A, in order to make firm banking arrangements therefor. The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the Beginning Cash Balance and the Authorized Securities described in Exhibit C attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) to the extent needed to pay the principal and interest requirements on the Refunded Bonds, are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Bonds, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer, from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Bonds at their respective maturity date or dates as of which such Refunded Bonds have been called for earlier redemption, and interest thereon when due, in the amounts and at the times shown in Exhibit B attached hereto.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents that the successive receipts of the principal of and interest on the Authorized securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to each place of payment for the Refunded Bonds, at the times and in the amounts required to pay the interest on the Refunded Bonds as such interest comes due and the principal of the Refunded Bonds as such principal comes due, all as more fully set forth in Exhibit D attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by each place of payment for the Refunded Bonds to make the payments set forth in Section 3.02 hereof, the Issuer shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional moneys in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Issuer's failure to make additional deposits thereto.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Authorized securities and all other assets of the Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Authorized securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Authorized securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds, and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Bonds shall be entitled to a preferred claim and first lien upon the Authorized securities, the proceeds thereof, and all other assets of the Escrow Fund. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right or title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by a place of payment for the Refunded Bonds.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct noncallable obligations of, or noncallable obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

ARTICLE IV

SUBSTITUTION OF AUTHORIZIED SECURITIES

Section 4.01. In General. Except as provided in Section 4.02 and 4.03 hereof, the Escrow Agent shall not have any power or duty to make substitutions for the Authorized securities described in Exhibit C hereto, or to sell, transfer, or otherwise dispose of such Authorized securities.

Section 4.02. Substitution of Authorized securities at Bond Closing. Concurrently with the sale and delivery of the Bonds, the Issuer, at its option, may substitute cash or Authorized securities for the Authorized securities listed in part III of Exhibit C attached hereto, but only if such cash and/or Authorized securities:

(a) are in an amount, and/or mature in an amount, which, together with any cash substituted for such obligations, is equal to or greater than the amount payable on the maturity date of the obligation listed in part III of Exhibit C for which such obligation is substituted, and

(b) mature on or before the maturity date of the obligation listed in part III of Exhibit C for which such obligation is substituted.

The Issuer may at any time substitute the Authorized securities listed in part III of Exhibit C which, as permitted by the preceding sentence, were not deposited to the credit of the Escrow Fund, for the cash and/or obligations that were substituted concurrently with the sale and delivery of the Bonds for such Authorized securities, provided, that upon any such substitution the Escrow Agent receives (i) a new verification report from a firm of independent certified public accountants as to the sufficiency of the Authorized securities to provide for the payment of the Refunded Bonds (assuming such substitution has been made and assuming a zero percent reinvestment rate) and (ii) an opinion of bond counsel to the effect that such substitution shall not affect the tax-exempt status of interest on the Refunded Bonds or the Bonds.

Section 4.03. Substitution of Authorized securities following Bond Closing. (a) At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of all or any portion of the Authorized securities and apply the proceeds therefrom to purchase Refunded Bonds or other Authorized securities. Any such transaction may be effected by the Escrow Agent only if (1) the Escrow Agent shall have received a written opinion from a firm of independent certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount which will be sufficient, when added to the interest to accrue thereon and assuming a zero percent reinvestment rate, to provide for the payment of principal of and interest on the remaining Refunded Bonds as they become due, and (2) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel acceptable to the Issuer and the Escrow Agent to the effect that (A) such transaction will not cause any of the Bonds to be an "arbitrage bond" within the meaning of the Code or otherwise adversely affect the tax-exempt status of the Refunded Bonds or the Bonds, and (B) that such transaction complies with the Constitution and laws of the State of Texas.

(b) The foregoing provisions of substitution notwithstanding, the Escrow Agent shall be under no obligation to effect the substitution of the Authorized securities in the manner contemplated by Subsection 4.03(a) if the Issuer fails to deliver or cause to be delivered to the Escrow Agent no later than three Business Days prior to the proposed date such substitution is to be effected a written certificate setting forth in reasonable detail the maturity dates and maturity amounts of the Authorized securities to be substituted and the proposed date such substitution is to occur.

Section 4.04. Allocation of Certain Authorized securities. The maturing principal of and interest on the Authorized securities may be applied to the payment of any Refunded Bonds and no allocation or segregation of the receipts of principal or interest from such Authorized securities is required.

Section 4.05. Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Authorized securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Bonds or Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code.

ARTICLE V

APPLICATION OF CASH BALANCES

Section 5.01. In General. Except as provided in Sections 5.02 and 5.03 hereof, neither the Issuer nor the Escrow Agent shall reinvest any moneys deposited to or held as part of the Escrow Fund.

Section 5.02. Reinvestment in SLGS. Cash balances in the Escrow Fund shall be reinvested as set forth on Exhibit E attached hereto.

Section 5.03. Reinvestment of Cash Balances. At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall permit or cause the reinvestment of cash balances in the Escrow Fund, pending the use thereof to pay when due the principal of and interest on the Refunded Bonds, in Authorized securities which obligations must mature on or before the respective dates needed for payment of the Refunded Bonds. Any such modification must include (i) an opinion of nationally recognized bond counsel that such transaction does not adversely affect the tax-exempt nature of the Bonds or the Refunded Bonds and complies with the Constitution and laws of the State of Texas and (ii) a verification report by a firm of independent certified public accountants verifying the sufficiency of the Escrow Fund and the yield on the investment thereof.

ARTICLE VI

RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts,

disbursements, allocations and application of the money and Authorized securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Bonds.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent at least annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Authorized securities and transfers from the Escrow Fund for payments on the Refunded Bonds or otherwise, together with a detailed statement of all Authorized securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII

CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Authorized securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor any place of payment for the Refunded Bonds shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Authorized securities to make timely payment thereon, except for the obligation to notify the Issuer promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Bonds shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Bonds or the Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except as a place of payment or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

The Escrow Agent may consult with counsel and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it in accordance with such advice in the absence of any fraud or negligence on the part of such counsel. The Escrow Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, written investment direction, statement, instrument, opinion, notice or other paper or document believed by it to be genuine and to have been signed by the proper party. The Escrow Agent shall have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees.

Section 7.03. Compensation. (a) Concurrently with the sale and delivery of the Bonds, the Issuer shall pay to the Escrow Agent the sum of $750 the sufficiency of which is hereby acknowledged by the Escrow Agent to pay its fee for performing the services of Escrow Agent hereunder and for all expenses incurred or to be incurred by it as Escrow Agent in the administration of this Agreement. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses. The Escrow Agent's fee does not include the cost of publication, printing costs, or reasonable out-of-pocket expenses of the Escrow Agent.

(b) Concurrently with the delivery of the Bonds, the Issuer shall pay to the Bank, as paying agent for the Refunded Bonds the amount of $600, the sufficiency of which is hereby

acknowledged by the Bank to pay all future paying agency fees with respect to the Refunded Bonds. The paying agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as paying agent or in any capacity, or for reimbursement for any of its expenses.

(c) Upon receipt of the aforesaid specific sum stated in subsection (a) of this Section, the Escrow Agent shall acknowledge such receipt to the Issuer in writing.

Section 7.04. Successor Escrow Agents. (a) If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as Escrow Agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

(b) The Escrow Agent may at any time resign and be discharged from the trust hereby created by giving not less than 60 days' written notice to the Issuer; provided, that, no such resignation shall take effect unless: (i) a successor Escrow Agent shall have been appointed by the owners of the Refunded Bonds or by the Issuer as herein provided; (ii) such successor Escrow Agent shall have accepted such appointment; (iii) the successor Escrow Agent shall have agreed to accept the fees currently in effect for the Escrow; and (iv) the Escrow Agent shall have paid over to the successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder. Such resignation shall take effect immediately upon compliance with the foregoing requirements.

(c) Any successor Escrow Agent shall be: (i) a corporation organized and doing business under the laws of the United States or the State of Texas; (ii) authorized under such laws to exercise corporate trust powers; (iii) have its principal office and place of business in the State of Texas; (iv) have a combined capital and surplus of at least $5,000,000; (v) subject to the supervision or examination by Federal or State authority and (vi) qualified to serve as Escrow Agent under the provisions of Chapter 1207.

(d) Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such

successor Escrow Agent all such rights, powers and duties. The Escrow Agent shall pay over to its successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder, shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed as follows:

To the Escrow Agent:	The Bank of New York Mellon Trust Company, N.A. Issuer Administrative Services 2001 Bryan Street, 11th Floor Dallas, Texas 75201
To the Issuer:	Collin County, Texas 2300 Bloomdale Rd., Suite 3100 McKinney, Texas 75071 Attention: County Auditor
To the Rating Agencies:	Moody's Investors Service, Inc. 2200 Ross Avenue Suite 4650 West Dallas, Texas 75201 Attention: Public Finance Department Standard & Poor's Rating Group 25 Broadway New York, New York 10004 Fitch Investors Service, L.P. 4514 Cole Avenue, Suite 600 Dallas, Texas 75205

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Either party hereto may change the address to which notices are to be delivered by giving to the other party not less than ten (10) days prior notice thereof.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Bonds or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely

to the benefit of the owners of the Refunded Bonds, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. In the event any one or more provisions hereof are held to be invalid, illegal or unenforceable the Issuer shall promptly notify each of the rating agencies then maintaining a rating on the Refunded Bonds.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective Date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in Exhibit C attached hereto and the Authorized securities, together with the specific sums stated in subsections (a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses, and services.

Section 8.08. Modification of Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Bonds, the Issuer, the Escrow Agent and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement (1) shall alter the firm financial arrangements made for the payment of the Refunded Bonds or (2) shall be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Bonds outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the Issuer and the Escrow Agent may, without the consent of holders of the Refunded Bonds, amend or modify the terms and provisions of this Agreement to cure in a manner not adverse to the holders of the Refunded Bonds any ambiguity, formal defect or omission in this Agreement. Prior notice of any such modification shall be given to each rating agency then maintaining a rating on the Refunded Bonds.

Section 8.09. Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Escrow Agent, its officers, directors, employees and agents for, and hold them harmless against, any loss, liability, or expense incurred without negligence or bad faith on their part arising out of or in connection with its acceptance or administration of the Escrow Agent's duties under this Agreement, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

ARTICLE IX

ACKNOWLEDGMENT OF RECEIPT OF NOTICE OF REDEMPTION OF REFUNDED BONDS

Section 9.01. Acknowledgment of Receipt of Notice of Redemption. The Escrow Agent, as paying agent/registrar for the Refunded Bonds, by its execution of this Escrow Agreement, hereby acknowledges receipt of the Ordinance authorizing the issuance of the Bonds, the receipt of such Ordinance constituting written notice of redemption of such Refunded Bonds, as described on Exhibit A hereto. The Escrow Agent hereby agrees to provide or cause to be provided to the registered owners of the Refunded Bonds notice of deposit and notice of redemption as required by the respective ordinances authorizing the issuance thereof.

[Execution Page Follows]

IN WITNESS WHEREOF, this Escrow Agreement has been executed in multiple counterparts, each one of which shall constitute one and the same original Agreement, as of the date and year appearing on the first page of this Agreement.

COLLIN COUNTY, TEXAS

By: _____
COUNTY JUDGE

ATTEST:

_____
COUNTY CLERK

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Escrow Agent

By: 
Title: Senior Associate

INDEX TO EXHIBITS

Exhibit A	Description of the Refunded Bonds
Exhibit B	Schedule of Debt Service on Refunded Bonds
Exhibit C	Description of Beginning Cash Balance and Authorized securities
Exhibit D	Escrow Fund Cash Flow
Exhibit E	Reinvestments in Zero Interest Rate SLGS

EXHIBIT A

SCHEDULE OF REFUNDED BONDS

Limited Tax Permanent Improvement Bonds, Series 2001

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
8/1/2001	2/15/2012	4.300%	$ 245,000	$ 245,000
	2/15/2013	4.450%	255,000	255,000
	2/15/2014	4.550%	270,000	270,000
			$ 770,000	$ 770,000

The 2012-2014 maturities will be redeemed prior to their original maturity on February 15, 2011 at par.

Limited Tax Permanent Improvement Bonds, Series 2002

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
5/1/2002	2/15/2013	4.500%	$ 1,315,000	$ 1,315,000
	2/15/2014	4.600%	1,385,000	1,385,000
	2/15/2015	4.700%	1,460,000	1,460,000
	2/15/2016	4.800%	1,535,000	1,535,000
	2/15/2017	4.850%	1,615,000	1,615,000
			$ 7,310,000	$ 7,310,000

The 2013-2017 maturities will be redeemed prior to their original maturity on February 15, 2012 at par.

EXHIBIT B

SCHEDULE OF DEBT SERVICE ON REFUNDED BONDS

(See Attached Schedules)

Final

$4,975,000

Collin County, Texas

Limited Tax Permanent Improvement Bonds

Series 2001

Debt Service To Maturity And To Call

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Coupon	Interest	Refunded D/S
11/17/2010	-	-	-	-	-	-	-
02/15/2011	770,000.00	17,083.75	787,083.75	-	4.750%	17,083.75	17,083.75
08/15/2011	-	-	-	-	-	17,083.75	17,083.75
02/15/2012	-	-	-	245,000.00	4.300%	17,083.75	262,083.75
08/15/2012	-	-	-	-	-	11,816.25	11,816.25
02/15/2013	-	-	-	255,000.00	4.450%	11,816.25	266,816.25
08/15/2013	-	-	-	-	-	6,142.50	6,142.50
02/15/2014	-	-	-	270,000.00	4.550%	6,142.50	276,142.50
02/15/2015	-	-	-	-	4.650%	-	-
02/15/2016	-	-	-	-	4.750%	-	-
02/15/2017	-	-	-	-	4.800%	-	-
02/15/2018	-	-	-	-	5.000%	-	-
02/15/2019	-	-	-	-	5.000%	-	-
02/15/2020	-	-	-	-	5.000%	-	-
02/15/2021	-	-	-	-	5.000%	-	-
Total	**$770,000.00**	**$17,083.75**	**$787,083.75**	**$770,000.00**	-	**$87,168.75**	**$857,168.75**

Yield Statistics

Average Life	2.405 Years
Weighted Average Maturity (Par Basis)	2.277 Years
Average Coupon	4.4719381%

Refunding Bond Information

Refunding Dated Date	10/01/2010
Refunding Delivery Date	11/17/2010

Final

$26,000,000

Collin County, Texas

Limited Tax Permanent Improvement Bonds

Series 2002

Debt Service To Maturity And To Call

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Coupon	Interest	Refunded D/S
11/17/2010	-	-	-	-	-	-	-
02/15/2011	-	171,756.25	171,756.25	-	4.200%	171,756.25	171,756.25
08/15/2011	-	171,756.25	171,756.25	-	-	171,756.25	171,756.25
02/15/2012	7,310,000.00	171,756.25	7,481,756.25	-	4.300%	171,756.25	171,756.25
08/15/2012	-	-	-	-	-	171,756.25	171,756.25
02/15/2013	-	-	-	1,315,000.00	4.500%	171,756.25	1,486,756.25
08/15/2013	-	-	-	-	-	142,168.75	142,168.75
02/15/2014	-	-	-	1,385,000.00	4.600%	142,168.75	1,527,168.75
08/15/2014	-	-	-	-	-	110,313.75	110,313.75
02/15/2015	-	-	-	1,460,000.00	4.700%	110,313.75	1,570,313.75
08/15/2015	-	-	-	-	-	76,003.75	76,003.75
02/15/2016	-	-	-	1,535,000.00	4.800%	76,003.75	1,611,003.75
08/15/2016	-	-	-	-	-	39,163.75	39,163.75
02/15/2017	-	-	-	1,615,000.00	4.850%	39,163.75	1,654,163.75
02/15/2018	-	-	-	-	5.000%	-	-
02/15/2019	-	-	-	-	5.000%	-	-
02/15/2020	-	-	-	-	5.000%	-	-
02/15/2021	-	-	-	-	5.000%	-	-
02/15/2022	-	-	-	-	5.000%	-	-
Total	**$7,310,000.00**	**$515,268.75**	**$7,825,268.75**	**$7,310,000.00**	-	**$1,594,081.25**	**$8,904,081.25**

Yield Statistics

Average Life	4.475 Years
Weighted Average Maturity (Par Basis)	4.347 Years
Average Coupon	4.7390499%

Refunding Bond Information

Refunding Dated Date	10/01/2010
Refunding Delivery Date	11/17/2010

EXHIBIT C

DESCRIPTION OF BEGINNING CASH BALANCE AND AUTHORIZIED SECURITIES

I. Cash

$0.61

II. State and Local Government Series Obligations

$8,588,520.00

III. Open Market Securities

None

Issue Information

Treasury Case Number 201004435
Status Complete
Issue Date 11/17/2010
Issue Amount $8,588,520.00
Rate Table Date 09/30/2010

Owner

Taxpayer Identification Number 75-6000873
Underlying Bond Issue Limited Tax Refunding Bonds, Series 2010
Owner Name Collin County, Texas
Address Line 1 2300 Bloomdale Road
Line 2 Suite 4100
Line 3
City McKinney
State TX
Zip Code 75071
Contact Name Jeff May
Telephone 972-424-1460
Fax
E-mail jmay@co.collin.tx.us

Trustee

ABA Routing Number 021000018
Bank Reference Number
Bank Name The Bank of New York Mellon Trust Company
Address Line 1 2001 Bryan Street
Line 2 11th Floor
Line 3
City Dallas
State TX
Zip Code 75201
Contact Name Shannon Straty
Telephone 214-468-6018
Fax
E-mail shannon.straty@bankofny.com

Funds for Purchase

ABA Routing Number 021000018
Bank Name The Bank of New York Mellon Trust Company
Contact Name Shannon Straty
Telephone 214-468-6018
Fax
E-mail shannon.straty@bankofny.com

ACH Institutions & Instructions

ABA Routing Number 021000018
Bank Name The Bank of New York Mellon Trust Company
Address Line 1 2001 Bryan Street
Line 2 11th Floor
Line 3
City Dallas
State TX
Zip Code 75201
Contact Name Shannon Straty
Telephone 214-468-6018
Fax
E-mail shannon.straty@bankofny.com

ABA Routing Number 021000018
Account Name TAS #
Account Number 8900101474
Account Type Checking

Subscriber

ABA/TIN 75-0708002
Organization Name First Southwest Company
Address Line 1 325 N. St. Paul Street
Line 2 Suite 800
Line 3
City Dallas
State TX
Zip Code 75201
Contact Name Nicholas Bulaich
Telephone 214-953-8896
Fax 214-953-4050
E-mail nick.bulaich@firstsw.com

Viewers

ABA/TIN	Organization Name
No Viewers Assigned	

Securities

Security Number	Security Type	Principal Amount	Interest Rate	Maturity Date	First Interest Payment Date	Security Description
1	C of I	$953,942.00	0.140000000	02/15/2011		
2	C of I	$162,163.00	0.210000000	08/15/2011		
3	Note	$7,472,415.00	0.250000000	02/15/2012	02/15/2011	

EXHIBIT D

ESCROW FUND CASH FLOW

(See Attached Schedules)

Final

$8,120,000

Collin County, Texas

Limited Tax Refunding Bonds, Series 2010

Current Refunding Escrow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
11/17/2010	-	-	-	0.61	-	0.61
02/15/2011	953,942.00	0.140%	4,898.03	958,840.03	958,840.00	0.64
08/15/2011	162,163.00	0.210%	9,593.35	171,756.35	171,756.25	0.74
02/15/2012	7,472,415.00	0.250%	9,340.51	7,481,755.51	7,481,756.25	-
Total	**$8,588,520.00**	-	**$23,831.89**	**$8,612,352.50**	**$8,612,352.50**	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield
Cash Deposit	0.61
Cost of Investments Purchased with Bond Proceeds	8,588,520.00
Total Cost of Investments	$8,588,520.61
Target Cost of Investments at bond yield	$8,476,432.42
Actual positive or (negative) arbitrage	(112,088.19)
Yield to Receipt	0.2468999%
Yield for Arbitrage Purposes	1.4223188%
State and Local Government Series (SLGS) rates for	9/30/2010

Current Refunding Escrow Summary Cost

Maturity	Type	Coupon	Yield	Price	Par Amount	Principal Cost	+Accrued Interest	= Total Cost
Current Refunding Escrow								
02/15/2011	SLGS-CI	0.140%	0.140%	100-.000000	953,942	953,942.00	-	953,942.00
08/15/2011	SLGS-CI	0.210%	0.210%	100-.000000	162,163	162,163.00	-	162,163.00
02/15/2012	SLGS-NT	0.250%	0.250%	100-.000000	7,472,415	7,472,415.00	-	7,472,415.00
Subtotal		-	-	-	**$8,588,520**	**$8,588,520.00**	-	**$8,588,520.00**
Total		-	-	-	**$8,588,520**	**$8,588,520.00**	-	**$8,588,520.00**

Current Refunding Escrow	
Cash Deposit	0.61
Cost of Investments Purchased with Bond Proceeds	8,588,520.00
Total Cost of Investments	$8,588,520.61

Delivery Date	11/17/2010

EXHIBIT E

REINVESTMENTS IN ZERO INTEREST RATE SLGS

None

PAYING AGENT/REGISTRAR AGREEMENT

between

COLLIN COUNTY, TEXAS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Pertaining to

Collin County, Texas
Limited Tax Refunding Bonds
Series 2010

Dated as of October 4, 2010

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PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (this "Agreement") is by and between Collin County, Texas (the "Issuer"), and The Bank of New York Mellon Trust Company, N.A. (the "Bank"), a New York State banking corporation authorized to do business in the State of Texas.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Limited Tax Refunding Bonds, Series 2010 (the "Bonds"), in an aggregate principal amount of $8,120,000 to be issued as registered securities without coupons;

WHEREAS, all things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof;

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Bonds, in accordance with the terms thereof, and that the Bank act as Registrar for the Bonds;

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment. (a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Bonds in paying to the Owners of the Bonds the principal, redemption premium, if any, and interest on all or any of the Bonds.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Bonds.

(c) The Bank hereby accepts its appointment, and agrees to act as, the Paying Agent and Registrar.

Section 1.02. Compensation. (a) As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A hereto for the first year of this Agreement, or such part thereof, this Agreement shall be in effect, and thereafter while this Agreement is in effect, the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for counties, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

(b) In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance

with any of the provisions hereof, including the reasonable compensation and the expenses and disbursements of its agents and counsel.

ARTICLE II

DEFINITIONS

Section 2.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

"Bond" or "Bonds" means any or all of the Issuer's Limited Tax Refunding Bonds, Series 2010 dated October 1, 2010, and issued in the aggregate principal amount of $8,120,000.

"Designated Payment/Transfer Office" means the corporate trust office of the Bank located in Dallas, Texas, or in such other location as designated by the Paying Agent/Registrar. The Bank will notify the Issuer in writing of any change in the location of the Designated Payment/Transfer Office.

"Financial Advisor" means First Southwest Company.

"Fiscal Year" means the fiscal year of the Issuer.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the County Judge, the County Clerk, or any other authorized representative of the Issuer and delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized by applicable law to be closed.

"Order" means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Bonds are issued, certified by the County Clerk or any other officer of the Issuer, and delivered to the Bank.

"Owner" means the Person in whose name a Bond is registered in the Register.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision of a government.

"Predecessor Bonds" of any particular Bond means every previous Bond evidencing all or a portion of the same obligation as that evidenced by such particular Bond (and, for the purposes of this definition, any Bond registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Bond).

"Record Date" means the last business day of the month next preceding an interest payment date established by the Order.

"Register" means a register in which the Issuer shall provide for the registration and transfer of Bonds.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice Chairman of the Board of Directors, the Chairman or Vice Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Stated Maturity" means the date specified in the Order as the fixed date on which the principal of the Bonds is due and payable or the date fixed in accordance with the terms of the Order for redemption of the Bonds, or any portion thereof, prior to the fixed maturity date.

Section 2.02. Other Definitions. The terms "Bank" and "Issuer" have the meanings assigned to them in the opening paragraph of this Agreement.

ARTICLE III

PAYING AGENT

Section 3.01. Duties of Paying Agent. (a) The Bank, as Paying Agent and on behalf of the Issuer, provided adequate funds shall have been provided to it for such purpose on behalf of the Issuer, shall pay to the Owner at the Stated Maturity and upon the surrender of the Bond or Bonds so maturing at the Designated Payment/Transfer Office, the amount of the Bond or Bonds then maturing, and redemption premium, if any, at the Designated Payment/Transfer Office provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payment.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Bonds to each Owner of the Bonds (or their Predecessor Bonds) as shown in the Register at the close of business on the Record Date, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payments; such payments shall be made by computing the amount of interest to be paid each Owner, preparing the checks, and mailing the checks on each payment date addressed to the addresses thereof as appearing on the Register on the Record Date.

Section 3.02. Payment Dates. The Issuer hereby instructs the Bank to pay the principal of, redemption premium, if any, and interest on the Bonds at the dates specified in the Order.

ARTICLE IV

REGISTRAR

Section 4.01. Transfer and Exchange. (a) The Bank, as Registrar and on behalf of the Issuer, shall keep the Register at the Bank Office, and the Designated Payment/Transfer Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished the Bank herewith or subsequent hereto by Issuer Order, the Issuer shall provide for the registration and transfer of the Bonds. The Bank is hereby appointed "Registrar" for the purpose of registering and transferring the Bonds as herein provided. The Bank agrees to maintain the Register while it is Registrar.

(b) The Bank as Registrar hereby agrees that at any time while any Bond is outstanding, the Owner may deliver such Bond to the Designated Payment/Transfer Office for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Bond is to be transferred and the addresses of such persons; the Bank shall thereupon, within not more than three (3) business days, register and deliver such Bond or Bonds as provided in such instructions. The provisions of the Order shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions of the Order.

(c) Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed in a manner acceptable to the Paying Agent/Registrar and in form satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing.

(d) The Bank may request any supporting documentation it feels necessary to effect a re-registration.

Section 4.02. The Bonds. The Issuer shall provide an adequate inventory of unregistered Bonds to facilitate transfers. The Bank covenants that it will maintain the unregistered Bonds in safekeeping and will use reasonable care in maintaining such unregistered Bonds in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03. Form of Register. (a) The Bank as Registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and utilizes at the time.

(b) The Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Owners. (a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the

Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

(b) Unless otherwise required by law, the Bank will not release or disclose the content of the Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer. Upon receipt of a subpoena or court order, the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

(c) At all times, while the Bank is the Registrar, the Bank shall maintain and have available a copy of the Register at its office in Dallas, Texas.

Section 4.05. Cancellation of Bonds. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Bonds previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Bank. All canceled Bonds held by the Bank shall be disposed of pursuant to the Securities Exchange Act of 1934.

Section 4.06. Mutilated, Destroyed, Lost, or Stolen Bonds. (a) Subject to the provisions of this Section 4.06, the Issuer hereby instructs the Bank to deliver fully registered Bonds in exchange for or in lieu of mutilated, destroyed, lost, or stolen Bonds as long as the same does not result in an overissuance.

(b) If (i) any mutilated Bond is surrendered to the Bank at the Designated Payment/Transfer Office, or the Issuer and the Bank receives evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then in the absence of notice to the Issuer or the Bank that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Bank shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Order equally and ratably with all other outstanding Bonds.

(d) Upon the satisfaction of the Bank and the Issuer that a Bond has been mutilated, destroyed, lost, or stolen, and upon receipt by the Bank and the Issuer of such indemnity or security as they may require, the Bank shall cancel the Bond number on the Bond registered with a notation in the Register that said Bond has been mutilated, destroyed, lost, or stolen; and a new Bond shall be issued of the same series and of like tenor and principal amount bearing a number, according to the Register, not contemporaneously outstanding.

(e) The Bank may charge the Owner the Bank's fees and expenses in connection with issuing a new Bond in lieu of or exchange for a mutilated, destroyed, lost, or stolen Bond.

(f) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed Bonds and any future substitute blanket bond for lost, stolen, or destroyed Bonds that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen, or destroyed Bonds by the Bank is available for inspection by the Issuer on request.

Section 4.07. Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Bonds it has paid pursuant to 3.01; Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 4.01; and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Bonds pursuant to Section 4.06 of this Agreement.

ARTICLE V

THE BANK

Section 5.01. Duties of Bank. The Bank undertakes to perform the duties set forth herein and in accordance with the Order and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Bonds to pay the Bonds as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent. The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Bonds in the manner described in the closing memorandum prepared by the Issuer's financial advisor or other agent on behalf of the Issuer. The Bank may act on a facsimile or email transmission of the closing memorandum acknowledged by the Issuer's financial advisor or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02. Reliance on Documents, Etc. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that

repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Bonds, but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Owner or an attorney-in-fact of the Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security, or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and the Bank.

Section 5.03. Recitals of Issuer. (a) The recitals contained herein and in the Bonds shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner, or any other Person for any amount due on any Bond except as otherwise expressly provided herein with respect to the liability of the Bank for its duties under this Agreement.

Section 5.04. May Hold Bonds. The Bank, in its individual or any other capacity, may become the Owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Money Held by Bank. (a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

(b) The Bank shall be under no liability for interest on any money received by it hereunder.

(c) Subject to the provisions of Title 6, Texas Property Code, any money deposited with the Bank for the payment of the principal or redemption premium, if any, of or interest on any Bond and remaining unclaimed for three years after final maturity of the Bond will be paid by the Bank to the Issuer, and the Owner of such Bond shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease.

(d) The Bank will comply with the reporting requirements of Chapter 74 of the Texas Property Code.

(e) When the Bank is not the Owner of all of the Bonds outstanding, the Bank shall deposit any moneys received from the Issuer into a trust account to be held in a fiduciary capacity for the payment of the Bonds, with such moneys in the account that exceed the deposit insurance available to the Issuer provided by the Federal Deposit Insurance Corporation to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas and to the extent practicable under the laws of the United States of America to secure and be pledged as collateral for trust accounts until the principal and interest on the Bonds have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Bonds shall, at its own expense and risk, request such other medium of payment.

Section 5.06. Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank, its officers, directors, employees, and agents for, and hold them harmless against, any loss, liability, or expense incurred without negligence or bad faith on their part arising out of or in connection with its acceptance or administration of the Bank's duties hereunder, and under Article V of the Order, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demands or controversy over its persons as well as funds on deposit in the appropriate state or federal court located in the State of Texas; waive personal service of any process; and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction within the State of Texas to determine the rights of any person claiming any interest herein.

Section 5.08. Merger, Conversion, Consolidation, or Succession. Any corporation into which the Paying Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Paying Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Paying Agent shall be the successor of the Paying Agent hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or

the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown below:

(a) if to the Issuer: Collin County, Texas
200 South McDonald Street,
Suite 300
McKinney, Texas 75069
Attention: County Auditor

(b) if to the Bank: The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street, 11th Floor
Dallas, Texas 75201
Attention: Issuer Administrative Services

Section 6.04. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06. Separability. If any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08. Entire Agreement. This Agreement and the Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar, and if any conflict exists between this Agreement and the Order, the Order shall govern.

Section 6.09. Counterparts. This Agreement may be executed in any number of counterparts, each which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination. (a) This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal, redemption premium, if any, and interest of the Bonds.

(b) This Agreement may be earlier terminated upon sixty (60) days written notice by either party, provided that no termination shall be effective until a successor has been appointed by the Issuer and has accepted the duties imposed by this Agreement.

(c) The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

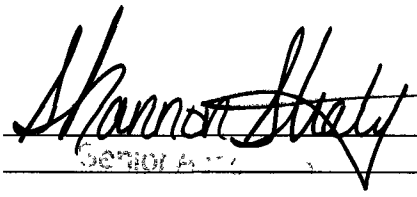
COLLIN COUNTY, TEXAS

By: _____
County Judge

ATTEST:

_____
County Clerk

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.

By: 
Title: _____

ANNEX "A"

SCHEDULE OF FEES FOR SERVICE AS PAYING AGENT/REGISTRAR

BNY MELLON
CORPORATE TRUST

Fee Schedule

Collin County, Texas Limited Tax Refunding Bonds, Series 2010

Acceptance Fee **None**

A one-time charge covering the Bank Officer's review of governing documents, communication with members of the closing party, including representatives of the issuer, investment banker(s) and attorney(s), establishment of procedures and controls, set-up of trust accounts and tickler suspense items and the receipt and disbursement/investment of bond proceeds. This fee is payable on the closing date.

Annual Paying Agent Administration Fee **$500**

An annual charge covering the normal paying agent duties related to account administration and bondholder services. Our pricing is based on the assumption that the bonds are DTC-eligible/book-entry only. If the bonds are certificated or physical, then we will have to charge an additional $1000 per year as a paying agent. This fee is payable annually, in advance.

Escrow Agent Fee: **See Breakdown Below**

The Escrow Agent Fee covers the consideration of documents and the normal administrative duties of the escrow agent according to the governing documents. For a full year or partial year escrow the fee is $750 per year. Should the escrow account or depository account be open for less than two months, then we will reduce our fee to $375. Should we not open an escrow, depository or similar account, we will not charge for such services. This fee is payable on the closing date.

Pricing for Call or Redemptions of Bonds ***Per Call*** **$300**

Call Pricing includes distribution of the call notice to holders of record, redemption processing, and notification to EMMA. Any publication expenses (i.e. Bond Buyer, regional periodical, financial periodicals, etc.) for the call notice will be billed to the Issuer at cost.

Extraordinary Services/Misc Fees: **At Appraisal**

The charges for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNY Mellon's sole discretion. If it is contemplated that the Trustee hold and/or value collateral or enter into any investment contract, forward purchase or similar or other agreement, additional acceptance, administration and counsel review fees will be applicable to the agreement governing such services. If the bonds are converted to certificated form, additional annual fees will be charged for any applicable tender agent and/or registrar/paying agent services. Additional information will be provided at such time. Should this transaction terminate prior to closing, all out-of-pocket expenses incurred, including legal fees, will be billed at cost. If all outstanding bonds of a series are defeased or called in full prior to their maturity, a termination fee may be assessed at that time.

These extraordinary services may include, but are not limited to, supplemental agreements, consent operations, unusual releases, tender processing, sinking fund redemptions, failed remarketing processing, the preparation

of special or interim reports, custody of collateral, a one-time fee to be charged upon termination of an engagement. Counsel, accountants, special agents and others will be charged at the actual amount of fees and expenses billed, UCC filing fees, money market sweep fees, auditor confirmation fees, wire transfer fees, transaction fees to settle third-party trades and reconcilement fees to balance trust account balances to third-party investment provider statements

Annual fees include one standard audit confirmation per year without charge. Standard audit confirmations include the final maturity date, principal paid, principal outstanding, interest cycle, interest paid, cash and asset information, interest rate, and asset statement information. Non-standard audit confirmation requests may be assessed an additional fee. Periodic tenders, sinking fund, optional or extraordinary call redemptions will be assessed at $300 per event. FDIC or other governmental charges will be passed along to you as incurred.

Terms and Disclosures

Terms of Proposal

Final acceptance of the appointment under the Indenture is subject to approval of authorized officers of BNYM and full review and execution of all documentation related hereto. Please note that if this transaction does not close, you will be responsible for paying any expenses incurred, including Counsel Fees. We reserve the right to terminate this offer if we do not enter into final written documents within three months from the date this document is first transmitted to you. Fees may be subject to adjustment during the life of the engagement.

Customer Notice Required by the USA Patriot Act

To help the US government fight the funding of terrorism and money laundering activities, US Federal law requires all financial institutions to obtain, verify, and record information that identifies each person (whether an individual or organization) for which a relationship is established.

What this means to you: When you establish a relationship with BNYM, we will ask you to provide certain information (and documents) that will help us to identify you. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us to identify you. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

We thank you for your assistance.

REGISTERED

REGISTERED

No. R-1

$110,000

United States of America
State of Texas

COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BOND
SERIES 2010

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP NUMBER:
2.000%	February 15, 2011	October 1, 2010	194738 5D8

Collin County (the "County"), State of Texas, for value received, hereby promises to pay to

CEDE & CO.

or registered assigns, on the Maturity Date specified above, the sum of

ONE HUNDRED TEN THOUSAND DOLLARS

SPECIMEN

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Original Issue Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2011.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A. (the "Designated Payment/Transfer Office"), as the initial Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of

REGISTERED REGISTERED

No. R-2 $285,000

United States of America
State of Texas

COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BOND
SERIES 2010

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP NUMBER:
2.000%	February 15, 2012	October 1, 2010	194738 5E6

Collin County (the "County"), State of Texas, for value received, hereby promises to pay to

CEDE & CO

SPECIMEN

or registered assigns, on the Maturity Date specified above, the sum of

TWO HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Original Issue Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2011.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A. (the "Designated Payment/Transfer Office"), as the initial Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of

REGISTERED REGISTERED

No. R-3 $1,600,000

United States of America
State of Texas

COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BOND
SERIES 2010

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP NUMBER:
3.000%	February 15, 2013	October 1, 2010	194738 5F3

Collin County (the "County"), State of Texas, for value received, hereby promises to pay to

CEDE & CO

or registered assigns, on the Maturity Date specified above, the sum of

ONE MILLION SIX HUNDRED THOUSAND DOLLARS

SPECIMEN

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Original Issue Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2011.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A. (the "Designated Payment/Transfer Office"), as the initial Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of

REGISTERED REGISTERED

No. R-4 $1,660,000

United States of America
State of Texas

COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BOND
SERIES 2010

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP NUMBER:
3.000%	February 15, 2014	October 1, 2010	194738 5G1

Collin County (the "County"), State of Texas, for value received, hereby promises to pay to

CEDE & CO.

or registered assigns, on the Maturity Date specified above, the sum of

SPECIMEN

ONE MILLION SIX HUNDRED SIXTY THOUSAND DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Original Issue Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2011.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A. (the "Designated Payment/Transfer Office"), as the initial Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of

REGISTERED REGISTERED

No. R-5 $1,440,000

United States of America
State of Texas

COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BOND
SERIES 2010

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP NUMBER:
3.000%	February 15, 2015	October 1, 2010	194738 5H9

Collin County (the "County"), State of Texas, for value received, hereby promises to pay to

CEDE & CO.

SPECIMEN

or registered assigns, on the Maturity Date specified above, the sum of

ONE MILLION FOUR HUNDRED FORTY THOUSAND DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Original Issue Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2011.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A. (the "Designated Payment/Transfer Office"), as the initial Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of

REGISTERED REGISTERED

No. R-6 $1,485,000

United States of America
State of Texas

COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BOND
SERIES 2010

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP NUMBER:
3.000%	February 15, 2016	October 1, 2010	194738 5J5

Collin County (the "County"), State of Texas, for value received, hereby promises to pay to

SPECIMEN

CEDE & CO.

or registered assigns, on the Maturity Date specified above, the sum of

ONE MILLION FOUR HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Original Issue Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2011.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A. (the "Designated Payment/Transfer Office"), as the initial Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of

REGISTERED REGISTERED

No. R-7 $1,540,000

United States of America
State of Texas

COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BOND
SERIES 2010

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP NUMBER:
4.000%	February 15, 2017	October 1, 2010	194738 5K2

Collin County (the "County"), State of Texas, for value received, hereby promises to pay to

CEDE & CO.

SPECIMEN

or registered assigns, on the Maturity Date specified above, the sum of

ONE MILLION FIVE HUNDRED FORTY THOUSAND DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Original Issue Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2011.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A. (the "Designated Payment/Transfer Office"), as the initial Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of

interest on a scheduled interest 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 (the "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 Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the County in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of $8,120,000 (herein referred to as the "Bonds") pursuant to a certain order of the Commissioners Court of the County (the "Order") for the public purpose of providing funds to (i) refund the Refunded Bonds and (ii) pay the costs of issuance related to the Bonds.

SPECIMEN

This Bond and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, within the limit prescribed by law, against all taxable property in the County as described and provided in the Order.

This Bond is not subject to redemption prior to maturity.

As provided in the Order, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The County, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the County nor the Paying Agent/Registrar shall be affected by notice to the contrary.

Neither the County nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the County, including the Bonds, does not exceed any constitutional or statutory limitation.



IN WITNESS WHEREOF, the County has caused this Bond to be executed by the manual or facsimile signature of the County Judge, countersigned by the manual or facsimile signature of the County Clerk of the County, and the official seal of the County has been duly impressed or placed in facsimile on this Bond.

County Clerk, Collin County

County Judge, Collin County



SPECIMEN

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Order.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as
Paying Agent/Registrar

Dated: _____ By: _____
Authorized Signatory

SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

_____

_____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

SPECIMEN

Dated: _____

Signature Guaranteed By:

_____

_____
Authorized Signatory

NOTICE: The Signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers.

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.

FirstSouthwest
Continuing Disclosure Services

PRELIMINARY OFFICIAL STATEMENT

Dated September 24, 2010

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

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, 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. 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 BE** DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$16,885,000*
COLLIN COUNTY, TEXAS
UNLIMITED TAX REFUNDING BONDS, SERIES 2010

Dated Date: October 1, 2010

Due: February 15, as shown below

PAYMENT TERMS . . . Interest on the $16,885,000* Collin County, Texas, Unlimited Tax Refunding Bonds, Series 2010 (the "Unlimited Tax Bonds") will accrue from October 1, 2010 (the "Dated Date"), and will be payable February 15 and August 15 of each year commencing February 15, 2011, and 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 (the "State"), particularly, Chapter 1207, Texas Government Code, as amended, and are direct obligations of Collin County, Texas (the "County"), payable from a continuing annual ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the order authorizing the Unlimited Tax Bonds (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) refund a portion of the County's outstanding unlimited tax debt described in Schedule I (the "Unlimited Tax Refunded Bonds" and together with the Limited Tax Refunded Bonds, the "Refunded Bonds") for debt service savings; and (ii) pay costs of issuance associated with the sale of the Unlimited Tax Bonds.

MATURITY SCHEDULE*

CUSIP Prefix: 194738 (1)

Amount	Maturity	Interest Rate	Initial Yield	CUSIP Suffix (1)
$ 225,000	2011			
1,835,000	2012			
1,870,000	2013			
1,065,000	2014			
1,155,000	2015			
$ 2,465,000	2016			
2,525,000	2017			
1,840,000	2018			
1,915,000	2019			
1,990,000	2020			

(Accrued interest from October 1, 2010 to be added)

(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.

NO OPTIONAL REDEMPTION . . . The Unlimited Tax Bonds are not subject to redemption prior to maturity.

SEPARATE ISSUES . . . The Unlimited Tax Bonds are being offered by the County concurrently with its Limited Tax Refunding Bonds, Series 2010 (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 Vinson & Elkins L.L.P., Bond Counsel, Dallas, Texas (see Appendix C - "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by Fulbright & Jaworski 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 November 17, 2010.

STIFEL NICOLAUS **CITI**

* Preliminary, subject to change.

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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.

FirstSouthwest
Continuing Disclosure Services

PRELIMINARY OFFICIAL STATEMENT

Dated September 24, 2010

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

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, 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. 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 BE** DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$7,910,000*
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS, SERIES 2010

Dated Date: October 1, 2010

Due: February 15, as shown below

PAYMENT TERMS . . . Interest on the $7,910,000* Collin County, Texas, Limited Tax Refunding Bonds, Series 2010 (the "Limited Tax Bonds") will accrue from October 1, 2010 (the "Dated Date"), and will be payable February 15 and August 15 of each year commencing February 15, 2011, and 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 issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly, Chapter 1207, Texas Government Code, as amended, and are direct obligations of Collin County, Texas (the "County"), payable from a continuing ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the order authorizing the Limited Tax Bonds (the "Limited Tax Bond Order") (see "The Bonds - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Limited Tax Bonds will be used to (i) refund a portion of the County's outstanding limited tax debt described in Schedule I (the "Limited Tax Refunded Bonds" and together with the Unlimited Tax Refunded Bonds the "Refunded Bonds") for debt service savings; and (ii) pay the costs of issuance associated with the sale of the Limited Tax Bonds.

MATURITY SCHEDULE*

CUSIP Prefix: 194738 (1)

Amount	Maturity	Interest Rate	Initial Yield	CUSIP Suffix (1)
$ 65,000	2011			
225,000	2012			
1,550,000	2013			
1,625,000	2014			
$ 1,410,000	2015			
1,480,000	2016			
1,555,000	2017			

(Accrued interest from October 1, 2010 to be added)

(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.

NO OPTIONAL REDEMPTION . . . The Limited Tax Bonds are not subject to redemption prior to maturity.

SEPARATE ISSUES . . . The Limited Tax Bonds are being offered by the County concurrently with its Unlimited Tax Refunding Bonds, Series 2010 (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 Vinson & Elkins L.L.P., Bond Counsel, Dallas, Texas (see Appendix C - "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by Fulbright & Jaworski 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 November 17, 2010.

STIFEL NICOLAUS **CITI**

* 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 $16,885,000* Unlimited Tax Refunding Bonds, Series 2010 (the "Unlimited Tax Bonds"). The Unlimited Tax Bonds mature serially on February 15 in each of the years 2011 through 2020 (see "The Bonds - Description of the Bonds").
THE LIMITED TAX BONDS	The Limited Tax Bonds are issued as $7,910,000* Limited Tax Refunding Bonds, Series 2010 (the "Limited Tax Bonds"). The Limited Tax Bonds mature serially on February 15 in each of the years 2011 through 2017 (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 October 1, 2010, and is payable February 15, 2011, and each August 15 and February 15 thereafter until maturity (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, Chapter 1207, Texas Government Code, as amended, and the Unlimited Tax Bond Order adopted by the Commissioners Court of the County (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 the Limited Tax Bond Order adopted by the Commissioners Court of the County (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"). 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").
QUALIFIED TAX-EXEMPT OBLIGATIONS	The County will designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions (see "Tax Matters - Purchase of the Bonds by Financial Institutions").
NO REDEMPTION	The Bonds are not subject to redemption prior to maturity.
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law 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) refund a portion of the County's outstanding unlimited tax debt described in Schedule I (the "Unlimited Tax Refunded Bonds" and together with the Limited Tax Refunded Bonds, the "Refunded Bonds") for debt service savings; 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 to (i) refund a portion of the County's outstanding limited tax debt described in Schedule I (the "Limited Tax Refunded Bonds") for debt service savings; and (ii) pay 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
2007	690,500	$ 61,953,733,487	$ 89,723	$ 364,110,000	$ 527	0.59%	102.52%
2008	740,000	68,635,438,320	92,751	389,985,000	527	0.57%	102.17%
2009	748,050	71,819,163,811	96,009	409,395,000	547	0.57%	101.51%
2010	786,250	72,388,951,258	92,069	383,805,000	488	0.53%	102.62% [3]
2011	801,865	71,277,687,478	88,890	356,965,000 [2]	445	0.50%	N/A

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

(3) Collections for part year only, through September 1, 2010.

COUNTY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

Commissioners Court	Term Expires
Keith Self County Judge	12/31/2010
Matt Shaheen Commissioner, Precinct No. 1	12/31/2012
Jerry Hoagland Commissioner, Precinct No. 2	12/31/2010
Joe Jaynes Commissioner, Precinct No. 3	12/31/2012
Kathy Ward Commissioner, Precinct No. 4	12/31/2010

OTHER ELECTED AND APPOINTED OFFICIALS

Name	Position	Term Expires
Bill Bilyeu	County Administrator	Appointed by Commissioners Court
Jeff May	County Auditor	Appointed by District Judges
Monika Arris	Budget Director	Appointed by Commissioners Court
Stacey Kemp	County Clerk	12/31/2010
Kenneth L. Maun	Tax Assessor-Collector	12/31/2012

CONSULTANTS AND ADVISORS

Certified Public Accountants ..... Pattilla, Brown & Hill, L.L.P.
Waco, Texas

Bond Counsel ..... Vinson & Elkins L.L.P.
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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$16,885,000*	$7,910,000*
UNLIMITED TAX REFUNDING BONDS, SERIES 2010	LIMITED TAX REFUNDING BONDS, SERIES 2010

INTRODUCTION

This Official Statement, which includes the Appendices and Schedule I hereto, provides certain information regarding the issuance of $16,885,000* Unlimited Tax Refunding Bonds, Series 2010 (the "Unlimited Tax Bonds") and $7,910,000* Limited Tax Refunding Bonds, Series 2010 (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") to be adopted by the Commissioners Court of Collin County (the "County") on the date of sale of the Bonds which will authorize the issuance of the Bonds.

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 " 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 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) refund a portion of the County's outstanding unlimited tax debt described in Schedule I (the "Unlimited Tax Refunded Bonds" and together with the Limited Tax Refunded Bonds, the "Refunded Bonds") for debt service savings; and (ii) 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 to (i) refund a portion of the County's outstanding limited debt described in Schedule I (the "Limited Tax Refunded Bonds") for debt service savings; and (ii) pay the costs of issuance associated with the sale of the Limited Tax Bonds.

REFUNDED BONDS . . . The principal of and interest due on the Limited Tax Refunded Bonds and Unlimited Tax Refunded Bonds are to be paid on the scheduled interest payment dates and redemption dates for the Limited Tax Refunded Bonds and Unlimited Tax 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 and the Unlimited Tax Bond Order will provide that a portion of the proceeds from the sale of the Limited Tax Bonds and the Unlimited Tax Bonds, respectively, in amounts sufficient to accomplish the discharge and final payment of the Limited Tax Refunded Bonds and the Unlimited Tax Refunded Bonds, will be deposited with the Escrow Agent pursuant to the Escrow Agreement for deposit to special escrow funds (the "Limited Tax Escrow Fund" and the "Unlimited Tax Escrow Fund" and together, the "Escrow Funds") established under the Escrow Agreement for the payment of the Limited Tax Refunded Bonds and the Unlimited Tax Refunded Bonds. Amounts on deposit in the Escrow Funds will be used to purchase obligations of some or all of the following types: (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Commissioners Court of the County adopts or approves the proceedings authorizing the issuance of the refunding bonds, 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 Commissioners Court of the County adopts or approves the proceedings authorizing the issuance of the refunding bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent (the "Escrowed Securities").Under the Escrow Agreement, the Escrow Funds are 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 and the Unlimited Tax Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the respective Escrow Funds will be sufficient to pay, when due, the principal of and interest on the Limited Tax Refunded Bonds and the Unlimited Tax Refunded Bonds, respectively. **Maturing principal of and interest on the Escrowed Securities in the Limited Tax Escrow Fund will not be available to pay the Unlimited Tax Bonds. Maturing principal of and interest on the Escrowed Securities in the Unlimited Tax Escrow Fund will not be available to pay the Limited Tax Bonds.** (see "OTHER INFORMATION – Verification of Arithmetical and Mathematical Computations").

By the deposit of the Escrowed 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 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.

The County will covenant in the Escrow Agreement to make timely deposits to the Escrow Funds, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Bonds if for any reason the cash balances on deposit or scheduled to be on deposit in the respective Escrow Funds are insufficient to make such payment.

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:

	Unlimited Tax Bonds	Limited Tax Bonds
Sources of Funds		
Par Amount of Bonds	$ -	$ -
Net Original Issue Premium	-	-
Total Sources of Funds	$ -	$ -
Uses of Funds		
Deposit to Escrow Fund	$ -	$ -
Costs of Issuance [1]	-	-
Total Uses of Funds	$ -	$ -

(1) Includes the Underwriters' Discount.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated October 1, 2010 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on the cover page and page 3 hereof. Interest will accrue from the Dated Date, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15, commencing February 15, 2011. 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 being issued pursuant to (i) the Texas Constitution and general laws of the State of Texas, particularly, Chapter 1207, Texas Government Code, as amended, and (ii) the Unlimited Tax Bond Order.

The Limited Tax Bonds are being issued pursuant to (i) the Texas Constitution and general laws of the State of Texas, particularly, Chapter 1207, Texas Government Code, as amended, and (ii) the Limited Tax Bond Order.

SECURITY AND SOURCES OF PAYMENT . . .

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.

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.

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...The Texas Constitution (Article VIII, Section 9) imposes a limit of $0.80 per $100 of assessed valuation for general fund, permanent 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 Section 9, Article VIII, 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.

NO OPTIONAL REDEMPTION . . . The Bond are not subject to optional redemption prior to maturity.

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 Texas 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 DTC, 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 and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The County and the Underwriters cannot and do 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 each Series of the Bonds. The Bonds 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 certificate will be issued for each maturity of each Series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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, 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 gegistered clearing agencies. 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 companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. 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 Direct and Indirect 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 Direct or Indirect 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 Direct and Indirect 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 Direct and Indirect 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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).

Principal and interest 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. Principal and interest payments 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 Direct and Indirect Participants.

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

The County may decide to discontinue use of the system of book-entry transfers through DTC (or successor securities depository). Discontinuance of the system of book-entry transfers by the District may require the consent of Participants under DTC's Operational Arrangements. In that event, Bond certificates will 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 of either Series 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 Orders 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 or the Underwriters.

Effect of Termination of Book-Entry Only System. In the event the Book-Entry-Only System with respect to the Bonds of either Series is discontinued, printed securities certificates for the respective Series will be issued to the respective holders of the Bonds, and the respective Bonds will be subject to transfer, exchange and registration provisions as set forth in the respective Order, summarized under "The Bonds - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In 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 of each Series are duly paid; any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under applicable law 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.

TRANSFER, EXCHANGE, AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the owners of the Bonds and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender 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 Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A New Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond or 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 at the registered owner's request, risk and expense. 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 Series and 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.

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 for one or both Series of Bonds, 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 Owner 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 . . . The Orders establish as "events of default" (i) the failure to make payment of principal of redemption premium, if any, or interest on any of the Bonds of a Series when due and payable; or (ii) default in the performance or observance of any other covenant, agreement or obligation of the County, which default materially and adversely affects the rights of the owners, including, but not limited to, their prospect or ability to be repaid in accordance with the respective Order, and the continuation thereof for a period of sixty days after notice of such default is given to any Owner by the County. Under State law there is no right to the acceleration of maturity of the Bonds upon the failure of the County to observe any covenant under an Order. Although a registered owner of Bonds could presumably obtain a judgment against the County if a default occurred in the payment of principal of or interest on any such Bonds, such judgment could not be satisfied by execution against any property of the County. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the County to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

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 in the absence of County action, Bondholders may not be able to bring such a suit against the County for breach of the Bonds or covenants in the Orders. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the County, permits the County to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the bonds, the County is not using the authority provided by Chapter 1371 and has not waived sovereign immunity in the proceedings authorizing its bonds.

Neither Order provides for the appointment of a trustee to represent the interests of the bondholders upon any failure of the County to perform in accordance with the terms of the respective Order, or upon any other condition. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of 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 Orders and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

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 the Texas 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 Texas 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 of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by Section 11.253 of the Tax Code, which is effective for tax years 2008 and thereafter, as personal property acquired or imported into Texas and 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 vehicles, vessel and out-board motor, heavy equipment and manufactured housing inventory. Section 11.253 permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax "goods-in-transit" during the following tax year. A taxpayer may only receive either the freeport exemption or the "goods-in-transit" exemption for items of personal property.

A city may create one or more tax increment financing districts ("TIFD") within the County and freeze the taxable values of property in the TIFD at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIFD, 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 TIFD in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIFD. Taxes levied by the County against the values of real property a TIFD, 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 TIFD.

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 of Texas, 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 Texas 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 Texas 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. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. 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 asses 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 Property 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 six TIFDs, one each with the Cities of Allen, Frisco, Lavon and Melissa and two with the City of Plano.

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

2010/11 Market Valuation Established by the Collin Central Appraisal District (excluding totally exempt property)		$ 82,751,613,512
Less Exemptions/Reductions at 100% Market Value:		
Over 65 and Disabled	$ 848,945,091	
Disabled Veterans Exemptions	98,794,504	
Charitable Organizations	25,779,926	
Tax Abatements	1,200,108,413	
Homestead Exemption	2,035,985,594	
Freeport Exemption	694,971,683	
Pollution Control Property	32,385,002	
Historical Exemption	25,338,193	
Prorated Exempt Property	11,963,768	
Homestead Cap Adjustment	33,821,792	
Limited Income Housing	991,434	
Agricultural Productivity, Open Space Land Use Reductions	6,463,318,538	
Other	1,522,096	11,473,926,034
2010/11 Taxable Assessed Valuation		$ 71,277,687,478
County Funded Debt Payable from Ad Valorem Taxes (as of 8-31-10)		
Limited Tax Debt	$ 151,940,000 (1)	
Unlimited Tax Debt	206,895,000 (2)	
The Unlimited Tax Bonds	16,885,000 (3)	
The Limited Tax Bonds	7,910,000 (3)	
Funded Debt Payable from Ad Valorem Taxes		$ 383,630,000 (3)
Interest and Sinking Fund (as of 8-31-10)		$ 4,144,036
Ratio General Obligation Debt to Taxable Assessed Valuation		0.54%

2011 Estimated Population - 801,865
Per Capita Taxable Assessed Valuation - $88,890
Per Capita Funded Debt Payable from Ad Valorem Taxes - $478

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

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2011		2010		2009	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 47,129,255,659	56.95%	$ 47,023,799,761	55.09%	$ 46,258,543,676	55.09%
Real, Residential, Multi-Family	4,359,373,394	5.27%	4,418,373,249	5.26%	4,414,102,159	5.26%
Real, Vacant Lots/Tracts	903,532,169	1.09%	897,382,927	1.15%	961,953,962	1.15%
Real, Acreage (Land Only)	7,415,809,201	8.96%	7,982,962,832	10.42%	8,749,195,627	10.42%
Real, Farm and Ranch Improvements	833,309,201	1.01%	826,660,638	1.00%	839,821,464	1.00%
Real, Commercial and Industrial	14,844,885,029	17.94%	15,448,987,640	17.73%	14,890,198,384	17.73%
Real and Intangible Personal, Utilities	1,174,373,653	1.42%	1,099,988,202	1.36%	1,138,977,111	1.36%
Tangible Personal, Business	5,146,374,881	6.22%	5,161,195,686	6.06%	5,091,154,776	6.06%
Tangible Personal, Other	42,760,159	0.05%	45,207,373	0.05%	44,839,724	0.05%
Inventory	755,930,021	0.91%	1,013,621,038	1.88%	1,577,903,038	1.88%
Special Inventory Tax	146,010,145	0.18%	167,718,060	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 82,751,613,512	100.00%	$ 84,085,897,406	100.00%	$ 83,966,689,921	100.00%
Less: Total Exemption/Reductions	(11,473,926,034)		(11,696,946,148)		(12,147,526,110)	
Taxable Assessed Value	$ 71,277,687,478		$ 72,388,951,258		$ 71,819,163,811	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2008		2007	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 43,676,579,984	55.81%	$ 39,618,642,477	56.31%
Real, Residential, Multi-Family	3,914,013,823	5.00%	3,418,142,797	4.86%
Real, Vacant Lots/Tracts	894,168,805	1.14%	897,940,901	1.28%
Real, Acreage (Land Only)	8,155,152,797	10.42%	7,347,905,457	10.44%
Real, Farm and Ranch Improvements	789,958,110	1.01%	708,001,289	1.01%
Real, Commercial and Industrial	13,331,661,532	17.03%	11,635,104,001	16.54%
Real and Intangible Personal, Utilities	1,131,689,801	1.45%	1,044,060,226	1.48%
Tangible Personal, Business	4,495,127,180	5.74%	4,071,609,901	5.79%
Tangible Personal, Other	48,908,878	0.06%	68,171,248	0.10%
Inventory	1,827,071,513	2.33%	1,546,628,053	2.20%
Special Inventory Tax	-		-	0.00%
Total Appraised Value Before Exemptions	$ 78,264,332,423	100.00%	$ 70,356,206,350	100.00%
Less: Total Exemptions/Reductions	(9,628,894,103)		(8,402,472,863)	
Taxable Assessed Value	$ 68,635,438,320		$ 61,953,733,487	

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
2007	690,500	$ 61,953,733,487	$ 89,723	$ 364,110,000	0.59%	$ 527
2008	740,000	68,635,438,320	92,751	389,985,000	0.57%	527
2009	748,050	71,819,163,811	96,009	409,395,000	0.57%	547
2010	786,250	72,388,951,258	92,069	383,805,000	0.53%	488
2011	801,865	71,277,687,478	88,890	356,965,000 [2]	0.50%	445

(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) 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
2007	$ 0.24500	$ 0.19469	$ 0.05031	$ 150,549,536	100.53%	102.52%
2008	0.24500	0.19164	0.05336	168,156,824	100.66%	102.17%
2009	0.24250	0.18426	0.05824	174,161,472	100.06%	101.51%
2010	0.24250	0.18708	0.05542	175,543,207	101.60% [1]	102.62% [1]
2011	0.24000	0.18458	0.05542	170,749,824	N/A	N/A

(1) Collections for part year only, through September 1, 2010.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Tax Year				
Limited Constitutional Taxes [1]	2010	2009	2008	2007	2006
Operating Fund	$ 0.1846	$ 0.1871	$ 0.1843	$ 0.1916	$ 0.1947
Limited Tax Debt Service Fund	0.0197	0.0198	0.0216	0.0202	0.0248
Total Constitutional Tax Rate	$ 0.2043	$ 0.2069	$ 0.2058	$ 0.2118	$ 0.2195
Unlimited Constitutional Taxes [2]					
Road Maintenance	$ 0.0000	$ 0.0000	$ 0.0000	$ 0.0000	$ 0.0000
Farm-to-Market and Lateral Road	0.0000	0.0000	0.0000	0.0000	0.0000
Unlimited Tax Debt Service Fund	0.0357	0.0356	0.0367	0.0332	0.0255
Total Tax Rate	$ 0.2400	$ 0.2425	$ 0.2425	$ 0.2450	$ 0.2450

(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	2010/11 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oncor Electric Delivery Company	$ 439,174,980	0.62%
Stonebriar Mall Ltd. Partnership	221,706,370	0.31%
J.C. Penney Company	161,877,423	0.23%
AT&T Mobility LLC	132,990,356	0.19%
IBM Credit LLC	127,971,038	0.18%
BPR Shopping Center LP	125,000,000	0.18%
Village at Allen LP	113,881,870	0.16%
Coventry II DDR/Trademark Montgomery Farm	111,700,000	0.16%
Willow Bend Shopping Center LP	110,000,000	0.15%
Bank of America NA	104,207,493	0.15%
	$ 1,648,509,530	2.31%

TABLE 7 - TAX ADEQUACY [1]

2011 Principal and Interest Requirements	$ 43,270,286
$0.0620 Tax Rate at 98% Collection Produces [2]	$ 43,308,323
Average Annual Principal and Interest Requirements, 2011 - 2029	$ 27,338,198
$0.0392 Tax Rate at 98% Collection Produces	$ 27,382,036
Maximum Principal and Interest Requirements, 2011	$ 43,270,286
$0.0620 Tax Rate at 98% Collection Produces	$ 43,308,323

(1) For all tax supported indebtedness (limited and unlimited), including the Bonds. Excludes the Refunded Bonds. Preliminary, subject to change.
(2) See "Table 10 – Interest and Sinking Fund Budget Projection" herein.

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.

Governmental Subdivision	2009/10 Taxable Assessed Value	2009/10 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 9-1-10
Collin County	$ 71,277,687,478 (1)	$ 0.242500	$ 383,630,000 (2)	100.00%	$ 383,630,000 (2)
Special Districts					
Collin County Community College District	$ 74,543,801,881	$ 0.086300	$ 45,980,000	100.00%	$ 45,980,000
Seis Lagos Utility District	108,470,137	0.449183	925,000	100.00%	925,000
Total Districts					$ 46,905,000
Cities					
Allen	$ 7,317,367,749	$ 0.556000	$ 110,235,000	100.00%	$ 110,235,000
Anna	378,153,710	0.627330	8,759,000	100.00%	8,759,000
Blue Ridge	26,398,481	0.580868	1,138,000	100.00%	1,138,000
Celina	463,681,575	0.645000	15,995,000	100.00%	15,995,000
Fairview	1,053,050,339	0.365000	21,845,000	100.00%	21,845,000
Farmersville	154,764,314	0.586100	3,930,000	100.00%	3,930,000
Josephine	33,035,267	0.485800	565,000	100.00%	565,000
Lucas	534,082,337	0.374200	7,840,000	100.00%	7,840,000
McKinney	10,696,226,911	0.585500	227,705,000	100.00%	227,705,000
Melissa	344,398,135	0.610000	22,905,000	100.00%	22,905,000
Murphy	1,468,391,578	0.538400	45,060,000	100.00%	45,060,000
Parker	493,346,405	0.377100	8,495,000	100.00%	8,495,000
Princeton	281,306,270	0.728400	16,735,000	100.00%	16,735,000
Prosper	1,023,864,451	0.520000	36,180,000	100.00%	36,180,000
Wylie	2,263,919,560	0.898900	120,016,666	100.00%	120,016,666
County-Line Cities					
Carrollton	$ 9,203,400,425	$ 0.617900	$ 169,915,000	0.54%	$ 917,541
Dallas	84,851,273,745	0.747900	1,938,124,913	4.18%	81,013,621
Frisco	13,958,027,112	0.465000	620,345,000	65.25%	404,775,113
Plano	24,267,093,219	0.488600	337,240,000	94.46%	318,556,904
Richardson	9,837,843,846	0.575200	308,325,000	33.90%	104,522,175
Royse City	482,484,088	0.657600	22,346,000	13.82%	3,088,217
Sachse	1,224,336,885	0.705800	42,310,000	31.72%	13,420,732
Total Cities					$ 1,573,697,969

(1) Tax Year 2010 Taxable Assessed Valuation.
(2) Includes the Bonds. Excludes the Refunded Bonds. Preliminary, subject to change.

	2009/10 Taxable Assessed Value	2009/10 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 9-1-10
School Districts					
Allen ISD	$ 6,894,595,133	$ 1.540000	$ 398,832,100	100.00%	$ 398,832,100
Anna ISD	526,032,339	1.540100	84,964,574	100.00%	84,964,574
Farmersville ISD	310,486,545	1.310000	15,545,000	100.00%	15,545,000
Lovejoy ISD	1,476,961,132	1.535000	114,415,233	100.00%	114,415,233
McKinney ISD	8,909,912,469	1.540000	447,005,000	100.00%	447,005,000
Melissa ISD	429,509,607	1.540000	39,538,467	100.00%	39,538,467
Plano ISD	32,387,205,106	1.328400	1,042,987,382	100.00%	1,042,987,382
Princeton ISD	476,655,111	1.490000	67,452,308	100.00%	67,452,308
Wylie ISD	3,131,376,307	1.590000	248,281,727	100.00%	248,281,727
County-Line School Districts					
Bland ISD	$ 111,004,516	$ 1.540000	$ 14,484,981	9.58%	$ 1,387,661
Blue Ridge ISD	113,076,510	1.476500	8,789,999	98.52%	8,659,907
Celina ISD	612,467,152	1.540000	59,441,532	93.35%	55,488,670
Community ISD	462,176,583	1.495000	30,882,416	98.54%	30,431,533
Frisco ISD	16,572,110,127	1.390000	1,178,137,972	73.29%	863,457,320
Gunter ISD	208,406,314	1.470000	15,221,188	0.68%	103,504
Leonard ISD	123,593,908	1.270200	1,910,000	8.55%	163,305
Prosper ISD	1,630,037,650	1.640000	237,591,761	94.40%	224,286,623
Royse City ISD	1,071,028,017	1.430000	115,761,386	7.06%	8,172,754
Trenton ISD	139,379,732	1.284000	8,363,060	4.05%	338,704
Van Alstyne ISD	370,943,299	1.520000	34,161,519	10.01%	3,419,568
Whitewright ISD	155,026,982	1.380000	8,710,636	2.57%	223,863
Total School Districts					$ 3,655,155,202
Total Direct and Overlapping Funded Debt					$ 5,659,388,171
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation					7.59%
Per Capita Overlapping Funded Debt					$ 7,058

TABLE 9 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending	Unlimited Tax Outstanding Debt [1]		Limited Tax Outstanding Debt [2]		Unlimited Tax Bonds [3]		Limited Tax Bonds [4]		Total Debt	% of Principal
9/30	Principal	Interest [5]	Principal	Interest [5]	Principal	Interest	Principal	Interest	Service	Retired
2011	$ 13,295,000	$ 9,260,161	$ 13,080,000	$ 6,541,030	$ 225,000	$ 561,307	$ 65,000	$ 242,788	$ 43,270,286	
2012	11,885,000	8,730,636	11,340,000	5,625,585	1,835,000	704,425	225,000	322,225	40,667,871	
2013	12,380,000	8,185,911	10,465,000	5,126,319	1,870,000	611,800	1,550,000	280,100	40,469,130	
2014	13,710,000	7,569,211	7,550,000	4,657,266	1,065,000	538,425	1,625,000	216,975	36,931,878	
2015	14,315,000	6,910,311	8,170,000	4,216,296	1,155,000	482,925	1,410,000	164,400	36,823,933	33.16%
2016	12,475,000	6,272,336	8,315,000	3,774,226	2,465,000	392,425	1,480,000	99,200	35,273,188	
2017	13,075,000	5,663,718	8,720,000	3,351,933	2,525,000	280,300	1,555,000	31,100	35,202,050	
2018	13,485,000	5,035,086	10,840,000	3,628,709	1,840,000	193,000	-	-	35,021,795	
2019	14,175,000	4,395,870	11,295,000	3,141,389	1,915,000	117,900	-	-	35,040,159	
2020	11,215,000	3,825,498	8,965,000	2,697,520	1,990,000	39,800	-	-	28,732,818	66.09%
2021	11,695,000	3,313,688	9,290,000	2,312,757	-	-	-	-	26,611,445	
2022	11,075,000	2,803,583	9,280,000	1,926,679	-	-	-	-	25,085,261	
2023	11,585,000	2,292,101	7,555,000	1,555,354	-	-	-	-	22,987,455	
2024	12,120,000	1,758,798	7,920,000	1,192,931	-	-	-	-	22,991,729	
2025	9,300,000	1,273,679	7,440,000	831,565	-	-	-	-	18,845,244	91.44%
2026	8,385,000	853,438	4,890,000	533,154	-	-	-	-	14,661,591	
2027	7,535,000	459,825	2,465,000	338,038	-	-	-	-	10,797,863	
2028	4,095,000	170,573	2,390,000	194,940	-	-	-	-	6,850,513	
2029	1,095,000	34,493	1,970,000	62,055	-	-	-	-	3,161,548	100.00%
Totals	$ 206,895,000	$ 78,808,914	$ 151,940,000	$ 51,707,744	$ 16,885,000	$ 3,922,307	$ 7,910,000	$ 1,356,788	$ 519,425,754	

(1) Excludes the Unlimited Tax Refunded Bonds. Preliminary, subject to change.
(2) Excludes the Limited Tax Refunded Bonds. Preliminary, subject to change.
(3) Average life of the issue – 5.395 years. Interest on the Unlimited Tax Bonds has been calculated at the average rate of 2.14% for purposes of illustration. Preliminary, subject to change.
(4) Average life of the issue –4.109 years. Interest on the Limited Tax Bonds has been calculated at the average rate of 1.68% for purposes of illustration. Preliminary, subject to change.
(5) 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."

TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION [1]

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/11		$ 43,270,286
Estimated Interest and Sinking Fund, 9/30/10	$ 4,144,036	
Budgeted Interest and Sinking Fund Tax Levy	39,969,289	
Non-Tax Revenues	553,041	44,666,366
Estimated Balance, 9/30/11		$ 1,396,080

(1) Proposed.

TABLE 11 - AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Unissued Balance
Park [1]	11/6/2007	$ 17,000,000	$ 2,400,000	$ 14,600,000
Road [2]	11/6/2007	235,600,000	40,855,000	194,745,000
Court Buildings [1]	11/6/2007	76,300,000	30,500,000	45,800,000
		$ 328,900,000	$ 73,755,000	$ 255,145,000

(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, tax notes, reserves or current year revenue sources. The current CIP covers fiscal years 2008 through 2017, and includes total capital expenditures of $255 million, of which $39.2 million are scheduled for fiscal year 2011. Most of the planned expenditures will be funded with proceeds of prior bond and tax note issues. As shown in Table 11, the County currently has $255,145,000 of authorized but unissued bonds. The County anticipates issuing approximately $39 million of such amount in fiscal year 2010-11 and the remaining bond authorization over the following six 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 August 31, 2010.

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 by 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 using the actuarially determined rate of 13.5% in 2010 and has budgeted to contribute at the same rate in 2011. The contribution rate payable by the employee members is the rate of 7% as adopted by the Commissioners Court. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. In addition, upon an employee's retirement, the County contributes to such retired employee's retirement account an amount equal to $2.00 for every $1.00 saved in such retired employee's account. The County anticipates fully funding its TCDRS pension fund actuarial accrued liability over the next ten years. For additional information on the County's retirement plan. See Note V(e) in the notes to the financial statements attached hereto as Appendix B.

OTHER POST RETIREMENT BENEFITS . . . The County has engaged an actuarial firm to prepare an assessment of the County's "other post retirement benefits" ("OPEBs"), as described in GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions ("GASB 45"), which is applicable to the County for future fiscal years. In July 2009, the Commissioners Court reviewed an actuarial study with a total future liability of $37,461,770. The Commissioners Court has approved the establishment of a trust fund (the "OPEB Trust Fund") for the purpose of funding the County's OPEB liabilities, and the OPEB Trust Fund will be managed by a third party administrator. The County currently has approximately $4.2 million on deposit in a separate account dedicated to the County's OPEB liability, which amount will be transferred to the OPEB Trust Fund upon its creation. The County has budgeted to deposit an additional $5 million into the OPEB Trust Fund in fiscal year 2010-11, and therefore the County anticipates that its unfunded actuarial accrued liability at the end of fiscal year 2010-11, based on the July 2009 actuarial study, will be approximately $28,261,770 resulting in a "funded ratio" of 24.6%. The County is in the process of engaging an outside accounting firm to perform a new actuarial study on the County's OPEB liabilities and therefore its actuarial accrued liability could change significantly.

As described in Note V(d) "Post-Retirement Health Benefits" in the audited financial statements of the County for the fiscal year ended September 30, 2009, which are attached hereto as Appendix B, the County offers post-retirement health benefits to retired County employees. In November 2006, the health benefit policy of the County for retirees was substantially modified by the Commissioners Court (the "2006 Benefit Plan"). Prior to the adoption of the 2006 Benefit Plan, health benefits offered to County retirees were limited to the opportunity of retired employees to purchase health insurance benefits though the County at County cost. The 2006 Benefit Plan provides that effective January 1, 2007, the County will pay a portion of the cost of health benefit premiums for retired employees beginning at the age of 65 years. The portion of health insurance premiums to be paid by the County ranges based upon the number of years of continuous service to the County, with persons having served 8-10 years, 11-15 years, 16-19 years and 20 years or greater being eligible for 25%, 50%, 75% and 100%, respectively, of the cost of health benefits incurred by the County. Spouses of eligible retirees are also covered by the 2006 Benefit Plan, provided that the spouse is at least 65 years of age and only if the spouse was on the County's plan prior to the employee's retirement from the County. Persons covered by other employer benefit plans are not eligible to participate in the County plan. State law requires that counties provide retirees with a health insurance plan, but does not require counties to pay the cost of such coverage, and the County could modify the 2006 Benefit Plan in future years, either by increasing or decreasing coverage amounts. For more detailed information on the County's OPEBs and its liabilities relating thereto, see Note V(d) in the financial statements attached hereto as Appendix B.

FINANCIAL INFORMATION

TABLE 13 - CHANGES AND NET ASSETS [1]

	Fiscal Year Ended September 30, (000's)				
Revenues:	2009	2008	2007	2006	2005
Program Revenues:					
Charges for Services	$ 42,048	$ 46,646	$ 40,337	$ 36,166	$ 33,400
Operating Grants and Contributions	16,374	14,239	23,593	18,430	11,390
Capital Grants and Contributions	1,064	465	1,218	1,190	1,291
Total Program Revenues	$ 59,486	$ 61,350	$ 65,148	$ 55,786	$ 46,081
General Revenues:					
Taxes	$ 176,960	$ 172,965	$ 154,165	$ 144,453	$ 133,522
Unrestricted Investment Earnings	3,690	7,486	8,948	6,601	8,275
Gain (Loss) on Sale of Assets	-	-	-	-	253
Miscellaneous	73	1,425	1,946	54	90
Total General Revenues	$ 180,723	$ 181,876	$ 165,059	$ 151,108	$ 142,140
Total Revenues	$ 240,209	$ 243,226	$ 230,207	$ 206,894	$ 188,221
Expenses:					
General Administration	$ 34,518	$ 28,473	$ 24,506	$ 23,366	$ 26,432
Judicial	17,195	16,910	14,983	13,943	13,130
Financial Administration	10,891	10,183	9,041	8,072	7,905
Legal	11,254	10,793	9,580	8,828	8,619
Public Facilities	18,129	17,751	18,574	13,205	13,509
Equipment Services	2,320	2,558	2,223	2,501	2,418
Public Safety	61,904	61,213	53,331	48,524	44,463
Public Transportation	25,491	35,834	9,642	28,558	54,856
Health and Welfare	18,369	17,814	15,065	14,320	13,977
Culture and Recreation	1,720	1,617	1,547	1,619	1,079
Conservation	295	317	320	264	393
Debt Service, Interest and Fiscal Charges	19,267	17,618	15,510	15,436	14,600
Total Expenses - Before Transfers	$ 221,353	$ 221,081	$ 174,322	$ 178,636	$ 201,381
Change in Net Assets	$ 18,856	$ 22,145	$ 55,885	$ 28,258	$ (13,160)
Adjustments	-	(4,983)	-	-	-
Net Assets as of October 1	431,912	414,750	358,865	330,607	343,767
Net Assets as of September 30	$ 450,768	$ 431,912	$ 414,750	$ 358,865	$ 330,607

(1) In accordance with GASB 34, the County's financial statements for the fiscal year ended September 30, 2009, 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.

TABLE 13-A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
Revenues	2009	2008	2007	2006	2005
Taxes	$ 119,981,000	$ 117,399,000	$ 109,061,000	$ 106,217,000	$ 98,501,000
Federal and State Funds	3,993,000	3,979,000	3,746,000	3,113,000	4,555,000
Charges for Services	16,654,000	16,746,000	17,705,000	15,813,000	11,817,000
Fines and Forfeitures	2,270,000	2,689,000	2,647,000	2,479,000	2,480,000
Interest	3,484,000	6,719,000	7,813,000	5,734,000	2,880,000
Miscellaneous	817,000	517,000	535,000	455,000	943,000
Total Revenues	$ 147,199,000	$ 148,049,000	$ 141,507,000	$ 133,811,000	$ 121,176,000
Expenditures					
General Administration	$ 23,809,000	$ 21,010,000	$ 20,066,000	$ 21,113,000	$ 23,023,000
Judicial	13,846,000	13,687,000	13,618,000	12,550,000	11,697,000
Financial Administration	9,946,000	9,512,000	9,325,000	8,319,000	7,963,000
Legal	10,322,000	9,865,000	9,600,000	8,806,000	8,572,000
Public Safety	44,931,000	44,192,000	43,693,000	38,716,000	35,753,000
Public Health and Welfare	11,315,000	10,832,000	9,381,000	9,343,000	9,352,000
Public Facilities	10,172,000	10,401,000	9,472,000	8,441,000	8,453,000
Culture and Recreation	496,000	425,000	439,000	425,000	437,000
Equipment Services	1,919,000	2,271,000	2,061,000	2,534,000	2,369,000
Capital Outlay	2,315,000	1,810,000	1,556,000	-	-
Conservation	285,000	296,000	305,000	265,000	399,000
Principal Retirement	4,096,000	-	-	-	-
Interest and Fiscal Charges	414,000	-	-	-	-
Total Expenditures	$ 133,866,000	$ 124,301,000	$ 119,516,000	$ 110,512,000	$ 108,018,000
Excess (Deficiency) of Revenues Over Expenditures	$ 13,333,000	$ 23,748,000	$ 21,991,000	$ 23,299,000	$ 13,158,000
Other Financing Sources (Uses)					
Sale of Capital and Non-Captial Assets	$ 80,000	$ 222,000	$ 285,000	$ 61,000	$ 207,000
Operating Transfers In	162,000	1,339,000	-	-	-
Operating Transfers Out	(9,462,000)	(18,047,000)	(7,651,000)	(6,552,000)	(6,480,000)
Total Other Financing Sources (Uses)	$ (9,220,000)	$ (16,486,000)	$ (7,366,000)	$ (6,491,000)	$ (6,273,000)
Net Change in Fund Balances	$ 4,113,000	$ 7,262,000	$ 14,625,000	$ 16,808,000	$ 6,885,000
Beginning Fund Balance	129,513,000	122,251,000	107,626,000	90,818,000	83,933,000
Ending Fund Balance	$ 133,626,000	$ 129,513,000	$ 122,251,000	$ 107,626,000	$ 90,818,000

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 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 Texas law, 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 of Texas 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 of Texas or the United States or their respective agencies and instrumentalities; (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 and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by Bonds described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits, or (ii) where; (a) the funds are invested by the County through a depository institution that has a main office or branch office in this state and that is selected by the County; (b) the depository institution selected by the County arranges for the deposit of funds in one or more federally insured depository institutions, wherever located; (c) the certificates of deposit are insured by the United States or an instrumentality of the United States; (d) the depository institution acts as a custodian for the County with respect to the certificates of deposit; and (e) at the same time that the certificates of deposit are issued, the depository institution selected by the County receives deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the funds invested by the County through the depository institution selected

under clause (ii)(a) above, (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 of Texas, (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 of Texas; 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-loan money market mutual funds registered with and regulated by the Securities and Exchange Commission 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 Securities and Exchange Commission 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 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 Texas Public Funds Investment Act (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 County 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 August 31, 2010, the County's investable funds were invested in the following categories:

Description	Percent	Book Value	Market Value
Local Government Investment Pools [1]	56.36%	$ 203,561,364	$ 203,672,296
U.S. Agency Securities	5.87%	21,196,500	21,196,500
Certificates of Deposit	37.77%	136,401,081	136,401,081
	100.00%	$ 361,158,945	$ 361,269,877

As of such date, 56.36% of the County's investment portfolio is available upon demand. The market value of the investment portfolio was approximately 100.03% 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) Local government investment pools operate in a manner consistent with the Security and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940 that governs money market mutual funds. 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.

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Vinson & Elkins L.L.P., Bond Counsel, (i) interest on Bonds 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 Issuer 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 Issuer, the Issuer's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the Issuer, the Issuer's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. Bond Counsel will further rely on the report of Grant Thornton LLP, certified public accountants, regarding the mathematical accuracy of certain computations. If the Issuer should fail to comply with the covenants in the Orders or if the foregoing representations or 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, REMIC or FASIT), 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 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.

Purchase of Exempt Bonds by Financial Institutions

Section 265(a) of the Code provides, in general, that a deduction for interest on indebtedness incurred to acquire or carry tax-exempt obligations is disallowed. Section 265(b) of the Code provides a specific complete disallowance of any deduction by a financial institution of its pro rata interest expense to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. Section 265(b) of the Code provides, however, two exceptions to this disallowance for a financial institution: (i) new money tax-exempt obligations issued during calendar years 2009 and 2010 that have an adjusted cost basis that does not exceed two percent of the adjusted cost basis of the financial institution's total assets and (ii) tax-exempt obligations that are properly designated by an issuer as "qualified tax-exempt obligations."

The Bonds have been designated as "qualified tax-exempt obligations" based, in part, on the Borrower's representation that the amount of the Bonds, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) issued or reasonably anticipated to be issued on behalf of the Borrower during 2010, will not exceed $30,000,000. Further, the Borrower has not designated more than $30,000,000 in "qualified tax-exempt obligations" (including the Bonds) during 2010.

Notwithstanding the designation of the Bonds as "qualified tax-exempt obligations" under this exception, financial institutions acquiring the Bonds will be subject to a 20 percent disallowance of allocable interest expense.

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 Issuer 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.

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, 2010. The County will provide the updated information to the MSRB in an electronic format, which will be available to the general public without charge via the MSRB's Electronic Municipal Market Access ("EMMA") System as www.emma.msrb.org.

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 United States Securities and Exchange Commission (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 statements 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.

MATERIAL EVENT NOTICES . . . The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Bonds, if such event is material to a decision to purchase or sell Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (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 or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes. (Neither the Bonds nor the Orders make any provision for debt service reserves, credit enhancement, liquidity enhancement or early redemption.) In addition, the County will provide timely notice of any failure by the County to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

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 material 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 SEC Rule 15c2-12 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 . . . Over the last five years the County has complied in all material respects with its prior undertakings pursuant to the Rule.

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 Public Funds Investment Act, Chapter 2256, Texas Government Code, 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. 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 Fulbright & Jaworski 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.

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 Escrowed 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.

KEITH SELF
County Judge
Collin County, Texas

ATTEST:

STACEY KEMP
County Clerk

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Schedule I

SCHEDULE OF REFUNDED BONDS*

Unlimited Tax Road Bonds, Series 2001

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
8/1/2001	2/15/2012	4.400%	$ 765,000	$ 765,000
	2/15/2013	4.500%	805,000	805,000
			$ 1,570,000	$ 1,570,000

The 2012 – 2013 maturities will be redeemed prior to their original maturity on February 15, 2011 at par.

Unlimited Tax Refunding Bonds, Series 2001

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
8/15/2001	2/15/2012	4.500%	$ 1,100,000	$ 1,100,000
	2/15/2013	4.350%	1,085,000	1,085,000
	2/15/2014	4.450%	1,075,000	1,075,000
	2/15/2015	4.550%	1,160,000	1,160,000
			$ 4,420,000	$ 4,420,000

The 2012 – 2015 maturities will be redeemed prior to their original maturity on February 15, 2011 at par.

Unlimited Tax Road and Refunding Bonds, Series 2004

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/15/2004	2/15/2016	5.000%	$ 3,210,000	$ 2,470,000
	2/15/2017	4.750%	3,305,000	2,540,000
	2/15/2018	4.750%	2,435,000	1,870,000
	2/15/2019	4.750%	2,555,000	1,965,000
	2/15/2020	4.750%	2,675,000	2,055,000
			$ 14,180,000	$ 10,900,000

The 2016 – 2020 maturities will be redeemed prior to their original maturity on February 15, 2014 at par.

* Preliminary, subject to change.

Limited Tax Permanent Improvement Bonds, Series 2001

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
8/1/2001	2/15/2012	4.300%	$ 245,000	$ 245,000
	2/15/2013	4.450%	255,000	255,000
	2/15/2014	4.550%	270,000	270,000
			$ 770,000	$ 770,000

The 2012 – 2014 maturities will be redeemed prior to their original maturity on February 15, 2011 at par.

Limited Tax Permanent Improvement Bonds, Series 2002

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
5/1/2002	2/15/2013	4.600%	$ 1,315,000	$ 1,315,000
	2/15/2014	4.700%	1,385,000	1,385,000
	2/15/2015	4.800%	1,460,000	1,460,000
	2/15/2016	4.850%	1,535,000	1,535,000
	2/15/2017	5.000%	1,615,000	1,615,000
			$ 7,310,000	$ 7,310,000

The 2013 – 2017 maturities will be redeemed prior to their original maturity on February 15, 2012 at par.

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

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LOCATION . . . Collin County, Texas, is located in Northeast Texas immediately north and adjacent to Dallas County, and approximately 15 miles from downtown Dallas. The County is an important component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area. The 836 square miles comprising the County represent a dynamic growth area in the Metroplex, and includes the Cities of Plano, McKinney (County Seat), Allen, Frisco, and Wylie.

POPULATION . . . Significant increases in population and economic growth have occurred during the past two decades. County population at the 1960 census was 41,247 . . . at the 1970 census, 66,920 . . . at the 1980 census, 144,576 . . . at the 1990 census, 264,036 . . . at the 2000 census, 491,675, and the 2011 estimated population is 801,865.

ECONOMY . . . The economic base consists of various manufacturing, computer technology, electronics, oil and gas research, and agriculture. Major industries with headquarters or divisions located within the County include petroleum research, telecommunication, computer technology, electronics, retail, the food industry, and insurance institutions. Some of the major employers in Collin County are as follows:

Company	Number of Employees
Bank of America Home Loans	9,410
J.C. Penney, Inc.	5,100
Electronic Data Systems	5,000
University of Texas at Dallas	2,830
WalMart Super Center	2,561
Raytheon/TI Systems	2,500
Collin County Community College	2,377
AT&T	2,350
CHC Acquisition Corp.	2,000
Alcatel	1,830
T-Mobile USA, Inc.	1,500
Texas Health Presbyterian Hospital	1,488

LABOR AND EMPLOYMENT ANALYSIS . . . Economic growth and development during the past decade in the County, and the immediate surrounding area, has provided a high rate of employment for the available labor force. Statistical data (annual average) for the County is as follows:

	July	Average Annual				
	2010	2009	2008	2007	2006	2005
Civilian Labor Force	422,524	409,675	404,668	395,426	384,208	368,326
Employed	389,500	379,610	386,020	380,118	367,837	351,264
Unemployed	33,024	30,065	18,648	15,308	16,371	17,062
Percent Unemployed	7.82%	7.34%	4.61%	3.87%	4.26%	4.63%

Source: Economic Research and Analysis Department estimates - Texas Workforce Commission.

EDUCATION . . . The following are the major colleges and universities located within a 60-mile radius of the County.

Austin College	Sherman, Texas
Collin County Community College District	Plano, Texas
Dallas County Community College System	Dallas County, Texas
Texas A&M - Commerce	Commerce, Texas
Grayson County Junior College	Denison, Texas
Southern Methodist University	Dallas, Texas
Texas Christian University	Fort Worth, Texas
Texas Woman's University	Denton, Texas
University of Dallas	Dallas, Texas
University of North Texas	Denton, Texas
University of Texas at Arlington	Arlington, Texas
University of Texas at Dallas	Dallas, Texas

CLEAN AIR ACT NON-ATTAINMENT . . . The Dallas/Fort Worth ("DFW") ozone nonattainment area (initially, Collin, Dallas, Denton, and Tarrant Counties, and as of April 15, 2004, Ellis, Johnson, Kaufman, Parker and Rockwall Counties were added to the nonattainment area) was originally designated "moderate" under the Federal Clean Air Act amendments of 1990, and thus was required to attain the 1-hour ozone standard by November 15, 1996. DFW did not attain the ozone standard in 1996.

The EPA is authorized to redesignate an area to the next higher classification ("bump up") if it fails to attain by the required date. Consequently, in March 1998, and in accordance with FCAA, EPA reclassified DFW from moderate to serious. The reclassification required the State to submit a revised State Implementation Plan demonstrating attainment of the ozone standard by November 15, 1999. Because DFW continued to exceed the ozone standard in 1999, EPA required submittal of a revised SIP by May 1, 2000, demonstrating attainment.

On April 19, 2000, the Texas Natural Resources Conservation Commission (now TCEQ) adopted a new SIP, which included a plan for the then four-county DFW nonattainment area that included Collin County. In February 2001, EPA accepted the SIP and the DFW plan. In accepting the plan, EPA did not reclassify the DFW area from serious to severe, and deferred the compliance date for the DFW area to November 15, 2007 from November 15, 1999.

The nine-county area is now classified as a "moderate" ozone nonattainment area under the 8-hour ozone standard. The requirements of the 1-hour standard remained in effect for the four core counties until EPA revoked that standard on June 15, 2005. At that time the entire nine-county area became subject to the 8-hour requirements.

In April 2004, along with its classification of new counties in the DFW under the 8-hour ozone standard, EPA also addressed other aspects of 8-hour attainment in Phase I of its Implementation Rule, promulgated April 30, 2004. The Implementation Rule outlines a number of options for areas with outstanding obligations for an approved 1-hour ozone attainment demonstration, which applies to the DFW nonattainment area. Two of these measures involve the loss of Federal highway funding and the implementation of a more stringent environmental permitting program for commercial and industrial entities, possibly retarding economic growth in such areas.)

On November 29, 2005, EPA finalized Phase II of its 8-hour Ozone Implementation Rule, which detailed reasonable further progress ("RFP") requirements for 8-hour ozone nonattainment areas, such as DFW. On November 21, 2006, TCEQ filed revisions to the DFW 8-hour non-attainment area SIP (the "Revised DFW SIP").

The Revised DFW SIP notes that the DFW 8-hour ozone nonattainment area consists of two sets of counties: the original four one-hour nonattainment counties (Collin, Dallas, Denton, and Tarrant) and the five new nonattainment counties (Ellis, Johnson, Kaufman, Parker, and Rockwall). Because of this circumstance, TCEQ has two options for fulfilling its 8-hour ozone RFP requirements for the DFW area: (1) to treat all nine counties as a single area with a single RFP reduction target of 15 percent reduction in volatile organic compound ("VOC") emissions from the entire nine-county area between 2002 and 2008 or (2) treat the two sets of counties as separate areas with separate RFP targets. TCEQ has elected option 2 which requires a 15 percent VOC reduction between 2002 and 2008 for the five new nonattainment counties, and a 15 percent reduction in emissions for the original four county area between 2002 and 2008, and either VOC, NOx or a combination of the two may be used to achieve the required reductions.

The TCEQ chose option 2 to fulfill the 8-hour ozone RFP requirements for the DFW area, using the mandate of VOC reductions for the five-county area and NOx reductions for the four-county area. Using NOx reductions for the four-county area is consistent with the DFW 8-hour ozone attainment demonstration SIP that shows reductions in NOx emissions are more effective than reductions in VOC emissions for reducing ozone levels in the DFW nine-county area.

APPENDIX B

EXCERPTS FROM THE

COLLIN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2009

The information contained in this Appendix consists of excerpts from the Collin County, Texas Annual Financial Report for the Year Ended September 30, 2009, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Commissioners' Court
Collin County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Collin County, Texas as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Collin County, Texas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Collin County, Texas, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2010, on our consideration of Collin County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

401 WEST HIGHWAY 6 ■ P. O. BOX 20725 ■ WACO, TX 76702-0725 ■ (254) 772-4901 ■ FAX: (254) 772-4920 ■ www.pbhcpa.com
AFFILIATE OFFICES: BROWNSVILLE, TX (956) 544-7778 ■ HILLSBORO, TX (254) 582-2583
TEMPLE, TX (254) 791-3460 ■ WHITNEY, TX (254) 694-4600 ■ ALBUQUERQUE, NM (505) 266-5904

The management's discussion and analysis and budgetary comparison on pages 3 through 20 and pages 74 through 78 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Collin County's basic financial statements. The introductory section, combining and individual fund financial statements, supplementary schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pattillo, Brown & Hill, L.L.P.

April 29, 2010

Management's Discussion and Analysis

This section of the Collin County, Texas (the "County") Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2009. Readers should consider the information in this section when reading the overall report, including the transmittal letter, financial statements, and accompanying notes.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- County assets exceed liabilities by $450.8 million on a government-wide basis at September 30, 2009, an increase of $18.9 million from 2008.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to $240.2 million. The primary revenue sources for governmental activities were property (ad valorem) taxes ($174.9 million), charges for services ($42.5 million) and operating grants and contributions ($16.0 million). These three revenue sources accounted for 72.8%, 17.7%, and 6.7%, respectively, or 97.2% of total governmental activities revenues.
- Total expenses were $221.4 million; the largest functional expenses were public safety ($61.9 million), general administration ($34.5 million), and public transportation ($25.5 million).
- Net capital assets were $489.4 million for governmental type activities. Net depreciation expense attributable to assets of governmental activities amounted to $21.4 million for the year.
- In 2009, there was a write-off of $18.3 million of accumulated depreciation due to a change in the capitalization policy related to capital assets.

Highlights for Fund Financial Statements

The fund financial statements report detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

- The County's governmental funds reported an increase in fund balance of $16.4 million for fiscal year 2009, as compared to $16.8 million for fiscal year 2008.
- The County General Fund reported a fund balance of $133.6 million, an increase of $4.1 million from September 30, 2008.

General Financial Highlights

- In September 2009, the County issued $67.5 million in bonds for road construction, open space and parks, new facilities, and refunding of prior debt. The total refunded was $23.6 million. More detail is provided later in the report.

- The County, as part of its transportation plan, provides financing to its cities to assist in road construction to meet continuing population growth. In fiscal year 2009, the County transferred to the cities more than $3.8 million in roads constructed with County funds, but not in the unincorporated areas of the County. Although the County no longer maintains or owns those roads, it continues to be responsible for paying the debt incurred for construction.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is presented as an introduction to the County's basic financial statements. The basic financial statements include the government-wide financial statements, the fund financial statements, and the accompanying notes. Also included is supplementary information which is required in addition to the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide a broad overview of County finances in a manner similar to a private-sector business, using full-accrual accounting for all transactions and activities.

The statement of net assets provides information on all County assets and liabilities; the difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the net assets of the County changed during the fiscal year presented herein. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Under this presentation using full-accrual accounting, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation and sick leave, etc.).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes. If appropriate, the statements would also present revenues from governmental activities that are most like a private enterprise. That is, the intent of the activity is to recover all or a significant portion of its costs of operations through the charging of user fees and activity charges. Governmental activities of the County supported primarily by taxes include general government, judicial, public safety, public works, health, welfare, culture and recreation, and interest on long-term debt. Enterprise Fund activities might include operations of an airport or hospital. The County created its first Enterprise Fund in fiscal year 2009 to record the activity of the Collin County Toll Road Authority. The Toll Road Authority was established to build and maintain an Outer Loop tolled roadway in the northern and eastern portions of the County. The Toll Road will connect with Interstate 35 in Denton County on the north side of the DFW metroplex and Interstate 30 in Rockwall County on the east side of the DFW metroplex.

The County operates an animal shelter that works with local cities and unincorporated areas of the County to handle the disposition of unwanted animals. This operation charges a pro rata share of the operating expenses and construction costs to each participating city, as well as to the County General Fund, of the costs of operations. The animal shelter is not considered an Enterprise Fund since it provides services to other governments and not to the general public.

Government-wide financial statements include not only the activities of the County itself (known as the primary government), but also those of the legally separate component unit: Collin County Health Care Foundation, McKinney and Plano. The County Commissioners act as the Board of Trustees for the component unit whose activities are blended with those of the primary government because they function as part of the County government.

Fund Financial Statements

A fund is a grouping of related accounts used to control and account for resources segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to both ensure and demonstrate compliance with legal requirements. All funds of the County can be divided into one of three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The nature of such inflows and outflows may be useful in evaluating near-term financial requirements.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, the reader may find it useful in comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, one may come to better understand the differences in the long-term financial activity of the County. Such comparison may also be used to distinguish the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances include reconciliations useful in comparing the governmental funds and government-wide activities.

The County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the:

- General Fund
- General Road and Bridge
- Health Care Foundation
- Unlimited Tax Road Bond 2007
- Permanent Improvement

Each of these funds is considered to be a major fund. Financial results from the other governmental funds are combined into a single, aggregated presentation and included in the total. Individual fund data for each of these non-major governmental funds are provided in the combining and individual fund statements and schedules.

The County adopts an annual appropriated budget for most of its governmental funds. A budgetary comparison statement is provided for County governmental funds, where a budget is adopted, to demonstrate compliance with the approved budget. (The exception is the Capital Projects Funds, which are budgeted according to the project budget, with an assigned project number for tracking and recording.) Budgetary comparison statements for major governmental funds are presented as required supplementary information in the basic financial statements. Budgetary comparison statements for all governmental funds are included in the fund financial statements accompanying information.

Proprietary Funds

Currently, the County has two types of proprietary funds – an Enterprise Fund and an Internal Service Fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an Enterprise Fund to account for the Collin County Toll Road Authority. Internal Service Funds are used to accumulate and allocate costs internally among various County functions. The services provided benefit the various government functions they support, which is why they have been included within governmental activities in the government-wide financial statements. The County uses Internal Service Funds to account for the following activities:

- Liability Insurance
- Workers' Compensation Insurance
- Insurance Claim
- Unemployment Assessment
- Flexible Benefits
- Employee Benefits Paid
- Animal Safety

Proprietary funds provide the same type of information as the government-wide financial statements, but with more detail. Internal Service Funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the Internal Service Funds are provided in the combining and individual fund statements and schedules.

Fiduciary Funds

County fiduciary funds consist of several agency funds. Agency funds are the separate accounts and transactions related to money received that is collected for and remitted to another entity. For example, the County collects traffic fines; a portion of the fine belongs to the state. After collection, the monies owed to the other entities are remitted to those entities on a periodic basis.

Notes to Financial Statements

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes disclose other pertinent information that, when taken in whole with the financial statements, provide a more detailed picture of the state of the finances of the County.

Other Information

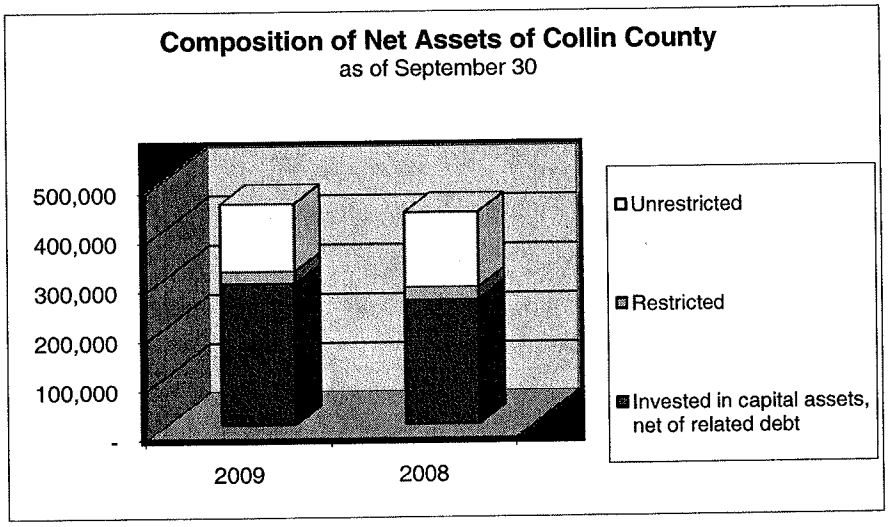
In addition to the basic financial statements and accompanying notes to those financial statements, also presented in this report are certain required supplementary information schedules with additional information regarding the results of the County's financial activities.

The combining statements and individual fund schedules are presented immediately following the required supplementary information.

Unaudited statistical information is provided for trend and historical analysis.

Government-Wide Financial Analysis

Net assets of the County as of September 30, 2009 and September 30, 2008, are summarized and analyzed below:



- Net assets serve as a useful indicator of financial position. Assets exceeded liabilities by $450.8 million as of September 30, 2009, and by $431.9 million as of September 30, 2008, a net increase of $18.9 million.

Statement of Net Assets
As of September 30
($ in thousands)

	2009	2008
Assets:		
Current and Other Assets	$ 415,336	$ 421,387
Capital Assets	496,307	461,799
Total Assets	911,643	883,186
Liabilities:		
Current Liabilities	12,524	25,643
Long-term Liabilities	448,347	425,631
Total Liabilities	460,871	451,274
Net Assets:		
Invested in capital assets, net of related debt	287,731	253,798
Restricted	25,019	25,727
Unrestricted	138,022	152,387
Total Net Assets	$ 450,772	$ 431,912

- Investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc., net of related debt used to acquire the assets) accounts for the largest category of net assets (63.8%). Capital assets are used to provide services to citizens. Although our investment in capital assets is reported net of related debt, the reader should note resources needed to repay this debt must be provided from other sources, since the assets cannot be used to liquidate the debt.

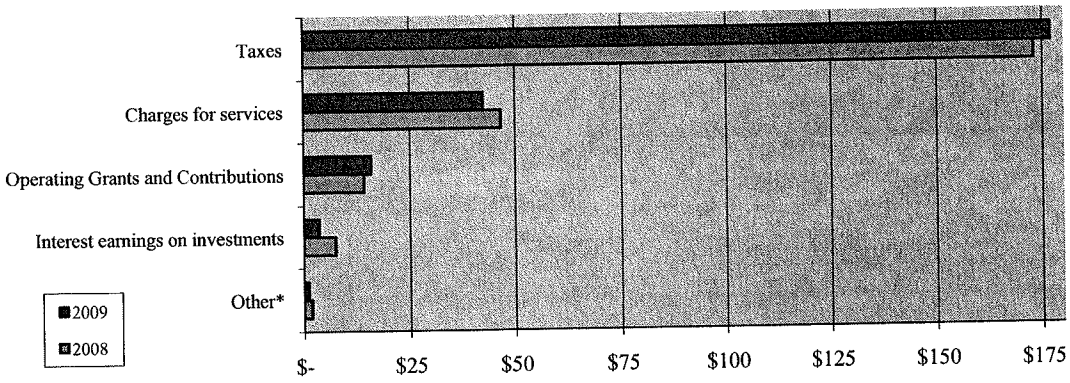
- Restricted net assets (5.6%) represent resources subject to external restrictions on their use. Of these restricted net assets, 30.1% of restricted net assets is to repay long-term debt, 55.6% (of restricted) is to provide health care services (as established upon sale of the County hospital), 13.8% (of restricted) is for grant programs, and the balance is for the County's Myers Park Foundation.

- The remaining portion of the County's net assets (30.6%) is unrestricted and may be used to meet ongoing obligations to citizens and creditors.

- At September 30, 2009, the County had positive balances in all three categories of net assets.

Reflected below is a comparison of County revenues by source. Revenue decreased in 2009 over 2008 by 1.2%, due primarily to lower collections for charges for services and lower investment earnings. A summary of the amounts and more detailed explanation is provided below the graph.

Governmental Activities - Revenues by Source
For the Fiscal Years Ended September 30



Summarized below are details of the governmental activities of the County for FY 2009 and 2008.

- Program revenues included charges for services, fines and forfeitures, certain licenses and permits, and special assessments, as well as both operating and capital grants and contributions. Program revenues from governmental activities decreased by $1.9 million or 3.0%. Reductions came from charges for services (down 9.9% over 2008); the reductions were offset by increases in operating grants and contributions of $2.1 million (up 15.0%) and gains in capital grants and contributions of $0.6 million (up 128.8%).

- General revenues consist of taxes and interest not allocable to specific programs, as well as miscellaneous transactions that are not attributable to a specific program. For governmental activities, the largest of these revenues, taxes, increased by $4.0 million or 2.3%.

- Public transportation decreased by $10.3 million or 28.9%, due to completion of roads that were in construction in progress at the end of FY2008.
- General administration increased, from $28.5 million to $34.5 million (21.2%). This reflects increases in capital assets, recording the OPEB liability and liability insurance increases.
- Interest on long-term debt increased by $1.6 million, as the County made payments on its long-term debt, which increased in FY2009.

Summary of Changes in Net Assets
For the Fiscal Years Ended September 30
($ in thousands)

	2009		2008	
Revenues				
Program Revenues:				
Charges for services	$ 42,048		$ 46,646	
Operating grants and contributions	16,374		14,239	
Capital grants and contributions	1,064	$ 59,486	465	$ 61,350
General Revenues:				
Taxes	$ 176,960		$ 172,965	
Unrestricted investment earnings	3,694		7,486	
Miscellaneous	73		105	
Extraordinary item - proceeds from punitive damages	-	180,727	1,320	181,876
Total revenues		$ 240,213		$ 243,226
Expenses				
General administration	$ 34,518		$ 28,473	
Judicial	17,195		16,910	
Financial administration	10,891		10,183	
Legal	11,254		10,793	
Public facilities	18,129		17,751	
Equipment services	2,320		2,558	
Public safety	61,904		61,213	
Public transportation	25,491		35,834	
Health and welfare	18,369		17,814	
Culture and recreation	1,720		1,617	
Conservation	295		317	
Interest on long-term debt	19,267		17,618	
Total expenses – before transfers		221,353		221,081
Change in Net Assets		$ 18,860		$ 22,145
Net assets as of October 1, 2009 and 2008		431,912		409,767
Net assets as of September 30		$ 450,772		$ 431,912

Total Cost and Net Cost of Governmental Activities for Collin County
For the Six Largest Functions by Expense
For the Fiscal Years Ended September 30
($ in thousands)

	Total Cost of Services		Net Cost of Services	
Functions/Programs	**2009**	**2008**	**2009**	**2008**
Public safety	$ 61,904	$ 61,213	$ 49,008	$ 48,387
Public transportation	25,491	35,834	4,131	13,875
Judicial	17,195	16,910	11,593	11,388
General administration	34,518	28,473	26,693	19,634
Health and welfare	18,369	17,814	11,705	11,365
Debt service, interest and fiscal charges	19,267	17,618	19,092	16,987
Other	44,609	43,219	39,645	38,095
Total	$ 221,353	$ 221,081	$ 161,867	$ 159,731

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This data may be particularly useful in assessing the County's requirements for additional financing. Unreserved fund balance serves as an indicator of the County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of $390.9 million, an increase of $16.4 million (4.4%) from the prior year.

Approximately 34.1% of fund balances ($133.9 million) constitute unreserved, undesignated fund balance. A portion of the unreserved fund balance has been designated for budgetary purposes for specific future expenditures which may or may not be incurred in the near-term ($10.8 million).

The remainder of the combined fund balance is reserved to indicate that it is not available for new spending because it has already been committed to:

- capital projects totaling $147.5 million (comprised of road construction, permanent improvements, and open space projects) in progress at the end of the year,
- liquidate contracts and purchase orders of the prior period ($58.5 million),
- debt service ($7.5 million),
- health care costs ($13.9 million), and
- other reserved items ($7.2 million).

General Fund

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved, undesignated fund balance of the General Fund was $115.3 million, an increase of $4.6 million or 4.1% from the prior year. The total fund balance in the General Fund was $133.6 million, an increase of $4.1 million or 3.1% from the prior year.

To get a more detailed picture of the liquidity of the General Fund, the reader may find it useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers. Unreserved fund balance represents 86.2% and 89.1% of total General Fund expenditures and transfers out for the fiscal years ended September 30, 2009, and 2008, respectively. Total fund balance represents 99.8% and 104.2% of that same amount for the stated periods, respectively. Key factors in the change in fund balance in the General Fund are as follows:

- Property tax revenues increased by $2.6 million, due to the growth of the County, even with declining property values.

- The combined charges for services and fees and permits decreased by $0.2 million.
  - County Clerk fees lower than prior year by $0.3 million due to fewer properties being recorded;
  - Criminal fees in County courts increased by $0.2 million due to higher fees authorized by the legislature;
  - District Clerk passport fees decreased by $0.1 million due to lower travel demand;
  - Tax Assessor/Collector fees higher than prior year - $0.1 million due to a higher number of properties that were assessed taxes;
  - Sheriff's office fees for school resource officer increased by $0.1 million due to higher fees authorized by the state legislature;
  - Federal inmate housing revenue greater than prior year by $0.1 million, owing to a more aggressive campaign to house federal inmates to offset jail costs;
  - Ambulance service fees increased by $0.1 million over last year, primarily due to higher fees and collection efforts for rural ambulance calls;
  - Other fees and charges lower than prior year - $0.3 million due to the slower economy; and
  - Other changes not identified above were a net increase of $0.3 million.

- Investment earnings decreased by $3.2 million due to lower interest rates and record lower Federal Reserve rates.

- General administrative expenses increased by $2.8 million.
  - Increased archive and restoration expenditures in the County Clerk's office of $1.0 million pursuant to a plan to restore and maintain land and vital records dating back to 1850;
  - Increase in software maintenance of $0.6 million required as part of the new Justice system and higher database licensing costs;
  - Increased liability insurance reserves by $0.3 million as part of managements continuing effort to set aside monies to contingent liabilities;
  - Increased Tax Increment Financing District participation of $0.3 million from businesses seeking to lower overall tax expenses;

- Increased phone system maintenance by $0.2 million due to opening of the new Administrative Building;
- IT audit of network and infrastructure capabilities (done on a three year basis) of $0.1 million related to a once every three year audit of information technology hardware and security policies; and
- Other increases in general administrative expenses not specifically identified above of $0.3 million.

- Capital projects in the General Fund increased by $0.5 million, due to required equipment for the new Administrative Building.

- Debt Service in the General Fund increased by $4.5 million as the County paid off a state loan used to modernize and convert its buildings to a more energy efficient use of utilities.

- Health and welfare expenditures increased over the prior year due to additional expenses for indigent defendant representation of $0.5 million.

General Road and Bridge Fund

The General Road and Bridge Fund is the primary fund responsible for maintaining County roads. At the end of the current fiscal year, the unreserved, undesignated fund balance of the General Road and Bridge Fund was $6.3 million, an increase over FY 2008 of $1.0 million, or 16.7% higher. Total fund balance of the General Road and Bridge Fund increased by $2.3 million from FY 2008 to FY 2009. The General Road and Bridge Fund revenues include fees and permits, property taxes, and fines and forfeitures.

In FY 2005, Collin County began a program to convert all rock roads to asphalt to reduce dust and increase the useful life of the road. The program is geared to convert the roads at a rate of 50 miles per year. The County completed 46 miles in FY 2009. At the end of FY09, the County was ahead of schedule in its conversion.

Key factors in the change in fund balance in the General Road and Bridge Fund are as follows:

- Property taxes increased by $3.3 million due to an increase in the tax rate allocated to the fund; prior year activity used a lower tax rate in order to expend dollars from fund balance.

- In FY 2009, federal and state funds increased by $2.8 million from FY 2008, primarily from the AirCheck Texas emissions effort sponsored by the state and managed by the North Central Texas Council of Governments.

- Fees and permits were lower by $0.2 million in FY 2009 over FY 2008 due to decreases in title, fuel tax, and road mileage fees collected.

- Fines and forfeitures increased by a net of $0.1 million due to increased civil fees related to child safety and seat belts as authorized by the state legislature and collected in FY 2009.

- The net increase in expenditures was $3.1 million. Components of the change included AirCheck Texas expenditures of $2.8 Million; storm damage to roads requiring unplanned repairs of $0.1 million; heavy equipment repair not planned of $0.1 million; and other expenditures of $0.1 million.

Health Care Foundation Fund

The Health Care Foundation Fund was created after the sale of the hospital district in the early 1980s. The proceeds of the sale were used to create investment earnings that, together with the charges for services and federal and state funding, are used to provide health care to indigent County residents. A portion of the funds from the sale have been used to purchase real property for rental to other County agencies, as well as to non-related third parties. The rental revenue is a fairly steady source of income that provided 48.9% of the funding for the Health Care Foundation Fund in FY 2009. Fund balance was lower by $1.8 million in FY 2009; key factors in the change in fund balance in the Health Care Foundation Fund were:

- Revenues were lower than expenditures by $1.8 million; revenues decreased by $0.3 million to $2.3 million in FY 2009 compared to FY 2008, due primarily to lower investment earnings of $0.2 million.

- Expenditures increased by $0.1 million to $4.1 million, as the indigent inpatient and outpatient medical costs increased by $0.1 million in FY 2009.

Budgetary Highlights

The legal level of budgetary control for the General Fund is the level at which the budget is adopted; that is, the budget is adopted by department and in total according to four major categories:

- Salaries and benefits;
- Maintenance and operating;
- Travel and education; and
- Capital purchases.

The final amended budget for expenditure appropriation was $150.0 million, or $2.8 million higher than the original approved budget of $147.2 million. Actual expenditures were $133.9 million, or 10.8% less than the final budget.

General Fund revenues were lower than the final budget by $3.4 million. Fees and permits, even with some increases authorized by the state, reflected the economic downturn by coming in $1.8 million lower than budget. Investment earnings also showed a lower than budgeted revenue variance of $1.8 million, due to the continuing economy and the historically low interest rates.

Federal and state funds revenue in the General Fund was higher than budget expectations by $0.3 million. The increase over budget was due to higher than budgeted mixed beverage tax revenues of $0.2 million and the County Court at Law Judge state supplement was higher than budgeted by $0.2 million.

The General Fund is the primary source for expenditures related to the overall operation and administration of the County. In fiscal year 2009, there were several functions that contributed to the $16.1 million lower than budgeted expenditures. They include:

- General administration was lower by $9.5 million, due to:
  - $0.3 million in budgeted Election Department expenses for election supplies, consultants, and printed materials were not spent.
  - $0.4 million in IT computer equipment and software budgeted and not spent.
  - $0.3 million in budgeted expense for phone service and cellular phone service not spent.
  - $5.6 million in non-departmental and contingency expenses for operating and capital expenditures were budgeted but not spent, primarily for:
    - wages – $0.5 million,
    - copier rental – $0.1 million,
    - employee wellness – $0.2 million,
    - consultants – $0.5 million,
    - pamphlets – $0.1 million,
    - drug testing – $0.1 million,
    - computer maintenance – $0.8 million,
    - equipment maintenance – $0.1 million,
    - software maintenance – $0.3 million,
    - phone system maintenance – $1.3 million,
    - contingency – $0.7 million,
    - miscellaneous – $0.3 million,
    - computer supplies – $0.4 million, and
    - non-capital computer equipment – $0.4 million.
  - $3.1 million in archive and restoration expenditures for the County Clerk records archives lower than budget, as the project was delayed.

- Judicial actual expenses were lower than budget by $0.8 million, due to:
  - $0.1 million under budget in County Clerk Probate/Mental Clerks Department due to lower room and board expenses.
  - $0.1 million under budget for operation and expenses for the County Clerk support of the County courts judicial function.
  - $0.1 million actual expenses lower than budgeted for operation and expenses of the County Courts.
  - $0.1 million under budget for operation and expenses for the District Clerk support of the District Courts judicial function.
  - $0.4 million actual expenses less than budgeted for operation and expenses of the District Courts.

- Financial administration expenses were lower than budget by $1.0 million, due to:
  - $0.1 million in budgeted expenses for the Budget office payroll were not spent.
  - $0.1 million in budgeted expenses for the County Auditor office payroll were not spent.
  - $0.5 million under budget in the Tax Assessor/Collector's payroll, travel and operating expenses.
  - $0.3 million under budget in the Tax Assessor/Collector office for computer software.

- Legal expenses were $0.2 million lower than budget due to lower payroll expenses in the District Attorney's office.

- Public facilities expenses were lower than budget by $0.9 million, primarily due to:
  - $0.8 million under budget caused by lower facility maintenance costs, including repairs, utilities, maintenance contracts, and cleaning services in all buildings.
  - $0.1 million under budget for payroll and operating expenses in the Public Facilities Administration department.

- Public safety expenses were lower than budget by $1.0 million due to:
  - $0.1 million under budget for lower maintenance and operating costs of the Medical Examiner office,
  - $0.1 million under budget for lower maintenance and operating expenses in the Sheriff's office,
  - $0.1 million under budget for food supplies in Jail Operations,
  - $0.2 million under budget for maintenance and operating expenses other than food supplies in Jail Operations,
  - $0.1 million under budget for salary and benefits and maintenance and operating expenses in Minimum Security,
  - $0.1 million under budget in overtime for the inmate transfer department,
  - $0.1 million under salary for the Homeland Security office, and
  - $0.1 million under budget for contracted ambulance services for unincorporated areas of the County.

- Health and welfare expenses were $0.5 million lower than budget due to lower than budgeted expenditures for inmate healthcare services.

- Capital outlay expense, which is presented separately from the functional activities, was $1.7 million below budget, due to:
  - $0.5 million for Information Technology Department computer equipment cost lower than budget,
  - $0.6 million for Non-Departmental Capitalized Consultant expense was lower than budget,
  - $0.3 million for Tax Assessor-Collector budgeted expenditures not made for computer software and training, and
  - $0.1 million for Equipment Services Department for Automotive Equipment budgeted and not spent.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets, net of accumulated depreciation at September 30, 2009, was $496.3 million, an increase of $34.5 million or about 7.5% of the total investment. Detail by type of activity and asset is summarized in the table below.

Major changes for FY 2009 are:

- Added right of way for road construction planned to land – $3.7 million.
- Added Administration Building April 2009 – $19.4 million.
- Machinery and Equipment – wrote off assets due to change in capitalization threshold (expense items below $5,000) – $18.3 million. An equal amount was removed from depreciation due to all assets being fully depreciated.
- Infrastructure increased due to conversion of roads from rock to asphalt – $8.1 million. Bond projects added another $6.4 million for road construction.
- Construction in Progress increased a net of $14.5 million, as follows: an increase of $32.0 million for road construction in progress, plus the additions for phase 2 of the courthouse and the new JJAEP School of $1.9 million, less the completion of the Administration Building of $19.4 million.
- Accumulated Depreciation includes the write-off noted above, as well as other reductions due to sales and surplus items sold, totaling $24.8 million, and an increase from depreciation expense for 2009 of $21.4 million – a net reduction of $3.4 million.

Capital Assets
As of September 30
($ in thousands)

	2009	2008
Land	$ 24,782	$ 21,117
Buildings and system	224,081	203,455
Improvements other than buildings	6,375	6,375
Machinery and equipment	50,936	69,303
Infrastructure	253,475	238,976
Construction in progress	97,626	86,884
Total capital assets	657,275	626,110
Less: accumulated depreciation	(160,968)	(164,311)
Total capital assets	$ 496,307	$ 461,799

Long-term Debt

At September 30, 2009, the County had $409.4 million in outstanding debt, an increase of $19.4 million (5.0%).

In FY 2009, the County:

- Issued $40.1 million in bonds for permanent improvements, which included $11.8 million in refunding of prior issues and $10.0 million in Build America Bonds, which qualify for special tax advantages.
- Issued $27.4 million in bonds for road construction, which included $11.8 million prior issues and $5.6 million in Build America Bonds, which qualify for special tax advantages.
- Paid $24.5 million in debt service and $18.0 million in interest costs for debt.

Outstanding Long-Term Debt
As of September 30
($ in thousands)

	2009	2008
General obligation bonds and tax notes issued for:		
Roads	$ 186,019	$ 192,202
Re-funding prior debt	81,912	74,979
Permanent improvements	52,989	15,306
New courts facility/courthouse	63,230	65,263
Touch-screen voting/web project	1,220	3,775
Outdoor youth camp	10,875	21,400
Software	13,150	17,060
	$ 409,395	$ 389,985

Additional information on capital asset activity and long-term debt activity can be found in the notes to the financial statements. A discussion of capital assets and long-term debt is included in "Section I. Summary of Significant Accounting Policies, sub-section (d) Assets, Liabilities, and Net Assets or Equity, Item 5 for Capital Assets and Item 7 for Long-term Debt." Detailed notes on capital assets can be found in "Section IV. "Detailed Notes on All Funds can be found in sub-section" (e) "Capital Assets" in the notes to the financial statements. Detailed notes on long-term debt can be found in "Section IV. Detailed Notes on All Funds, sub-section (f) Long-term Debt."

Economic Factors

The following economic factors are reflected in the FY 2009 General Fund and other budgets:

The percentage decrease in real property assessed value for FY 2009 was 1.4% (FY 2008 increase was 7.6%).

The average unemployment rate in Collin County for 2009 was 7.8% (5.5% in 2008).

Property tax receipts for FY 2009 were $174.9 million, which is 2.2% higher than FY 2008 tax receipts of $171.0 million.

For the first time in the last ten years, the County has experienced a decrease in total taxable assessed value of local property. The new challenges created this year, with the slower economy and higher unemployment, have required a new vision and a new approach for the County.

Although lower than the state and national unemployment, the loss of jobs and resulting lower property value growth has finally affected the local economy. The economic slowdown is reflected in the decrease in the property assessed value.

Even with the recession, Collin County maintains its tradition of quality living outside of the mainstream of traffic and other issues associated with the Dallas-Fort Worth metroplex. The County remains a very attractive place for relocation. With a local unemployment rate at 75% of that of the state, the County is sought after by major corporations looking to relocate offices, as there remains a large and stable professional workforce. During the fiscal year ended September 30, 2009, an average of 1,371 people moved into the County each month; this is an average 18 persons per day decrease over the 2008 rate of growth per month of 1,929 people. Although growth slowed in FY 2009, with more than 45 persons per day moving into the County, there continues to be challenges in keeping up with roads and other infrastructure needs.

The County participates with the North Central Texas Council of Governments in planning the regional needs of the area as well as its own needs. A Master Transportation Plan has been in place for a number of years and is updated annually to take into account the needs for both rural and urban roads.

During the year, the County created a Toll Road Authority and began making right of way purchases to build an outer loop to connect Interstate 35 with Interstate 30 through construction of a toll road along the northern and eastern boundaries of the County. The Outer Loop is to be built in 6 sections; planning and engineering is in process in various phases, based on what will be built first. Money was budgeted for right of way acquisition in 2009; construction is expected to begin in 2010, with completion of the final section expected in 2030. Section 1 is between the Dallas North Tollway and State Highway 289 (Preston Road), with the next section continuing past State Highway 289 to U. S. Highway 75. The area experiencing the most rapid growth is section 3, between U. S. Highway 75 and State Highway 121. This section will be built first, with frontage roads to start and main lanes to be completed by 2014.

The Dallas North Tollway opened a six-lane divided toll road between State Highway 121 and U. S. Highway 380 in FY 2009. The Dallas North Tollway has completed two-lanes of its east frontage road north of U. S. Highway 380 and continues working on the northern expansion of the toll road to the outer loop and the Grayson County line.

During the year, the County participated with three other counties and the state of Texas in the sale of its rights for Texas Highway 121 as a six-lane toll road. Several sections of the 12.8 mile roadway between the Dallas North Tollway on the west terminus and U. S. Highway 75 on the east have been opened, with expected completion of this section in 2010. The rights fee paid to the State by the North Texas Toll Authority to build and operate the toll road created a construction fund for the County to use to build roads and bridges in the County totaling $949.1 million at September 30, 2009. This approach will significantly improve the ability and time to construct major highways and connector roads throughout the County.

The state and County, along with the major cities in the County that contain portions of the roadway, have identified the projects and are in the process of completing time schedules and establishing priorities for various road and bridge projects.

Budgeted revenues in FY 2010 are $266.8 million, an increase of 10.0% over FY 2009 actual revenues of $240.2 million. Property taxes account for the bulk of receipts, as 72.8% of the budgeted revenues are from property taxes.

Budgeted appropriations for FY 2010, which include expenditures and transfers out, total $290.9 million. The General Fund appropriations total $157.7 million, or 54.2% of the total. Debt service is $43.9 million (15.1% of the total) and other funds, primarily capital project funds, total $89.3 million, or 30.7% of the total.

There are several significant events expected to have an impact in FY 2010 and beyond:

Mentioned above were some of the details regarding the sale of rights to toll Highway 121. Construction of Highway 121 is a high priority of the County, the state and local cities. Construction of frontage roads and grade separations begun in 2005 were completed in 2006, with the new roadways opened in summer 2006. This has reduced significantly the congestion of a two-lane road that was the primary transportation route between McKinney (the County Seat) and DFW International Airport. When completed, the east-west Highway 121 expansion will provide six lanes of toll road, six lanes of frontage roads, and overpasses over heavily-traveled north-south roadways. The more than $900 million that has been allocated to Collin County for County and city projects will be used for transportation and other projects. Innovative funding techniques for other state and federal highways in the County include the consideration of tolled HOV lanes.

Work on the Outer Loop, mentioned above, has started, with planning and engineering, as well as right of way acquisition, on-going. This multi-decade project will connect Interstate Highway 35 north of the Dallas-Fort Worth metroplex and Interstate Highway 20 east of the metroplex. It will be tolled, with completion expected in 2030 for all sections.

Health care for indigent residents of Collin County is a major economic consideration for the County. Grants to community agencies that began in 2008 and continued in 2009 have helped the County to provide preventative and minor medical care in cities where the indigent population is located. Reduced federal and state funding for medical care has contributed to the increasing demands on County resources to provide the same level of services offered in prior years. As expected, the County did receive large amounts of funding from the federal stimulus package. The health care task force continues to work with local providers and the County to ensure appropriate recommendations and decisions concerning the future availability of service and care.

With the demands on County services for infrastructure and health care, the effect of the economic downturn and its effects on the County taxable assessed values may strain the County's ability to provide adequate revenues to support basic services. The County conservatively manages its resources, using cost containment practices ranging from performance programs to position savings to other ways to reduce or eliminate non-performing programs. As of September 30, 2009, the unreserved fund balance for the General Fund was $133.6 million; this is 84.7% of budgeted General Fund expenditures for FY 2010. The management of the County has placed it in sound financial position to mitigate the current economic uncertainty. That does not replace the need for continuing close observation and examination of every expenditure to ensure the money spent is spent wisely and properly.

In November 2007, the County presented a bond proposal to voters for new funding for facilities, roads and open space. The proposed funding was for a total of $328.9 million, with $235.6 million for roads, $76.3 million for facilities, and $17.0 million for open space. The bond proposal passed. The second sale of bonds was in September, 2009. Overall there were 15 road projects included in the bond proposal. Many of the road projects require a local participation of 50% from the sponsoring city and 50% from the County. When completed, the road will pass to the city for maintenance and operations, while the County will pay the debt.

The facilities bonds passed were primarily to fund two County facilities: 50% of the phase 2 expansion of the County courthouse (phase 1 was completed in July, 2007) and construction of a new juvenile alternative education facility. The expansion of the courthouse will provide additional court administration offices as well as creating courtrooms for the County courts, which will relocate to the site when the expansion is complete. This phase 2 expansion is estimated to cost $47 million; construction is estimated to be completed in 2012. The balance of the phase 2 expansion monies is expected to come from fund balance, with no additional debt required.

Bond proceeds from the open space approval will be used to acquire land for open space and recreational facilities and to construct and improve parks and recreational opportunities within the County. With the County providing 50% of funding and the cities or non-profit organizations matching that amount, we can leverage County dollars to improve quality of life for County residents. A portion of the funds will be used to continue the "Six Cities Trail Plan," created to link the hiking and biking paths in the cities of Allen, Frisco, Garland, McKinney, Plano and Richardson, and to expand it into a regional plan.

The County has successfully completed its litigation regarding the failed enterprise wide software upgrades in 2005; the refund was received in 2009. The County recognizes its need to upgrade its financial software, including all sub-systems, and is currently in the process of reviewing vendor responses to business requirements. To begin the project using phases, the core modules of finance, purchasing and budgeting will be implemented first, with sub-systems added as those departments find and validate the software that best meets their needs. Vendor responses to the core system requirements will be reviewed during FY2010; vendors who pass the initial review will be selected to present additional information and demonstrations of their software to County staff, in anticipation of selection and implementation of a new system by October, 2011. Integration problems between existing payroll software, justice software and financial software are expected to be resolved with the implementation of the new enterprise software.

The County has now completed phasing in to all departments its performance-based pay, performance measurement program for employees. Support for this project is fueled by the expectation of the long-term benefit of managing employees and managers in encouraging them to perform assigned duties and being compensated for their performance. As with prior years, FY2010 will see employees and managers managing the performance process using the human resource software.

The County is currently participating with 11 other large counties to customize and implement a new case management software system. The case management system is named the Comprehensive Integrated Justice System. Implemented in FY 2007 was the probate court module. Go live for the civil courts process was completed in March 2008; the justice of the peace modules were implemented in the summer of 2009. Configuration testing is being planned for the criminal courts module and the sheriff's office and jail administration modules are in planning and configuration.

The tax rate for FY 2010 remained the same as FY 2009 at $0.2425/$100 of valuation. Continuing pressure from rising health care costs, demand for constituent services and road construction to meet the growing population may eventually cause the County to have to adjust the rate, but for now the growth of the County, the existing property values and fund balance will be used to provide the majority of funding for expenditures. Collin County continues to experience strong fund balance reserves which will be used to make up any differences in revenue shortfalls.

Requests for Information

This report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning the information provided in this report or requests for additional financial information should be addressed to Mr. Jeff May, County Auditor/Chief Financial Officer, at 2300 Bloomdale Road, Suite 3100, McKinney, TX 75071.

COLLIN COUNTY, TEXAS

Statement of Net Assets

September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and cash equivalents	$ 236,923	$ 4,879	$ 241,802	$ 208
Investments	156,905	-	156,905	-
Receivables (net of allowance for uncollectibles)	10,532	-	10,532	-
Internal balances	11,517	(11,517)	-	
Inventories	3,423	-	3,423	-
Deferred charges	2,674	-	2,674	-
Capital assets (net of accumulated depreciation):				
Land	21,447	3,335	24,782	-
Buildings and system	167,976	-	167,976	-
Improvements other than buildings	3,128	-	3,128	-
Machinery and equipment	25,485	-	25,485	-
Infrastructure	177,310	-	177,310	-
Construction in progress	94,074	3,552	97,626	-
Total assets	911,394	249	911,643	208
Liabilities:				
Accounts payable and other current liabilities	11,914	245	12,159	157
Due to other governments	26	-	26	-
Unearned revenue	339	-	339	-
Noncurrent liabilities:				
Due within one year	34,727	-	34,727	-
Due in more than one year	413,620	-	413,620	-
Total liabilities	460,626	245	460,871	157
Net assets:				
Invested in capital assets, net of related debt	280,844	6,887	287,731	-
Restricted for:				
Debt service	7,547	-	7,547	-
Health Care Foundation	13,897	-	13,897	-
Meyers Park Foundation	123	-	123	-
Grant programs	3,452	-	3,452	-
Unrestricted	144,905	(6,883)	138,022	51
Total net assets	$ 450,768	$ 4	$ 450,772	$ 51

The notes to the financial statements are an integral part of this statement.

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COLLIN COUNTY, TEXAS

Statement of Activities

For the Fiscal Year Ended September 30, 2009

(Amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Primary Government:								
Government activities:								
General administration	$ 34,518	$ 7,440	$ 385	$ -	$(26,693)	$ -	$(26,693)	
Judicial	17,195	4,762	840	-	(11,593)	-	(11,593)	
Financial administration	10,891	3,075	97	-	(7,719)	-	(7,719)	
Legal	11,254	256	146	-	(10,852)	-	(10,852)	
Public facilities	18,129	576	152	-	(17,401)	-	(17,401)	
Equipment services	2,320	1	-	443	(1,876)	-	(1,876)	
Public safety	61,904	9,412	3,054	430	(49,008)	-	(49,008)	
Public transportation	25,491	15,206	6,138	16	(4,131)	-	(4,131)	
Health and welfare	18,369	1,112	5,377	175	(11,705)	-	(11,705)	
Culture and recreation	1,720	33	185	-	(1,502)	-	(1,502)	
Conservation	295	-	-	-	(295)	-	(295)	
Interest and fiscal charges	19,267	175	-	-	(19,092)	-	(19,092)	
Total primary government	221,353	42,048	16,374	1,064	(161,867)	-	(161,867)	
Component unit:								
Health and welfare	$ 12	$ -	$ -	$ -				$(12)
Total component unit	12	-	-	-				(12)
General revenues								
Property taxes					174,895	-	174,895	-
Mixed beverage tax					2,065	-	2,065	-
Unrestricted investment earnings					3,690	4	3,694	-
Miscellaneous					73	-	73	-
Total general revenues					180,723	4	180,727	-
Change in net assets					18,856	4	18,860	(12)
Net assets - beginning of year					431,912	-	431,912	63
Net assets - end of year					$ 450,768	$ 4	$ 450,772	$ 51

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS
Balance Sheet
Governmental Funds
September 30, 2009

Assets	General Fund	General Road and Bridge	Health Care Foundation
Cash and cash equivalents	$ 55,671	$ 4,842	$ 2,107
Investments	81,448	8,604	12,262
Receivables:			
Taxes (net of allowance for uncollectibles)	2,280	76	-
Fines and fees	1,135	1,108	-
Due from other governments	942	421	1
Due from other funds	924	-	74
Advance to other funds	162	-	-
Interest	156	-	35
Miscellaneous	178	1	2
Inventories	380	3,043	-
Total assets	$ 143,276	$ 18,095	$ 14,481
Liabilities			
Accounts payable	$ 2,111	$ 574	$ 503
Payroll related costs payable	4,313	171	50
Lease deposits payable	-	-	26
Due to other governments	-	-	-
Due to other funds	18	-	1
Deferred revenue	1,135	1,108	-
Deferred tax revenue	2,073	69	-
Total liabilities	9,650	1,922	580
Fund balances			
Reserved for:			
Debt service	-	-	-
Capital projects	-	-	-
Sale of Courthouse	-	-	-
Animal Shelter Facility	-	-	-
Collin County Toll Road Authority	162	-	-
Health Care Foundation	-	-	13,897
Meyers Park Foundation	-	-	-
Encumbrances	8,422	5,366	4
Inventories	380	3,043	-
Unreserved fund balance:			
Designated for capital assets	8	1,499	-
Designated for special projects	1,519	-	-
Designated for five-year plan	6,977	-	-
Designated for administration	832	-	-
Unreserved/undesignated, reported in:			
General fund	115,326	-	-
Special revenue funds	-	6,265	-
Total fund balances	133,626	16,173	13,901
Total liabilities and fund balances	$ 143,276	$ 18,095	$ 14,481

The notes to the financial statements are an integral part of this statement.

Unlimited Tax Road Bond 2007	Permanent Improvement	Other Governmental Funds	Total
$ 25,058	$ 22,496	$ 116,353	$ 226,527
-	5,636	44,421	152,371
-	-	712	3,068
-	-	-	2,243
-	2,000	1,099	4,463
-	-	70	1,068
14	11,700	1,341	13,217
-	-	-	191
232	1	147	561
-	-	-	3,423
$ 25,304	$ 41,833	$ 164,143	$ 407,132
$ -	$ 96	$ 1,545	$ 4,829
-	-	361	4,895
-	-	-	26
-	-	26	26
-	-	977	996
-	-	470	2,713
-	-	644	2,786
-	96	4,023	16,271
-	-	7,547	7,547
14,478	24,619	108,357	147,454
-	2,000	-	2,000
-	1,700	-	1,700
14	10,000	1,341	11,517
-	-	-	13,897
-	-	123	123
10,812	3,418	30,443	58,465
-	-	-	3,423
-	-	-	1,507
-	-	-	1,519
-	-	-	6,977
-	-	-	832
-	-	-	115,326
-	-	12,309	18,574
25,304	41,737	160,120	390,861
$ 25,304	$ 41,833	$ 164,143	$ 407,132

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COLLIN COUNTY, TEXAS

Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Assets
September 30, 2009

Total fund balances – governmental funds			$ 390,861
Amounts reported for governmental activities in the statement of net assets are different because:			
Bond issuance costs for the sale of bonds are expenditures in the funds but are amortized over the life of the bonds in government-wide statements.			2,674
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These capital assets (net of accumulated depreciation) consist of:			
Land	$	21,447	
Buildings and systems		165,436	
Improvements other than buildings		3,128	
Machinery equipment		25,385	
Infrastructure		177,310	
Construction in progress		94,074	
Total capital assets			486,780
Some amounts deferred in the funds were recorded in a different fiscal year than the current year:			
Special assessment for road construction in the prior year that is deferred to a future period is included in the funds.	$	131	
Fines and fees earned in the current fiscal year but are not available to provide for current financial resources, and therefore are deferred in the funds.		2,243	
Property taxes earned in the current fiscal year but are not available to provide for current financial resources, and therefore are deferred in the funds.		2,786	
Total deferred revenues			5,160
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			11,302
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:			
Interest payable	(	2,110)	
Bonds, notes and loans payable	(	409,395)	
Compensated absences	(	6,930)	
OPEB obligation	(	13,449)	
Arbitrage payable	(	643)	
Unamortized bond premiums	(	13,482)	
Total liabilities			(446,009)
Net assets of governmental activities			$ 450,768

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2009

	General	General Road and Bridge	Health Care Foundation
Revenues:			
Taxes:			
Property	$ 119,981	$ 4,096	$ -
Fees and permits	11,297	12,883	436
Federal and state funds	3,993	5,130	156
Charges for services	5,357	-	-
Fines and forfeitures	2,270	2,214	-
Other local government funds	-	-	-
Rental revenues	-	-	1,145
Interest	3,484	285	577
Miscellaneous	817	360	26
Total revenues	147,199	24,968	2,340
Expenditures:			
Current:			
General administration	23,809	-	-
Judicial	13,846	-	-
Financial administration	9,946	-	-
Legal	10,322	-	-
Public facilities	10,172	-	300
Equipment services	1,919	-	-
Public safety	44,931	-	-
Public transportation	-	21,469	-
Health and welfare	11,315	-	3,797
Culture and recreation	496	-	-
Conservation	285	-	-
Capital projects – capital outlay	2,315	854	-
Debt service:			
Principal retirement	4,096	-	-
Interest and fiscal charges	414	-	-
Bond issuance costs	-	-	-
Advance refunding escrow	-	-	-
Total expenditures	133,866	22,323	4,097
Excess (deficiency) of revenues over (under) expenditures	13,333	2,645	(1,757)
Other financing sources (uses):			
Transfers in	162	-	-
Transfers out	(9,462)	(434)	-
Sale of assets	80	61	-
Debt issuance	-	-	-
Refunding escrow payments	-	-	-
Premium (discount) on sale of bonds	-	-	-
Total other financing sources (uses)	(9,220)	(373)	-
Net change in fund balances	4,113	2,272	(1,757)
Fund balances – beginning	129,513	13,901	15,658
Fund balances – ending	$ 133,626	$ 16,173	$ 13,901

The notes to the financial statements are an integral part of this statement

Unlimited Tax Road Bond 2007	Permanent Improvement	Other Governmental Funds	Total
$ -	$ 8,135	$ 42,658	$ 174,870
-	-	278	24,894
-	-	6,725	16,004
-	-	3,522	8,879
-	-	86	4,570
232	-	175	407
-	-	-	1,145
221	389	2,312	7,268
-	687	199	2,089
453	9,211	55,955	240,126
-	-	1,246	25,055
-	-	2,076	15,922
-	-	31	9,977
-	-	207	10,529
-	-	48	10,520
-	-	10	1,929
-	-	11,894	56,825
-	-	-	21,469
-	-	2,766	17,878
-	-	602	1,098
-	-	-	285
3,023	7,943	37,004	51,139
-	-	24,490	28,586
-	-	17,976	18,390
-	-	373	373
-	-	1,428	1,428
3,023	7,943	100,151	271,403
(2,570)	1,268	(44,196)	(31,277)
14	-	36,814	36,990
-	-	(25,577)	(35,473)
-	-	-	141
-	-	67,465	67,465
-	-	(23,565)	(23,565)
-	-	2,142	2,142
14	-	57,279	47,700
(2,556)	1,268	13,083	16,423
27,860	40,469	147,037	374,438
$ 25,304	$ 41,737	$ 160,120	$ 390,861

COLLIN COUNTY, TEXAS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2009

Net change in fund balances – governmental funds		$ 16,423
Amounts reported for governmental activities in the statement of activities are different because:		
Capital asset purchases are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated lives as depreciation expense. In the current period, these amounts are:		
Capital assets additions	$ 50,902	
Capital assets decreases	(1,843)	
Depreciation expense for all capital assets	(21,321)	
Total change in capital assets activity		27,738
Bond proceeds provide current financial resources. However, in the statement of activities, some items do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Debt issuance and refunding increases long-term debt in statement of net assets.	$(67,465)	
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.	52,151	
Bond issuance fees and bond premiums require the use of current financial resources but are amortized over the life of the bond in the statement of activities.	(1,200)	
Total long-term debt		(16,514)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues over expenditures of the internal service funds is reported with the governmental activities.		(2,221)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds. The change in these revenues are as follows:		
Property taxes	$ 9	
Fines and forfeitures	(163)	
Total changes in revenues		(154)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The change in these expenditures are as follows:		
Interest owed but not yet paid	$(750)	
Arbitrage payable	732	
OPEB obligation	(6,060)	
Compensated absences	(338)	
Total changes in long-term liabilities		(6,416)
Change in net assets of governmental activities		$ 18,856

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Net Assets

Proprietary Funds

September 30, 2009

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	$ 4,879	$ 10,396
Investments	-	4,533
Receivables:		
Due from other funds	-	123
Miscellaneous receivables	-	7
Total current assets	4,879	15,059
Capital assets (net of accumulated depreciation):		
Land	3,335	-
Buildings and systems	-	2,539
Machinery and equipment	-	100
Construction in progress	3,552	-
Total capital assets	6,887	2,639
Total assets	11,766	17,698
Liabilities:		
Current liabilities:		
Accounts payable	245	2,544
Payroll payable	-	18
Claims payable	-	1,939
Due to other funds	-	195
Total current liabilities	245	4,696
Noncurrent liabilities:		
Advance from other funds	11,517	1,700
Total liabilities	11,762	6,396
Net assets:		
Invested in capital assets	6,887	2,639
Unrestricted	(6,883)	8,663
Total net assets	$ 4	$ 11,302

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended September 30, 2009

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Operating revenues:		
Premiums	$ -	$ 21,014
Charges for services	-	1,212
Other	-	368
Total operating revenues	-	22,594
Operating expenses:		
Administration	-	2,021
Benefits	-	22,898
Depreciation	-	117
Total operating expenses	-	25,036
Operating income	-	(2,442)
Non-operating revenues (expenses):		
Interest income	4	221
Total non-operating revenues (expenses)	4	221
Change in net assets	4	(2,221)
Total net assets – beginning	-	13,523
Total net assets – ending	$ 4	$ 11,302

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2009

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	$ -	$ 22,135
Insurance recovery	-	361
Administration costs	-	(2,247)
Benefits paid	-	(22,574)
Net cash used by operating activities	-	(2,325)
Cash flows from capital financing activities:		
Purchases of capital assets	(6,642)	-
Net cash used by capital financing activities	(6,642)	-
Cash flows from investing activities:		
Sale (purchase) of investment	-	(147)
Advance from other funds	11,517	-
Interest income	4	221
Net cash provided by capital financing activities	11,521	74
Net increase (decrease) in cash and cash equivalents	4,879	(2,251)
Cash and cash equivalents – October 1, 2008	-	12,647
Cash and cash equivalents – September 30, 2009	$ 4,879	$ 10,396
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ -	$(2,442)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	-	117
(Increase) decrease in intergovernmental receivable	-	24
(Increase) decrease in due from other funds	-	(123)
Increase (decrease) in accounts payable	-	323
Increase (decrease) in payroll payable	-	1
Increase (decrease) in due to other funds	-	58
Increase (decrease) in advance from other funds	-	(283)
Total adjustments	-	117
Net cash used in operating activities	$ -	$(2,325)

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Net Assets

Fiduciary Funds

September 30, 2009

Assets	
Cash and cash equivalents	$ 25,513
Investments	9,033
Assets held as security deposits	3,114
Receivables:	
Miscellaneous receivables	387
Total assets	$ 38,047
Liabilities	
Due to other governments	$ 5,630
Due to others	29,476
Cash bonds outstanding	2,865
Cost deposits outstanding	76
Total liabilities	$ 38,047

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments to the degree possible given current restrictions on verification audit capabilities in several key areas. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*. The financial report has been prepared in accordance with GASB Statement No. 34, *"Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,"* issued in June 1999 and implemented by the County in FY 2002. The most significant accounting and reporting policies of the County are described in the notes to the financial statements.

(a) Reporting Entity

Primary Government

Collin County (the County) is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, comprised of the County Judge and four Commissioners, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: justice administration (courts, juries, constables, district attorney, clerks, investigators, sheriff, jail, fire marshal, and medical examiner), tax collection, roads and bridge maintenance, juvenile services and assistance to indigents.

The accompanying basic financial statements present the government as defined according to criteria in GASB Statements No. 14 and 39, *The Financial Reporting Entity*. Blended component units, while legally separate entities, are in substance a part of the government's operations.

Blended Component Units

For reporting purposes, the Collin County Housing Finance Corporation (HFC) and the Collin County Health Care Foundation (HCF) qualify as blended component units. The Commissioners' Court sits as the governing board of the HFC and HCF. The only activity of the HFC has been the issuance of single and multiple-family revenue bonds that are disclosed as conduit debt in Footnote IV (F). Otherwise, there are no other financial operations or balances for this entity. Required financial reporting to show compliance is provided by the administrator Bank of New York Mellon acting as trustee for the various issues and overseeing legal compliance reporting. The HCF was organized under the Texas Nonprofit Corporation Act to assist the County by providing indigent health care. Financial activity is reported as a major special revenue fund within the governmental fund financial statements.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Reporting Entity (Continued)

Discretely presented component unit. For reporting purposes, Child Protective Services has been presented as a discreetly presented component unit. Child Protective Services is responsible for providing additional assistance to foster children in the care of the state. The Board is appointed by the Commissioners' Court and serves at their pleasure. The Board proposes a budget; however, the Commissioners' Court approves the funding of the CPS budget as part of the County's operating budget.

Complete financial statements for the Health Care Foundation and Child Protective Services Board are available upon request at the County Auditor's office. The Health Care Foundation is also included in these financial statements as a major fund.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary activity, consolidated information on all of the activities of the County and its blended component units. The effect of interfund transfers has been removed from these statements but continues to be reflected on the fund statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities primary support is derived from taxes and intergovernmental revenues.

The statement of activities exhibits the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the fiduciary funds are excluded from the government-wide financial statements. The General Fund, General Road and Bridge Special Revenue Fund, Health Care Foundation Special Revenue Fund, Unlimited Tax Road Bond 2007 Capital Project Fund, and Permanent Improvement Fund meet the criteria or have been selected by management as *major governmental funds*. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue, Debt Service and Capital Projects funds. The combined amounts for these funds are reflected in a single column in the fund financial statements. Detailed statements for nonmajor funds are presented within Combining and Individual Fund Statements and Schedules.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are District Clerk and County Clerk fees, justice of the peace fees, investment earnings, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements are met.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes levied prior to September 30, 2008 that were due October 1, 2008 have been assessed to finance the budget of the fiscal year beginning October 1, 2008. In accordance with the modified accrual basis of accounting, the balances outstanding at November 30, 2009, outstanding 60 days after year-end, are reflected as deferred revenue and taxes receivable in the fund financial statements. Property taxes and interest earned as of September 30 and received within 60 days of year-end are accrued as income in the current period. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures, claims and judgments, and compensated absences are recorded only when payment is made.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, fees, charges for services, intergovernmental revenues and investment interest income. Primary expenditures are for general administration, public safety, judicial, public welfare, health services, and capital acquisition.

General Road and Bridge Special Revenue Fund is used to account for the activities affecting County-owned roads, including right-of-way acquisitions, construction, operations, and maintenance. Expenditures for shared cost road projects with the state are also included. This constitutional fund is financed by a designated part of the annual property tax levy.

The Health Care Foundation Special Revenue Fund is used to account for receipt of investment earnings and authorized health care expenditures as administered by the Collin County Health Care Foundation.

Unlimited Tax Road Bond 2007 Capital Projects Fund is used to account for the bond proceeds and cost to construct and maintain roads, bridges, and highways as approved by the voters of Collin County.

Permanent Improvement Fund is used to account for tax revenues and appropriations designated by Commissioners' Court for specific capital projects.

Additionally, the County reports the following nonmajor funds:

Special Revenue Funds are used to account for specific revenue sources (other than for capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions can come from outside the County or from Commissioners' Court.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Debt Service Funds are used to account for the accumulation of resources for and the payment of long-term debt principal and interest. The use of Debt Service Funds to service debt is not required unless legally mandated or if resources are accumulated for payments maturing in future years.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure.

Internal Service Funds are used to account for health care, workers' compensation coverage, liability insurance coverage, and optional payroll deductions for the County and employees of the County on a cost-reimbursement basis with allowances for catastrophic losses.

Enterprise Funds are used to account for business-type activities. Commissioners' Court authorized the creation of a new enterprise fund in fiscal year 2009, the Collin County Toll Road Authority Fund. This fund is used to track future activity for the Outer Loop road project. Currently the only activity in this fund is funding right-of-way and infrastructure. It is the intention of Commissioners' Court to eventually generate toll revenues to support the fund.

Agency Funds are used to account for situations where the County's role is strictly custodial in nature. Most of these funds are held for legal reasons. Those reasons vary from funds held in trust for minors, to funds placed in escrow awaiting a decision and order by the presiding court. Additional funds were on hand at year-end for tax collections for other governmental entities or the state or other governmental entities for fees collected on their behalf. As a result, all assets reported in an Agency Fund are offset by a liability to the party or entity on whose behalf the assets are held.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The County applies all FASB pronouncements within the above limitations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is Collin County's policy to use restricted resources first, then unrestricted resources as they are needed.

(d) Assets, Liabilities, and Net Assets or Equity

(1) Deposits and Investments

The County's cash and cash equivalents are considered to be (i) cash on hand; (ii) demand deposits, and short-term investments (with an original maturity of 90 days or less from the date of acquisition) that become available as cash within 30 days of year-end; and monies invested in 2a-7 pools.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

(1) Deposits and Investments (Continued)

State statutes and the County's official Investment Policy authorize the County to invest in obligations of the U. S. Treasury and Governmental Agencies, certificates of deposit, commercial paper, repurchase agreements, bankers' acceptances, money market mutual funds and direct obligations of the State of Texas.

The County and its component units report investments at fair value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund's statement of activity and/or statement of revenues, expenditures and changes in fund balance.

(2) Receivables and Payables

Accounts Receivable

Property taxes are recognized as revenues in the period for which the taxes are levied, regardless of the lien date. Property taxes for the County are levied based on taxable value on the lien date of January 1 prior to September 30 of the same year. They become due October 1 of that same year and delinquent after January 31 of the following year. Accordingly, receivables and revenues for prior-year levies delinquent at year-end and outstanding 60 days after year-end are reflected on the government-wide statement based on the full accrual method of accounting and under the modified accrual method in the fund statements.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements have been met and reimbursable costs are incurred.

Reimbursements for services performed are recorded as receivables and revenues when they become eligible for accrual in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements.

Receivables are shown net of an allowance for uncollectibles.

Lending or borrowing between funds is reflected as "due to" or "due from" (current portion) or "advances to/from other funds" (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund activity reflected in "due to" or "due from" is eliminated on the government-wide statements with the exception of internal balances between the governmental activities and business-type activities.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

(3) Inventories and Prepaid Items

Inventory is valued at average cost. Inventory in the General and Special Revenue Funds consists of expendable supplies held for consumption, and the cost is recorded as an expenditure at the time the inventory items are used. Reported inventories are offset by a reserve of fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(4) Restricted Net Assets

Upon receipt, contributions, grants, and other revenues restricted by donors for specific purposes are added to restricted assets of the County. Each fund with restricted net assets has an administrator who is responsible for monitoring the revenues and expenses and for ensuring that the fund's resources are being used for the purpose stated. The Health Care Foundation, a nonprofit corporation, is reported as restricted because of legal restrictions. Resources set aside for specific purposes such as required within the terms of bond agreements, or self-insurance arrangements, are reported as restricted.

(5) Capital Assets – Primary Government

Capital assets, which include land, buildings and improvements, equipment, and infrastructure, are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of $5,000 or more. Infrastructure assets include County-owned roads, bridges, signs, and improvements to land. Infrastructure assets acquired prior to fiscal year ended September 30, 1980, were not included based on the fact that Collin County was rural with mostly unimproved infrastructure prior to that time. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend the asset's life are expensed rather than capitalized.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

(5) Capital Assets – Primary Government

Capital assets and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30
Building improvements	5 to 30
Facilities and land improvements	10 to 30
Bridges	10 to 50
Infrastructure and improvements	20
Furniture and equipment	1 to 15
Computer equipment	1 to 8
Machinery and equipment	1 to 10
Medical and lab equipment	1 to 15
Voice communication equipment	3
Vehicles	5 to 10

(6) Compensated Absences

A liability for unused paid time off accruals and compensatory time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences: a) leave or compensation is attributable to services already rendered, and b) leave or compensation is not contingent on a specific event (such as illness).

GASB Interpretation 6 indicates that liabilities for compensated absences should only be recognized in the fund statements to the extent the liabilities have matured and are payable out of current available resources. Compensated absences are accrued in the government-wide statements.

The County's permanent, full-time employees accrue 7.39 hours of paid time off per pay period (biweekly) from date of employment to four years of service; 8.31 hours per pay period from 5 years to 9 years of service; 9.23 hours per pay period from 10 to 19 years of service; and 10.15 hours per pay period for 20 plus years of continuous employment. The maximum accrual is 200, 240, 320, and 400 hours of paid time off for the respective accrual categories specified. Upon termination from the County, an employee is entitled to payment for the total accrued hours as long as they have completed at least one year of continuous service.

The County's permanent, full-time employees are given 24 hours of catastrophic time off (CTO) at the beginning of each calendar year. An employee can accrue a maximum of 160 hours which can be taken in increments for specific circumstances defined in the personnel policy. Employees are not paid for unused CTO at termination or retirement from the County.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

(7) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, as well as issuance costs and deferred gain or loss on refunding of debt, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(8) Unemployment and Workers' Compensation Benefits

The County is a reimbursing employer for unemployment compensation benefits. Reimbursements are made on the basis of regular billings received from the Texas Employment Commission. The County also processes workers' compensation payments through a third-party administrator as the claims become due. These obligations are budgeted and paid from current resources (Note V. (a)).

(9) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund reservations include debt service, capital projects, sale of courthouse, animal shelter facility, health care, Myers Park Foundation, encumbrances, and inventories.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(a) Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance for total governmental funds and net assets as reported in the government-wide statement of net assets. One element of that reconciliation explains, "Some liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $446,009 difference are as follows:

(continued)

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

(a) Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets (Continued)

Bonds payable	$	409,395
Accrued interest payable		2,110
OPEB obligation		13,449
Arbitrage payable		643
Unamortized bond premiums		13,482
Compensated absences		6,930
Net adjustment to reduce *fund balance - total government funds to arrive at net assets - governmental activities*	$	446,009

Another element of that reconciliation explains, "Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." These assets consist of:

Land	$	21,447
Buildings and systems		165,436
Improvements other than buildings		3,128
Machinery and equipment		25,385
Infrastructure		177,310
Construction in progress		94,074
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	486,780

Other miscellaneous elements of the reconciliation explain individual specific amounts reported differently in net assets – governmental activities in contrast to fund statements. These various elements are as follows:

Bond issuance costs and premiums on sale of bonds are expenditures and revenues in the funds but are amortized over the life of the bonds in government-wide.	$	2,674
Fines and fees earned in the current fiscal year collected in the future		2,243
Road construction special assessment in prior year deferred to future period.		131
Property taxes earned in the current fiscal year but not available to provide current financial resources, and therefore are deferred in the funds.		2,786
Internal Service Funds used by management to charge cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net assets.		11,302
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	19,136

(continued)

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

(b) Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation indicates, "Capital asset purchases are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $27,738 difference are as follows:

Capital projects - capital asset additions	$ 50,902
Capital assets disposal	(1,843)
Depreciation expense	(21,321)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 27,738

Another element of that reconciliation states, "Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the difference of ($6,416) are as follows:

Interest owed but not yet paid	$(750)
Arbitrage payable	732
OPEB obligation	(6,060)
Compensated absences	(338)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$(6,416)

Various other elements of that reconciliation associated with the issuance of long-term debt (i.e. bonds, tax notes) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this ($16,514) difference are as follows:

(continued)

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

(b) Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Debt issued or incurred:	
Issuance and refunding of general obligation bonds	$(67,465)
Principal payments:	
General obligation debt	52,151
Amortization of bond issuance cost and bond premiums	(1,200)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$(16,514)

Other miscellaneous elements of that reconciliation explain individual specific amounts reported differently in government-wide statement of activities than in the governmental fund statements. The details of this ($2,375) difference are as follows:

Net revenues over expenditures of the Internal Service Funds are reported with the governmental activities	$(2,221)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	9
Fines and forfeitures receivable	(163)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$(2,375)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(a) Budgetary Information

Annual budgets are adopted for all governmental funds except Farm Museum Memorial, District Attorney Service Fee, Myers Park Foundation, Tax Assessor/Collector Motor Vehicle Tax, Justice Court Technology, Dangerous Wild Animal, Economic Development, L.E.O.S.E. Education, Juvenile Delinquency Prevention, Child Abuse Prevention, Court Initiated Guardianship, District Attorney Deferred Prosecution Program, Drug Court Program, SCAAP, County Court-at-Law Fee Program, Excess Distribution and Grants Special Revenue Funds, and all bond funds. No appropriations were approved out of the individual funds listed. The budget for each bond issue is adopted at the time the bonds are issued and rolled from year to year until the funding is exhausted. Juvenile Probation/Alternative Education Funds budget is not adopted as part of the County's budget, but is ministerially adopted after the Juvenile Probation Board formally approves it. All grants funds budgets are adopted at the state and federal level and ministerially adopted by Commissioners' Court. All governmental fund annual appropriations lapse at fiscal year-end.

(continued)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

(a) Budgetary Information (Continued)

On or before the last day of May of each year all departments of the County submit requests for appropriations to the Budget Officer. The initial budget request and the Budget Officer's recommendations are provided to the Commissioners' Court beginning in early July. Commissioners' Court holds budget hearings to allow departments to justify requests not included in the Budget Officer's proposed budget. They hold public hearings and publish notices starting in August on the timetable required by state statute. By September 1 or as soon as possible thereafter the budget and the tax rate are adopted with tax notices mailed on or after October 1.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, maintenance and operating, and capital assets are the legal levels used. Effective September 1, 2005, the Commissioners' Court amended this policy to allow the Budget Officer to amend the budget as needed for appropriation line items with a "For Your Information Notification" to the Court for all amendments over $5,000.

Encumbrance accounting is utilized by governmental entities. Encumbrances (i.e. purchase orders, contracts) outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent fiscal year.

IV. DETAILED NOTES ON ALL FUNDS

(a) Deposits and Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes Collin County to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal and liquidity. It also addresses investment diversification, yield, and maturity along with quality and capability of investment personnel. The investment policy defines what constitutes the legal list of investments allowed under the policy, which excluded certain investment instruments allowed under Chapter 2256 of the Local Government Code.

The County's deposits and investments are invested pursuant to the Investment Policy, which is approved annually by Commissioners' Court. The Investment Policy includes a list of authorized investment instruments, and a maximum allowable stated maturity of any individual investment by source of funds. In addition, it includes an "Investment Strategy Statement" that specifically addresses each fund's investment options and describes the priorities of preservation and safety of principal, liquidity, marketability, diversification, and yield.

The County Auditor submits an investment report monthly to Commissioners' Court as part of the monthly interim statement. The County Investment Officers jointly submit an investment report as specified by Chapter 2256 of the Texas Government Code each quarter to Commissioners' Court. The report details the investment position of the County and the compliance of the investment portfolio as it relates to both the adopted investment policy and Texas State Statute.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(a) Deposits and Investments (Continued)

The County's demand deposits, including certificates of deposit, are fully covered by collateral held by the County's agents, Federal Reserve Bank of New York, or the Federal Home Loan Bank of Dallas, in the County's name. The investments are comprised of various governmental agencies issues with a rating of A or better; and Federal Deposit Insurance Corporation (FDIC) insurance. The County's collateral agreements require the market value of securities held by its agents to exceed the total amount of cash and investments held by American National Bank (depository bank), and View Point Bank at all times. All other deposits are held in trust and are limited to individual accounts fully insured by Federal Deposit insurance.

The County's investment policy and depository contract are in accordance with the laws of the State of Texas. The policy and depository contract identify authorized investments and investment terms, collateral requirements, and safekeeping requirements for collateral. All the County's investments are insured, registered, or the County's agent holds the securities in the County's name.

The Investment Officers are authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations including letters of credit of the United States or its agencies and instrumentalities;
2. Direct obligations of this state or its agencies and instrumentalities;
3. Other obligations, the principle and interest on which an unconditional guarantee or are insured by or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities;
4. Certificates of deposit issued by the state or national bank and savings and loan or state or federal credit unions domiciled in this state and are:
    a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor;
    b) governed by the depository agreement, as described in 5.d of this section, that complies with federal and state regulations for properly securing a pledged security interest; and
    c) solicited by bid orally, in writing, electronically, or any combination of these methods.
5. Fully collateralized repurchase agreements, as defined in the Public Funds Investment Act, Chapter 2256.011 (a) (1-4), (b), (c), and (d), Government Code, if they:
    a) have a defined termination date;
    b) are secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act;
    c) require the securities being purchased by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County;
    d) are placed through a primary governments securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state;
    e) may not exceed 90 days after the date the reverse security repurchase agreement is delivered; and
    f) must mature not later than the expiration date stated in the reverse security repurchase agreement.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(a) Deposits and Investments (Continued)

6. Money market mutual funds regulated by the Securities and Exchange Commission with a dollar weighted average portfolio maturity of 90 days or less; that fully invest dollar for dollar all County funds without sales commissions or loads and whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The County may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual funds, excluding bond proceeds and reserves and other funds held for debt service in money market mutual funds.
7. Eligible investment pools, as discussed in Chapter 2256016-.019, if the Commissioners' Court, by order, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by the Public Investment Act. A County, by contract, may delegate to an investment pool the authority to hold legal title as custodian of the investments purchased with its local funds.

The County participates in two Local Government Investment Pools: TexPool and TexSTAR. The State Comptroller oversees TexPool, with a third party managing the daily operations of the pool under contract. Although there is no regulatory oversight over TexSTAR, a Board, consisting of three directors representing participants, one from a management service providing investment services and one from a company providing Participant service and marketing to the Board, maintains oversight responsibility.

The County invests in TexPool and TexSTAR to provide its primary liquidity needs. Both are local government investment pools established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Investment Act, Chapter 2256 of the Code. TexPool and TexSTAR are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the fund seeks to maintain a constant net asset value of $1.00, although this cannot be guaranteed. TexPool and TexSTAR are rated AAAm and must maintain a weighted average maturity not to exceed 60 days. At September 30, 2009, TexPool and TexSTAR had a weighted average maturity of 43 and 46 days, respectively. The County considers the holdings in these funds to have a one-day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(a) Deposits and Investments (Continued)

The following table includes the portfolio balances of all non-pooled and pooled investment types of the County at September 30, 2009 (in thousands).

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Non-pooled investments				
Local Governmental Investment Pools	$ 193,614	$ -	$ 8,461	$ 202,075
U. S. Agency Bonds	21,429	-	-	21,429
Trust investments	-	-	9,033	9,033
Certificates of Deposit	130,942	4,534	-	135,476
Total investments	$ 345,985	$ 4,534	$ 17,494	$ 368,013

The risk exposures for governmental individual major funds, nonmajor funds in the aggregate, internal funds, and fiduciary fund types of the County are not significantly greater than the deposit and investment risk of the primary government. The Investment Policy segregates the portfolios into strategic categories including:

1. General Operating Funds;
2. Debt Service Funds;
3. Capital Project Bond Funds;
4. Special Revenue Funds; and
5. Internal Service Funds.

The County's Investment Policy seeks to control credit risk. Such risk shall be controlled by investing in compliance with the County's Investment Policy, qualifying the brokers and financial institutions with whom the County transacts, sufficient collateralization, portfolio diversification, and limiting maturities.

General Operating Fund

As of September 30, 2009, the County's General Operating Fund had the following investments:

	Fair Value (in thousands) Governmental Activities	Weighted Average Maturity (days)
Investment Type		
Local Government Investment Pools	$ 38,490	44
U. S. Agency Bonds	16,844	1,148
Certificates of Deposit	64,604	213
Totals	$ 119,938	386

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(b) Investment Categories

Credit Risk

While state law allows investments in commercial paper and Corporate bonds, Collin County has chosen to restrict investments to those listed above. As of September 30, 2009, the Local Government Pools, TexPool and TexStar (approximately 31% of the portfolio) were rated AAAm by Standard & Poor's. The U. S. Agency Bonds (approximately 24% of the portfolio) and each rated AAA by Standards & Poor's. The Certificates of Deposit (approximately 45% of the portfolio) were fully collateralized by View Point Bank in Collin County's name at the Federal Home Loan Bank of Dallas.

Collin County's investment policy does not restrict the concentration of investments with specific issuer.

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities not exceed two years for all investment types except General Fund and Health Care Trust. They are limited to five years. The dollar weighted average maturity for all securities was 386 days.

Debt Service Funds

As of September 30, 2009, Collin County Debt Service Funds had the following investments:

	Fair Value (in thousands) Governmental Activities	Weighted Average Maturity (days)
General Obligation Debt Service		
Investment Type		
Local Government Investment Pools	$ 6,264	43

Credit Risk

As of September 30, 2009, TexPool and TexSTAR were rated AAAm by Standards & Poor's. All individual investments are required to have an AAA rating.

Collin County's investment policy does not restrict the concentration of investments with specific issuer.

Interest Rate Risk

Investment strategies for Debt Service Funds have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligations.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(b) Investment Categories (Continued)

Capital Projects Bond Funds

As of September 30, 2009, Collin County's Capital Projects Bond Funds had the following investments:

	Fair Value (in thousands) Governmental Activities	Weighted Average Maturity (days)
Investment Type		
Local Government Investment Pools	$ 134,567	43
Certificates of Deposit	48,379	204
Totals	$ 182,946	86

Credit Risk

As of September 30, 2009, the local government pools, TexPool and TexSTAR (approximately 74% of the portfolio), were rated AAAm by Standard & Poor's. The Certificates of Deposit (approximately 26% of the portfolio) were fully collateralized by View Point Bank in Collin County's name at the Federal Home Loan Bank of Dallas.

Collin County's investment policy does not restrict the concentration of investments with specific issuer.

Interest Rate Risk

Investment strategies for Capital Projects Funds have as the primary objective the assurance of investment liquidity adequate to cover the capital construction obligations on the required date.

Special Revenue Funds

As of September 30, 2009, Collin County's Special Revenue Funds had the following investments:

	Fair Value (in thousands) Governmental Activities	Weighted Average Maturity (days)
Investment Type		
Local Government Investment Pools	$ 14,292	44
U. S. Agency Bonds	4,585	113
Certificates of Deposit	17,959	255
Totals	$ 36,836	155

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(b) Investment Categories (Continued)

Credit Risk

As of September 30, 2009, the local government pools (approximately 39% of the portfolio) were each rated AAAm. The U. S. Agency Bonds (approximately 12% of the portfolio), Certificates of Deposit (approximately 49% of the portfolio) were fully collateralized by View Point Bank in the name of Collin County at the Federal Home Loan Bank of Dallas.

Collin County's investment policy does not restrict the concentration of investments with specific issuer.

Interest Rate Risk

As a means to minimize risk of loss due to interest rate fluctuations, the investment policy requires that investment maturities in this category not exceed two years and meet cash flow requirements of these funds. The overall dollar weighted average maturity of 155 days down from 296 in 2008 reflects a more conservative approach to try to protect against a future rising interest rate market environment.

Internal Service Funds

As of September 30, 2009, Collin County Internal Service Funds had the following investments:

	Fair Value (in thousands) Governmental Activities	Weighted Average Maturity (days)
Investment Type		
Local Government Investment Pools	$ 7,954	45
Certificates of Deposit	4,533	664
	$ 12,487	270

Credit Risk

As of September 30, 2009, the local government pools (approximately 70% of the portfolio) were rated AAAm by Standard & Poor's. The Certificates of Deposit (approximately 30% of the portfolio) were fully collateralized by View Point Bank in the name of Collin County at the Federal Home Loan Bank of Dallas.

Collin County's investment policy does not restrict the concentration of investments with specific issuer.

Interest Rate Risk

As a means to minimize risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities in this category not exceed two years and meet cash flow requirements.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(b) Investment Categories (Continued)

Investments and deposits as of September 30, 2009, were as follows (in thousands).

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Non-pooled investments and deposits	$ 346,091	$ 12,846	$ 33,826	$ 392,763
Pooled investments and deposits	32,807	6,962	720	40,489
Total investments and deposits	$ 378,898	$ 19,808	$ 34,546	$ 433,252
Restricted deposits	$ -	$ 6,962	$ 16,332	$ 23,294
Restricted investments	-	12,846	17,494	30,340
Pooled deposits	32,807	-	720	33,527
Investments	346,091	-	-	346,091
Total investments	$ 378,898	$ 19,808	$ 34,546	$ 433,252

(c) Deposits

The September 30, 2009, carrying amount of deposits was as follows (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash held by sub-trustee:				
Restricted	$ -	$ -	$ 12,687	$ 12,687
Cash in Bank accounts	35,303	4,879	1,196	41,378
Total deposits	$ 35,303	$ 4,879	$ 13,883	$ 54,065

All bank accounts were either insured or collateralized with securities held by the Federal Home Loan Bank or the Federal Reserve Bank of New York in the name of Collin County at September 30, 2009.

(d) Property Taxes and Other Receivables

Property taxes are assessed as an enforceable lien on property as of January 1. Taxes are levied prior to September 30, become due on October 1 and are delinquent after January 31. The County bills and collects its own property taxes as well as those for the:

1. Cities of Allen, Anna, Blue Ridge, Celina, Fairview, Farmersville, Frisco, Josephine, Lavon, Lowry Crossing, Lucas, McKinney, Melissa, Murphy, Nevada, New Hope, Parker, Plano, Princeton, Prosper, Sachse, St. Paul, Weston, and Wylie;

2. Independent School Districts of Allen, Anna, Blue Ridge, Celina, Community, Farmersville, Lovejoy, McKinney, Melissa, Plano, Princeton, Prosper, and Wylie;

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(d) Property Taxes and Other Receivables (Continued)

3. Seis Lago's U. D.; and

4. Collin County Community College.

The County is the only taxing entity controlled by the Commissioners' Court, and the County Tax Assessor/Collector acts only as an intermediary in the collection and distribution of property taxes to the other entities.

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor/Collector's Agency Fund. Tax collections are recorded net of the entities' related collection commission paid the County in this Agency Fund according to the levy year for which the taxes are collected. Tax collections deposited for the County are distributed on a monthly basis to the General Fund, Permanent Improvement Capital Projects Fund, General Road and Bridge Fund, Jury Special Revenue Fund, and Debt Service Funds of the County. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

The County participates in several Tax Increment Finance (TIF) Districts. When a TIF District is created with the approval of all participating governmental entities, the property included in the District has its assessed valuation frozen at that time for the duration of the District. As projects are developed, increasing the assessed valuation of the property, the agreed percentage of incremental increases is returned to the entity which initially financed the improvements.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned such as grant revenue received but not yet expended.

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable:	
General fund	$ 2,073
General road and bridge special revenue fund	69
Nonmajor governmental funds	644
	2,786
Fines and fees receivable:	
General fund	1,135
General road and bridge	1,108
	2,243
Miscellaneous receivables:	
Nonmajor governmental funds	470
	470
Total deferred	$ 5,499

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(d) Property Taxes and Other Receivables (Continued)

The County is authorized by the tax laws of the State of Texas to levy taxes up to $0.80 per $100 of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt. Taxes may be levied in unlimited amounts for the payment of principal and interest on road bond long-term debt issued under Article 3, Section 52 of the Texas Constitution.

Receivables

Receivables as of year-end for the County's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, as required by GASB 34 are as follows:

	General	General Road and Bridge Special Revenue	Health Care Foundation Special Revenue	Unlimited Tax Road Bond 2007 Capital Project Fund	Unlimited Tax Road Bond 2007 Capital Project Fund	Nonmajor and Other Funds
Receivables:						
Taxes	$ 2,365	$ 79	$ -	$ -	$ -	$ 735
Fines and fees	2,845	2,776	-	-	-	-
Due from other governments	942	421	1	-	2,000	1,099
Due from other funds	924	-	74	-	-	70
Advance to other funds	162	-	-	14	11,700	1,341
Interest	156	-	35	-	-	-
Miscellaneous	178	1	2	232	1	147
Gross receivables	7,572	3,277	112	246	13,701	3,392
Less allowance for uncollectible	1,795	1,671	-	-	-	23
Net receivables	$ 5,777	$ 1,606	$ 112	$ 246	$ 13,701	$ 3,369

(e) Capital Assets

Capital assets are recorded at cost or, if donated, at fair value at the date of receipt. In accordance with GASB 34, depreciation policies were adopted to include useful lives and classification by function. In fiscal year 2009, the capitalization policy changed the capitalization threshold for equipment from $200 to $5,000. This had little impact on the net value of assets because previously all equipment under $5,000 was placed on the books fully depreciated. Infrastructure assets are valued in two ways: either actual historical cost where the amount can be determined from existing records or using current cost deflated to the year of construction. Once the historical cost is determined, regardless of how it is determined, the asset is then depreciated over its useful life.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Capital Assets (Continued)

The capital assets are shown in the following table. The assets increased by $27,616 from the completion of the new Jack Hatchell Administration Building that opened in April of 2009 and because of construction in progress for road projects. A summary of changes in capital assets follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 21,117	$ 330	$ -	$ -	$ 21,447
Construction in progress[1]	86,884	42,918	(34,211)	(1,517)	94,074
Historical treasures	82	-	-	-	82
Total assets not being depreciated	108,083	43,248	(34,211)	(1,517)	115,603
Capital assets, being depreciated:					
Buildings	203,455	29,696	(9,070)	-	224,081
Improvements other than buildings	6,375	-	-	-	6,375
Machinery and equipment	69,221	8,607	(26,974)	-	50,854
Infrastructure	238,976	46,478	(31,979)	-	253,475
Total capital assets being depreciated	518,027	84,781	(68,023)	-	534,785
Less accumulated depreciation:					
Buildings	(49,740)	(6,365)	-	-	(56,105)
Improvements other than buildings	(2,587)	(660)	-	-	(3,247)
Machinery and equipment	(42,568)	(7,666)	24,783	-	(25,451)
Infrastructure	(69,416)	(6,749)	-	-	(76,165)
Total accumulated depreciation	(164,311)	(21,440)	24,783	-	(160,968)
Total capital assets being depreciated, net	353,716	63,341	(43,240)	-	373,817
Governmental activities capital assets, net	$ 461,799	$ 106,589	$(77,451)	$(1,517)	$ 489,420

[1] The $1,517 balance in the transfers column is due to assets that were transferred between the governmental and business-type funds.

Business-type activities:					
Capital assets, not being depreciated:					
Land	$ -	$ 3,460	$(125)	$ -	$ 3,335
Construction in progress	-	2,043	(8)	1,517	3,552
Total assets not being depreciated	-	5,503	(133)	1,517	6,887
Business-type activities capital assets, net	$ -	$ 5,503	$(133)	$ 1,517	$ 6,887

The decrease in machinery and equipment of $26,974 and accumulated depreciation of $24,783 is the result of the capitalization policy that changed the capitalization threshold for equipment from $200 to $5,000. The transfer of $1,517 from governmental activities to business-type activities is due to capital assets being transferred from governmental funds to the Collin County Toll Road Authority Fund.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Capital Assets (Continued)

Depreciation expense for FY 2009 was charged to functions/programs of the primary government as follows:

Governmental activities:		
General administration	$	4,070
Judicial		45
Financial administration		62
Legal		1
Public facilities		7,375
Equipment services		281
Public safety		1,087
Public transportation		7,729
Health and welfare		205
Culture and recreation		585
Total depreciation expense - governmental activities	$	21,440

Construction Commitments

Collin County has active construction projects as of September 30, 2009. The projects include road and bridge construction and new facility construction. At year-end, the County's outstanding commitments with contractors are as follows:

Project Type		Remaining Commitment
Public transportation	$	21,955
Public facilities		1,085
Public parks		4,298
Total	$	27,338

(f) Long-term Debt

Collin County issues general obligation bonds and tax notes to finance major capital projects. The original amount of general obligations and tax notes issued in prior years (with outstanding balances) was $521,680. During the year there were $40,070 in Limited Tax Permanent Improvement and Refunding Bonds, and $27,395 in Unlimited Tax Road and Refunding Bonds issued. The following are general obligation bonds and tax notes outstanding at September 30, 2009, and are for governmental activities only:

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

Description	Interest Rates (%)	Date of Issue	Date of Maturity	Bonds Outstanding
Unlimited Tax Refunding Bonds, 2001	4.0 to 5.0%	2001	2015	$ 6,635
1999 Unlimited Tax Road Bonds, 2000	5.25 to 5.5%	2000	2020	1,270
1999 Limited Tax Perm. Imp. Bonds, 2000	4.95 to 5.5%	2000	2020	90
1999 Unlimited Tax Road Bonds, 2001	4.0 to 5.0%	2001	2021	2,990
Limited Tax Perm. Imp. Bonds, 2001	4.0 to 5.0%	2001	2021	1,220
Limited Tax Perm. Imp. Notes, 2002	4.15 to 5.625%	2002	2022	10,875
Unlimited Tax Road & Refunding Series 2004	2.00 to 5.00%	2004	2024	43,675
Limited Tax Perm. Improvement & Refunding Bonds, Series 2004	2.25 to 4.50%	2004	2024	10,775
Tax Notes, Series 2004	2.25 to 3.25%	2004	2011	3,735
Limited Tax Perm. Improvement & Refunding Series 2005	3.0 to 5.0%	2005	2025	49,635
Unlimited Tax Road & Refunding Series 2005	3.0 to 5.0%	2005	2025	38,740
Limited Tax Refunding & Perm. Improvement Bonds Series 2006	4.0 to 5.0%	2006	2026	30,810
Unlimited Tax Road & Refunding Bonds Series 2006	4.0 to 5.0%	2006	2026	14,515
Tax Notes, Series 2006	4.0 to 5.0%	2006	2013	9,415
Limited Tax Perm. Imp. Bonds, 2007	4.25 to 5.0%	2007	2027	2,095
Unlimited Tax Road & Refunding Bonds Series 2007	4.0 to 5.0%	2007	2027	61,405
Limited Tax Perm. Imp. Bonds, 2008	3.625 to 5.0%	2009	2028	14,005
Unlimited Tax Road & Refunding Bonds Series 2008	4.0 to 5.5%	2009	2028	40,045
Limited Tax Refunding & Perm. Improvement Bonds Series 2009A	2.0 to 5.0%	2009	2025	30,080
Limited Tax Perm. Imp. Build America Bonds, Series 2009B	4.6 to 6.3%	2009	2029	9,990
Unlimited Tax Road & Refunding Bonds, Series 2009A	2.0 to 4.0%	2009	2025	21,805
Unlimited Tax Road Build America Bonds, Series 2009B	4.6 to 6.3%	2009	2029	5,590
Total general obligation debt				$ 409,395

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

$11,100 Unlimited Tax Refunding Bonds, Series 2001, were issued to provide for the advance refunding for a portion of its outstanding bonds. Installments range from $90 to $1,160 with interest rates from 4.0% to 5.0%. Final maturity occurs on February 15, 2015. This bond issue is not subject to arbitrage rebate because it is a refunding issue with no transferred proceeds. This bond issue is placed here just after the issue that was the beneficiary of the refunding.

$28,435 in 1999 Unlimited Tax Road General Obligation Bonds, Series 2000 were issued to construct and maintain roads, bridges, and highways. Principal installments vary from $815 to $2,200 through February 15, 2020, and interest ranges from 5.25% to 5.5%. This bond issue is subject to rebatable arbitrage, which is calculated every year and recalculated every fifth year and 90% of any existing liability is paid on the five-year anniversary dates.

$2,000 in 1999 Limited Tax Permanent Improvement Bonds – 2000 were issued to acquire, construct, improve, and renovate criminal justice and related facilities, including courts and detention facilities, and acquiring relating land. Installments range from $50 to $160 through February 15, 2020 with interest rates varying from 4.95% to 5.5%. This bond issue is subject to rebatable arbitrage, which is calculated every year and recalculated every fifth year and 90% of any existing liability is paid on the five-year anniversary dates.

$15,590 1999 Unlimited Tax Road Bonds, 2001 were issued to construct and maintain roads, bridges, and highways. Installments vary from $460 to $1,215 through February 15, 2021. Interest rates range from 4.0% to 5.0%. This bond issue is subject to rebatable arbitrage, which is calculated every year and recalculated every fifth year and 90% of any existing liability is paid on the five-year anniversary dates.

$4,975 in Limited Tax Permanent Improvement Bonds, 2001 were issued for the cost of criminal justice facilities, renovating the old courthouse, land for parks and open space. Installments range from $145 to $390 through February 15, 2021, with interest rates from 4.0% to 5.0%. This bond issue is subject to rebatable arbitrage, which is calculated every year and recalculated every fifth year and 90% of any existing liability is paid on the five-year anniversary dates.

$26,000 in Limited Tax Permanent Improvement Bonds, Series 2002, were issued for the purpose of acquiring, constructing, developing, and equipping youth camping and related outdoor recreation and education facilities, acquiring land and interest in land, and paying for the cost of issuance associated with the sale of the bonds. Principal maturities will occur annually commencing on February 15, 2003, with installments ranging from $830 to $2,090. Interest payments on February 15 and August 15 and range from a low of 4.15% to a high of 5.625%. The final principal and interest payment is due on February 15, 2022. This bond issue will be subject to rebatable arbitrage. The liability will be calculated every year starting on 2003 and recalculated every fifth year and 90% of any existing liability will be paid on the five-year anniversary dates.

$54,910 Unlimited Tax Road & Refunding, Series 2004 were issued for the purpose of road and highway construction; to refund a portion of the County' outstanding debt; and to pay costs of issuance associated with the sale of the Unlimited Tax Bonds. Principal maturities will occur annually beginning February 15, 2005, with installments ranging from $1,440 to $4,050. Interest payments fall on February 15th and August 15th of each year and rates range from 2.00% to 5.00%. The final principal and interest payment is due on February 15, 2024. This bond issue is subject to rebatable arbitrage and is reviewed annually with 90% of any rebateable liability being paid on the five-year anniversary dates.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

$14,165 Limited Tax Permanent Improvement and Refunding Bonds, Series 2004 were issued for the purpose of parks and County facilities; to refund a portion of the County's outstanding debt, and to pay the cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning February 15, 2005, with installments ranging from $555 to $825. Interest payments occur annually on February 15th and August 15th and range from 2.25% to 4.50%. The final principal and interest payment is due on February 15, 2024. This bond issue is subject to rebatable arbitrage and is reviewed annually. 90% of any rebatable liability will be paid on the five-year anniversary dates.

$12,000 Tax Notes, Series 2004 were issued for the purpose of (i) acquiring software, hardware, and computer related equipment, (ii) pay professional services related to the project, and (iii) pay costs of issuance associated with the sale of the notes. Principal maturities will occur annually beginning February 15, 2005, with installments ranging from $1,525 to $1,900. Interest payments occur annually on February 15th and August 15th ranging from 2.25% to 3.25%. The final principal and interest payment is due on February 15, 2011. This bond issue is subject to rebatable arbitrage and is reviewed annually. 90% of any rebatable liability will be paid on the five-year anniversary dates.

$53,865 Limited Tax Permanent Improvement and Refunding Bonds, Series 2005 were issued for park purposes and County facilities to (i) acquire and improve land for park and open space purposes, (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, (iii) refund a portion of the County's outstanding debt for debt savings, and (iv) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2006, with installments ranging from $435 to $4,000. Interest payments occur annually on February 15th and August 15th ranging from 3.0% to 5.0%. The final principal and interest payment is due on February 15, 2025. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$43,175 Unlimited Tax Road and Refunding Bonds, Series 2005 were issued for the purpose of (i) constructing roads and highways throughout the County, (ii) refund a portion of the County's outstanding debt for debt savings, and (iii) to pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February 15, 2006, with installments ranging from $200 to $3,850. Interest payments occur annually on February 15th and August 15th ranging from 3.0% to 5.0%. The final principal and interest payment is due on February 15, 2025. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$33,800 Limited Tax Permanent Improvement Bonds, Series 2006 were issued for park purposes and County facilities to (i) acquire and improve land for park and open space purposes, (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, and (iii) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2006, with installments ranging from $680 to $2,535. Interest payments occur annually on February 15th and August 15th ranging from 4.0% to 5.0%. The final principal and interest payment is due on February 15, 2026. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

$15,920 Unlimited Tax Road Bonds, Series 2006, were issued for the purpose of (i) constructing roads and highways throughout the County and (ii) to pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February 15, 2007, with installments ranging from $320 to $1,195. Interest payments occur annually on February 15th and August 15th ranging from 4.0% to 5.0%. The final principal and interest payment is due on February 15, 2026. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$15,000 Tax Notes, Series 2006, were issued for the purpose of (i) acquiring software, hardware, and computer related equipment, (ii) the acquisition, construction, improvement, and equipping buildings for various county departments, (iii) pay professional services related to the Project, and (iv) pay costs of issuance associated with the sale of the Notes. Principal maturities will occur annually beginning February 15, 2007, with installments ranging from $1,945 to $2,449. Interest payments occur annually on February 15th and August 15th ranging at 4.0%. The final principal and interest payment is due on February 15, 2013. This bond issue is subject to rebatable arbitrage and is reviewed annually. 90% of any rebatable liability will be paid on the five-year anniversary dates.

$2,190 Limited Tax Permanent Improvement Bonds, Series 2007, were issued to (i) acquire and improve land for park and open space purposes, including joint city-county projects, and (ii) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2008, with installments ranging from $20 to $130. Interest payments occur annually on February 15th and August 15th ranging from 4.0% to 4.35%. The final principal and interest payment is due on February 15, 2027. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$63,375 Unlimited Tax Road and Refunding Bonds, Series 2007, will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects, (ii) refund a portion of the County's outstanding debt for debt savings, and (iii) to pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February 15, 2008, with installments ranging from $380 to $6,070. Interest payments occur annually on February 15th and August 15th ranging from 4.0% to 5.0%. The final principal and interest payment is due on February 15, 2027. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$16,715 Limited Tax Permanent Improvement and Refunding Bonds, Series 2008, were issued for park purposes and County facilities to (i) acquire and improve land for park and open space purposes, including joint county-city projects, (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, juvenile probation facilities and juvenile justice alternative education facilities and the acquisition of land therefore, (iii) refund a portion of the County's outstanding debt for debt savings, and (iv) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2009, with installments ranging from $270 to $2,710. Interest payments occur annually on February 15th and August 15th ranging from 3.5% to 5.0%. The final principal and interest payment is due on February 15, 2028. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

$41,000 Unlimited Tax Road and Refunding Bonds, Series 2008, will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects, and (ii) pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February 15, 2009, with installments ranging from $955 to $3,045. Interest payments occur annually on February 15th and August 15th ranging from 4.0% to 5.5%. The final principal and interest payment is due on February 15, 2028. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$30,080 Limited Tax Refunding and Permanent Improvement Bonds, Series 2009A, were issued to (i) acquire and improve land for park and open space purposes, including joint county-city projects, (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, juvenile probation facilities and juvenile justice alternative education program facilities and the acquisition of land therefore, (iii) refund a portion of the County's outstanding debt for debt savings, and (iv) pay the cost of issuance associated with the sale of the these bonds. Principal maturities will occur annually beginning on February 15, 2009, with installments ranging from $1,055 to $3,780. Interest payments occur annually on February 15th and August 15th ranging from 2.0% to 5.0%. The final principal and interest payment is due on February 15, 2025. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$9,990 Limited Tax Permanent Improvement Bonds, Taxable Series 2009B, were issued to (i) acquire and improve land for park and open space purposes, including joint county-city projects, (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, juvenile probation facilities and juvenile justice alternative education program facilities and the acquisition of land therefore, and (iii) pay the cost of issuance associated with the sale of the these bonds. A principal amount of $2,560 matures on February 15, 2019, and the remaining principal amount of $7,430 matures on February 15, 2029. Interest payments occur annually on February 15th and August 15th ranging from 4.6% to 6.3%. The final principal and interest payment is due on February 15, 2029. This Bond issue is not subject to rebate arbitrage. The United States Government will refund a portion of the interest to the County semi-annually.

$21,805 Unlimited Tax Road and Refunding Bonds, Series 2009A, will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects, (ii) refund a portion of the County's outstanding debt for debt savings, and (iii) to pay costs of issuance associated with the sale of these bonds. Principal maturities will occur annually beginning February 15, 2010, with installments ranging from $770 to $2,485. Interest payments occur annually on February 15th and August 15th ranging from 2.0% to 5.0%. The final principal and interest payment is due on February 15, 2025. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

$5,590 Unlimited Tax Road Bonds, Taxable Series 2009B, will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects, and (ii) to pay costs of issuance associated with the sale of these bonds. A principal amount of $1,470 matures on February 15, 2019, and the remaining principal amount of $4,120 matures on February 15, 2029. Interest payments occur annually on February 15th and August 15th ranging from 4.6% to 6.3%. The final principal and interest payment is due on February 15, 2029. This Bond issue is not subject to rebate arbitrage. The United States Government will refund a portion of the interest to the County semi-annually.

General Obligation Bonds Advanced Refunding

On September 29, 2009, the County issued $30,080 in Limited Tax Refunding & Permanent Improvement Bonds. Net proceeds of the sale of $12,862 were placed in an irrevocable escrow account. This portion has been invested in a trust in a manner that will provide amounts sufficient for the future payment of principal and interest on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability amount of the refunded bonds totaling $11,800 has been removed from the governmental activities column of the statements of net assets. The County's advanced refunding resulted in a gross reduction of its total debt service of $407 in Limited Tax debt service liability. The net present value benefit or economic gain was $464 or 3.932%.

Also on September 29, 2009, the County issued $21,805 in Unlimited Tax Road & Refunding Bonds. Net proceeds of the sale of $12,131 were placed in an irrevocable escrow account. This portion has been invested in a trust in a manner that will provide amounts sufficient for the future payment of principal and interest on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability amount of the refunded bonds totaling $11,765 has been removed from the governmental activities column of the statements of net assets. The County's advanced refunding resulted in a gross reduction of its total debt service of $565 in Limited Tax debt service liability. The net present value benefit or economic gain was $609 or 5.176%.

Prior Year Defeasance of Debt

In prior years the County defeased certain general obligation bonds by placing the proceeds of new bonds into irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of September 30, 2009, $87,123 of bonds is considered defeased.

Arbitrage Rebate Liabilities

The Tax Recovery Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local governmental bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. The County's cumulative rebate amount, which is recorded as a liability in governmental activities on the government-wide financial statements for bonds issued since 1985 and subject to arbitrage, is $643 at September 30, 2009.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

Changes in Noncurrent Liabilities

Noncurrent liabilities for the year ended September 30, 2009, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation	$ 389,985	$ 67,465	$ 48,055	$ 409,395	$ 26,404
Compensated absences	6,592	7,932	7,594	6,930	4,500
Claims and judgments	4,123	1,024	699	4,448	2,975
Unamortized bond premiums	12,071	2,142	731	13,482	107
Arbitrage	1,375	-	732	643	291
Loans payable	4,096	-	4,096	-	-
OPEB	7,389	6,210	150	13,449	450
Total governmental activity	$ 425,631	$ 84,773	$ 62,057	$ 448,347	$ 34,727

Compensated absences are liquidated in the funds that have employees (i.e., General Fund, General Road and Bridge Fund, Health Care Foundation Fund, etc.). Arbitrage liabilities are liquidated with Debt Service Funds.

The beginning balance of Loans Payable reflects the loan balance of a Loan Star loan with the State of Texas. Loan Star is a program operated by the State of Texas to assist with upgrading buildings to become more energy efficient. This loan was fully paid in 2009.

Contractual Maturities

The annual debt service for general obligation bonds is as follows:

	Governmental Activities	
	Principal	Interest
Fiscal Year Ending September 30,		
2010	$ 25,590	$ 17,648
2011	26,375	16,709
2012	25,335	15,658
2013	26,305	14,531
2014	23,990	13,380
2015-2019	129,480	49,068
2020-2024	102,755	22,454
2025-2029	49,565	3,975
	$ 409,395	$ 153,423

The Debt Service Funds have $7,547 available to service the general long-term bond retirement. There are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all significant limitations and restrictions.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

Conduit Debt

The Housing Finance Corporation issues single-family revenue bonds to provide financial assistance to qualified homeowners. As of September 30, 2009, there were 9 series of single-family and multi-family revenue bonds outstanding, with an aggregate principal amount payable of $1,153. This debt is not the obligation of the County. The HFC's liability to pay off debt is limited to revenues received on the loans made from the funds and the balance on the original funding held in trust.

(g) Interfund Receivables, Payable Balances and Transfers

Activity between funds that represent the current portion of lending/borrowing and inter-fund charges for goods and services arrangements outstanding at fiscal year-end are referred to as "Due to/from other funds." The composition of inter-fund balances as of September 30, 2009, is as follows:

	Due from	Due to
Due to/from other funds:		
General Fund	$ 924	$ 18
Health Care Foundation Special Revenue Fund	74	1
Nonmajor Funds	70	977
Internal Service Fund	123	195
Total	$ 1,191	$ 1,191

Activity between the General Fund and other funds represent additional funding for special activities and local matching of grants. An amount of $924 of the $1,191 represents General Fund transfers of which $624 was used to support nonmajor Special Revenue Fund activity. The remaining $71 was used to support grant programs and $195 for support of Internal Service Funds. All other activity, $34, was nonmajor fund activity to provide resources for projected arbitrage liabilities, debt refunding, and additional funding to better track bond resources.

Interfund advance activity is as follows:

	Advances from	Advances to
Advances from/to other funds:		
General Fund	$ 162	$ -
Unlimited Tax Road Bond 2007	14	-
Permanent Improvement	11,700	-
Nonmajor funds	1,341	-
Animal Safety Internal Service Fund	-	1,700
Collin County Toll Road Authority Fund	-	11,517
Total	$ 13,217	$ 13,217

These balances are a result of funding for two separate activities. The first is a $1,700 balance to fund the Animal Shelter in the Animal Safety fund. This is planned to be financed over a 10-year period. The second activity is financing the new Collin County Toll Road Authority Fund to build the Outer Loop (Loop 9) through Collin County. These advances are planned to be paid back in the future with toll revenues generated from this project.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(g) Interfund Receivables, Payable Balances and Transfers (Continued)

All transfers are reported under other financing sources (uses). The accumulated total of interfund transfers for the fiscal year ending September 30, 2009, is as follows:

	Transfer In	Transfer Out
Governmental Funds:		
General Fund	$ 162	$ 9,462
General Road and Bridge Fund	-	434
Unlimited Tax Road Bond 2007 Fund	14	-
Nonmajor Funds	36,814	25,577
Total	$ 36,990	$ 35,473

The General Fund transfer out mostly consists of budgeted transfers to support nonmajor Special Revenue Funds, of which the largest is $8,150 to support the Juvenile Probation Fund. Most of the transfer activity in the nonmajor funds is the result of shifting funds between debt service and capital projects funds after a new bond issue. Additionally, capital assets were transferred from governmental activities to the Collin County Toll Road Authority Enterprise Fund. An advance was recorded, as the Enterprise Fund is expected to repay the General Fund. This non-reciprocal transaction resulted in Transfers In exceeding Transfers Out by $1,517.

(h) Leases

As leasor, HCF has a number of non-cancelable operating leases with minimum future rentals in aggregate of $1,213. The buildings are carried at a cost of $6,286 with accumulated depreciation of $4,013. Future minimum rental payments applicable to the operating leases are as follows:

Fiscal Year Ending September 30,	Rental Payments
2010	$ 1,011
2011	144
2012	54
2013	4
	$ 1,213

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(h) Leases (Continued)

Collin County leases office space under operating leases that expire over periods of up to six years. Most of the leases are non-cancelable and renewal options are available. A total cost of these leases was $2,132 for the year ended September 30, 2009. At September 30, 2009, future minimum rental payments applicable to the operating leases are as follows:

Fiscal Year Ending September 30	Future Rental Payments
2010	$ 1,324
2011	336
2012	335
2013	134
2014	3
	$ 2,132

V. OTHER INFORMATION

(a) Risk Management

The County has elected to provide a limited risk self-funded group health insurance program to eligible employees and dependents, and is partially self-insured against the risks arising from tort claims, workers' compensation benefits due employees who are injured while on duty, losses of funds by theft or mysterious disappearances in all fee offices of the County and any and all other claims asserted by employees and/or third parties against the County arising out of the normal conduct of County business. The County has also chosen to be a reimbursing employer under the unemployment compensation program administered by the Texas Employment Commission.

The Health Insurance Claims Fund was established to account for the County's group health and dental insurance. A third-party administrator, United Health Care, administers the County plan. During the year ended September 30, 2009, the County paid seven hundred sixty dollars ($760) per month for medical and dental benefits per budgeted position to the plan. Employees, at their option, authorized payroll deductions to pay premiums for dependents. In accordance with state law, the County was protected against catastrophic individual loss by stop-loss coverage carried through United Health Care. Individual stop-loss deductible is $100 per person.

Collin County has seen an increase in health insurance cost in fiscal year 2009. The fund has a fund balance of $7,756 down from $10,218 in 2008. Additional funding was not budgeted in fiscal year 2010; it is anticipated changes will be made in the 2011 budget to maintain the fund balance. The fund balance is currently healthy enough to absorb an increase in costs if needed. Claims in recent years have remained fairly stable. Management continues to monitor the claims going forward.

The County's Workers' Compensation Fund self-insurance program provides medical and indemnity payments as required by law for on-the-job related injuries up to a stop-loss of $275. The third-party administrator for the program, Tri-star, monitors the filing of claims, verifies the legitimacy of those claims, and processes payments to the injured employees. The County is protected against catastrophic individual or aggregate loss by stop-loss coverage carried through State National Insurance Company.

(continued)

V. OTHER INFORMATION (Continued)

(a) Risk Management (Continued)

Losses as a result of theft, mysterious disappearance, and damage or destruction of assets are accounted for in the Liability Claims Internal Service Fund. The County carries insurance through various commercial insurance companies to limit losses to reasonable deductible levels. The County did not experience any identified material violations of financial-related legal or contractual provisions.

Premiums are paid into each individual insurance internal service fund by all other funds. Contracted insurance providers receive disbursements from each fund based on monthly enrollment and premium calculations or actual cost plus an administrative fee. All of each fund's resources are available to pay the particular type of claims, claim reserves and administrative costs of that specific program. Liabilities of each fund are reported when it is probable that a loss or claim has occurred and the amount of the loss or claim is known or can be reasonably estimated.

Liabilities include an amount for claims or judgments that have been incurred but not reported. The estimate of the claims and judgments liability also includes amounts to guard against catastrophic loss. No settlements in the past three years have exceeded insurance coverage. Changes in the medical, workers' compensation and claims liability amounts in fiscal years 2008 and 2009 follow:

	Beginning Liability	Current Year Claims and Changes in Estimates	Claims Payments	Ending Liability
2009 Medical	$ 2,967	$ 19,719	$ 19,378	$ 3,308
2008 Medical	2,228	18,482	17,743	2,967
2009 Workers' Compensation	701	657	695	663
2008 Workers' Compensation	672	493	464	701
2009 Claims Liability	457	969	968	458
2008 Claims Liability	549	1,022	1,114	457

(b) Commitments and Contingencies

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

The County is named as a defendant in various lawsuits related to alleged violations of constitutional and employment rights. In all of these cases, the County is denying the allegations and is vigorously defending against them. County officials estimate that the potential claims against the County will not materially adversely affect the financial position of the County.

(continued)

V. OTHER INFORMATION (Continued)

(c) Longevity Pay

Longevity pay for the County's employees is calculated and paid annually if approved by the Commissioners' Court. The formula for its calculation has been adopted as policy by the Court however it is only available to employees hired before December 18, 2007. The liability for the 2010 budget year has been recorded in the Government Fund Statements as a current expenditure since the liability was paid as part of the last payroll in fiscal year 2010.

(d) Post-Retirement Health Benefits

1) Plan Description

The County adopted a new post-retirement, single-employer defined benefit health plan for its employees effective January 1, 2007. All retirees are now given the opportunity to purchase health benefits through the County based at cost at age 65 even if they retire early. At age 65, retirees who meet the 8 years of continuous fulltime service and the rule of 75 are given a period of 31 days after the retiree's 65th birthday to continue or begin health insurance coverage at reduced rates based on the annual basis of existing employees applying the following criteria:

8 – 10 years of fulltime service with Collin County – 25% rate reduction

11 – 15 years of fulltime service with Collin County – 50% rate reduction

16 – 19 years of fulltime service with Collin County – 75% rate reduction

20 + years of fulltime service with Collin County – 100% rate reduction

The applicable coverage amount applies to both retiree and the retiree's spouse when they reach age 65 and is available only if the retiree is not covered under another insurance policy other than Medicare. Spouse coverage is only available if they were on the County's plan prior to the employee's retirement from the County. County coverage is secondary to eligibility for Medicare coverage.

2) Funding Policy

Collin County's optional post retirement benefit liability is recorded at full-accrual in the government-wide statements. An actuarial study was performed in accordance with GASB 45. The projected liability accrual for fiscal year 2009 has been recorded net of health care claims for retired employees. Collin County took a fund as needed approach to post employment health insurance coverage in fiscal year 2009; however, an amount of $2.2 million was set aside in fiscal year 2009 to reduce the liability in a future year.

Collin County is required to record the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC is 8.4 percent of annual covered payroll.

(continued)

V. OTHER INFORMATION (Continued)

(d) Post-Retirement Health Benefits (Continued)

3) Annual OPEB Cost

For 2009, the County's annual OPEB cost (expense) of $6,060 was equal to ARC less the retired employee health claims in accordance with the benefit plan. This is the second year OPEB disclosure has been required so only 2008 and 2009 is presented below. The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2009 was as follows:

Annual OPEB Cost

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2007	$ -	0%	$ -
September 30, 2008	7,856	6%	7,389
September 30, 2009	6,210	2%	6,060

4) Funding Status and Funding Progress

The funding status of the plan as of September 30, 2009, was as follows:

Actuarial accrued liability (AAL)	$ 37,462
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 37,462
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 76,955
UAAL as a percentage of covered payroll	48.68%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and health care cost trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes of the financial statements, presents multiyear trend information that show whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(continued)

V. OTHER INFORMATION (Continued)

(d) Post-Retirement Health Benefits (Continued)

5) Actuarial Methods and Assumptions (Continued)

Actuarial Valuation Information and Assumptions

Measurement date:	Benefit liabilities are valued as of October 31, 2008
Discount rate for valuing liabilities:	4.00% per annum, compounded annually
Mortality rates:	Health lives: 1994 UP Mortality Table for respective gender
Salary scale:	N/A
Actuarial cost method:	Unit Credit Cost Method
Amortization method:	Level dollar
Amortization period:	Closed; 29 years
Level dollar amortization factor:	17.6631

Retirement Rates:

Ages	Male	Female
40 - 44	5.0%	5.0%
45 - 49	10.0%	10.0%
50 - 54	14.0%	16.0%
55 - 59	14.0%	16.0%
60	14.0%	16.0%
61	14.0%	16.0%
62	32.0%	32.0%
63	18.0%	18.0%
64	18.0%	18.0%
65	35.0%	35.0%
66 and over	25.0%	25.0%

Medical Inflation:

	Health Care Trend Rates	
Plan Year Ending	Medical Plan	Dental Plan
2009 to 2010	7.80%	5.66%
2010 to 2011	7.30%	5.53%
2011 to 2012	6.70%	5.39%
2012 to 2013	6.70%	5.26%
2013 to 2014	6.70%	5.12%
2014 to 2015	6.70%	4.99%
2077 to 2078 and after	4.90%	4.00%

(continued)

V. OTHER INFORMATION (Continued)

(e) Retirement Commitments

(1) Plan Description

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). The Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee defined benefit pension retirement system consisting of 574 public employee defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the state statutes governing the TCDRS (TCDRS Act). Members employed by Collin County can retire at age 60 and above with eight or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equal 75 or more. Members are vested after eight years of employment, but must leave their accumulated contributions in the plan to receive any employer-financed benefit.

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 by 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.

(2) Funding Policy

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 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 using the actuarially determined rate of 12.5 % for the months of the accounting year in 2008 and 13.0 % for 2009. The contribution rate payable by the employee members for the calendar years of 2008 and 2009 is 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.

(continued)

V. OTHER INFORMATION (Continued)

(e) Retirement Commitments (Continued)

(3) Annual Pension Cost

For the accounting year ended September 30, 2009, the annual pension cost for Collin County to the TCDRS plan for its employees was $16,736 and the actual contributions were $16,736. The actual contributions was actuarially determined as a percentage of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actual actuarial valuations as of December 31, of 2006, 2007 and 2008, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2006 and ending with 2008. The December 31, 2008 actuarial valuation is the most recent valuation. Funding information differs from prior compliance data due to plan changes effective January 1, 2007.

Actuarial Valuation Information

Actuarial valuation date	12/31/2006	12/31/2007	12/31/2008
Actuarial cost method	Entry age	Entry age	Entry age
Amortization cost method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Asset valuation method	SAF: 10 year smoothed value ESF: Fund value	SAF: 10 year smoothed value ESF: Fund value	SAF: 10 year smoothed value ESF: Fund value
Actuarial assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

Annual Pension Cost

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2007	$ 14,518	100%	—
September 30, 2008	16,452	100%	—
September 30, 2009	16,736	100%	—

(f) Cost-sharing Arrangement

In January 2006, Collin County Commissioners' Court approved a Letter of Understanding and resolution for the recommendation to purchase and implement Tyler Technologies "Odyssey" as the single Common Integrated Justice System (CIJS) for the County. This cost-sharing arrangement is intended to spread the cost of developing a statewide courts system between all the counties currently participating and those who participate in the system in the future.

In March 2006, Collin County entered into an agreement with the Texas Conference of Urban Counties and Tyler Technologies to participate in the development of CIJS and issued tax notes to fund the project. Of the $15,477 in resources encumbered and reserved for this project, $6,488 has been expended or encumbered as of September 30, 2009, leaving a balance of $8,988. The court civil case project has been implemented and the criminal case project is scheduled to be operational in August 2010.

(continued)

V. OTHER INFORMATION (Continued)

(g) Subsequent Events

Collin County was awarded two road project grants from the State of Texas from their Regional Tollroad Authority funds of approximately $8 million and $12 million. The $8 million will be used in conjunction with the City of Wylie to reconstruct a portion of FM 1378. The $12 million will be used for construction of the Outer Loop (Loop 9) project.

COLLIN COUNTY, TEXAS

Required Supplementary Information

Schedule of Revenues, Expenditures, and

Changes in Fund Balance – Budget (GAAP Basis) and Actual

General Fund

For the Year Ended September 30, 2009

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(negative)
Revenues:				
Taxes:				
Property	$ 119,222	$ 119,222	$ 119,981	$ 759
Fees and permits	13,085	13,085	11,297	(1,788)
Federal and state funds	3,679	3,713	3,993	280
Charges for services	6,082	6,082	5,357	(725)
Fines and forfeitures	2,771	2,771	2,270	(501)
Interest	5,240	5,240	3,484	(1,756)
Miscellaneous	443	443	817	374
Total revenues	150,522	150,556	147,199	(3,357)
Expenditures:				
Current:				
General administration	37,474	33,357	23,809	9,548
Judicial	14,559	14,639	13,846	793
Financial administration	10,904	11,018	9,946	1,072
Legal	10,464	10,519	10,322	197
Public facilities	10,816	11,070	10,172	898
Equipment services	2,298	2,305	1,919	386
Public safety	45,038	45,912	44,931	981
Health and welfare	10,879	11,831	11,315	516
Culture and recreation	573	573	496	77
Conservation	308	308	285	23
Capital outlay	3,841	3,971	2,315	1,656
Debt service:				
Principal retirement	-	4,096	4,096	-
Interest and fiscal charges	-	414	414	-
Total expenditures	147,154	150,013	133,866	16,147
Excess of revenues over expenditures	3,368	543	13,333	12,790
Other financing sources (uses):				
Transfers in	-	-	162	162
Transfers out	(8,668)	(9,572)	(9,462)	110
Sale of assets	75	75	80	5
Total other financing sources (uses)	(8,593)	(9,497)	(9,220)	277
Net change in fund balance	(5,225)	(8,954)	4,113	13,067
Fund balance – beginning	129,513	129,513	129,513	-
Fund balance – ending	$ 124,288	$ 120,559	$ 133,626	$ 13,067

COLLIN COUNTY, TEXAS

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget (GAAP Basis) and Actual
General Road and Bridge Special Revenue Fund
For the Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Property	$ 4,070	$ 4,070	$ 4,096	$ 26
Federal and state funds	-	5,130	5,130	-
Fees and permits:				
Road mileage fees	5,350	5,350	6,032	682
Vehicle title fees	760	760	641	(119)
Road and bridge fees	5,465	5,465	6,209	744
Culvert permit	3	3	1	(2)
Total fees and permits	11,578	11,578	12,883	1,305
Fines and forfeitures:				
County clerk	-	-	1,549	1,549
District clerk	-	-	336	336
County courts	1,335	1,335	49	(1,286)
District courts	570	570	280	(290)
Total fines and forfeitures	1,905	1,905	2,214	309
Interest	305	305	285	(20)
Miscellaneous:				
Sale of road and bridge materials	230	230	353	123
Other and grants	16	16	7	(9)
Total miscellaneous	246	246	360	114
Total revenues	18,104	23,234	24,968	1,734
Expenditures:				
Current:				
Public transportation:				
Road and bridge maintenance:				
Salaries and benefits	5,456	5,456	5,266	190
Maintenance and operating	14,248	14,248	9,817	4,431
Total road and bridge maintenance	19,704	19,704	15,083	4,621
Engineering:				
Salaries and benefits	439	439	380	59
Maintenance and operating	18	18	14	4
Total engineering	457	457	394	63

(continued)

COLLIN COUNTY, TEXAS

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget (GAAP Basis) and Actual
General Road and Bridge Special Revenue Fund, continued
For the Year Ended September 30, 2009

	Budget			Variance with Final Budget positive (negative)
	Original	Final	Actual	
Services and operations:				
Salaries and benefits	$ 440	$ 440	$ 437	$ 3
Maintenance and operating	14	14	2	12
Total services and operations	454	454	439	15
Soil conservation:				
Maintenance and operating	60	60	49	11
Special projects:				
Salaries and benefits	267	267	219	48
Maintenance and operating	5	5	-	5
Total special projects	272	272	219	53
Non-departmental:				
Maintenance and operating	1,118	1,118	155	963
Air Check Texas				
Maintenance and operating	-	5,130	5,130	-
Capital outlay:				
Public transportation:				
Road and bridge maintenance	1,888	1,455	854	601
Total capital outlay	1,888	1,455	854	601
Total expenditures	23,953	28,650	22,323	6,327
Excess (deficiency) of revenues over (under) expenditures	(5,849)	(5,416)	2,645	8,061
Other financing sources (uses):				
Transfers out	-	(434)	(434)	-
Sale of assets	102	102	61	(41)
Total other financing sources (uses)	102	(332)	(373)	(41)
Net change in fund balance	(5,747)	(5,748)	2,272	8,020
Fund balance - beginning	13,901	13,901	13,901	-
Fund balance - ending	$ 8,154	$ 8,153	$ 16,173	$ 8,020

COLLIN COUNTY, TEXAS

Required Supplementary Information
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget (GAAP Basis) and Actual
Health Care Foundation Special Revenue Fund
For the Year Ended September 30, 2009

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Federal and state funds	$ 127	$ 127	$ 156	$ 29
Fees and permits	468	468	436	(32)
Rental revenues	1,147	1,147	1,145	(2)
Interest	328	328	577	249
Miscellaneous	143	143	26	(117)
Total revenues	2,213	2,213	2,340	127
Expenditures:				
Current:				
Health and welfare:				
Salaries and benefits	1,940	1,940	1,322	618
Maintenance and operating	2,224	2,475	2,475	-
Total health and welfare	4,164	4,415	3,797	618
Public facilities:				
Maintenance and operating	442	442	300	142
Total public facilities	442	442	300	142
Total expenditures	4,606	4,857	4,097	760
Excess (deficiency) of revenues over (under) expenditures	(2,393)	(2,644)	(1,757)	887
Fund balance – beginning	15,658	15,658	15,658	-
Fund balance – ending	$ 13,265	$ 13,014	$ 13,901	$ 887

COLLIN COUNTY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2009

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted for all governmental funds except Farm Museum Memorial, District Attorney Service Fee, Myers Park Foundation, Tax Assessor/Collector Motor Vehicle Tax, Justice Court Technology, Dangerous Wild Animal, Economic Development, L.E.O.S.E. Education, Juvenile Delinquency Prevention, Child Abuse Prevention, Court Initiated Guardianship, District Attorney Deferred Prosecution Program, Drug Court Program, SCAAP, County Court-at-Law Fee Program, Excess Distribution and Grants Special Revenue Funds, and all bond funds. No appropriations were approved out of the individual funds listed. The budget for each bond issue is adopted at the time the bonds are issued and rolled from year to year until the funding is exhausted. Juvenile Probation/Alternative Education Funds budget is not adopted as part of the County's budget, but is ministerially adopted after the Juvenile Probation Board formally approves it. All grants funds budgets are adopted at the state and federal level and ministerially adopted by Commissioners' Court. All governmental fund annual appropriations lapse at fiscal year-end.

On or before the last day of May of each year, all departments of the County submit requests for appropriations to the Budget Officer. The initial budget request and the Budget Officer's recommendations are provided to the Court beginning early July. Commissioners' Court holds budget hearings to allow departments to justify requests not included in the Budget Officer's proposed budget. They hold public hearings and publish notices starting in August on the timetable required by state statute. By September 1 or as soon as possible the budget and tax rate are adopted with tax notices mailed on or after October 1.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, maintenance and operating, training and travel, and capital assets are the legal levels used. Effective September 1, 2005, the Court amended this policy to allow the Budget Officer/Finance Director to amend the budget as needed for appropriation line items with a "For Your Information Notification" to the Court for all amendments over $5,000. This change required the County Auditor to spend additional audit time and resulted in the reallocation of expenditures to comply with GAAP for proper asset classification and reporting purposes.

Encumbrance accounting is utilized by governmental entities. Encumbrances (i.e. purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Employees Retirement System Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2006	$ 162,567	$ 185,341	$ 22,774	87.71%	$ 71,361	31.91%
December 31, 2007	185,082	209,955	24,873	88.15%	78,560	31.66%
December 31, 2008	189,983	231,578	41,595	82.04%	74,027	56.19%

Retired Employees Health Care Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2008	$ -	$ 57,216	$ 57,216	- %	$ 70,737	80.89%
December 31, 2009	-	37,462	37,462	- %	74,027	50.61%

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APPENDIX C

FORMs OF BOND COUNSEL'S OPINIONS

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[Closing Date]

$_____
COLLIN COUNTY, TEXAS
UNLIMITED TAX REFUNDING BONDS,
SERIES 2010

WE HAVE represented Collin County, Texas (the "Issuer"), as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

> COLLIN COUNTY, TEXAS UNLIMITED TAX REFUNDING BONDS, SERIES 2010, dated October 1, 2010.
>
> The Bonds mature, bear interest and may be transferred and exchanged as set out in the Bonds and in the order adopted by the Commissioners Court of the Issuer authorizing their issuance (the "Order").

WE HAVE represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, which contains certified copies of certain proceedings of the Issuer; an escrow agreement (the "Escrow Agreement") between the Issuer and The Bank of New York Mellon Trust Company, N. A., as escrow agent (the "Escrow Agent"), the report (the "Report") of Grant Thornton LLP, Certified Public Accountants (the "Verification Agent"), verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the obligations being refunded and the mathematical accuracy of certain computations of the yield on the Bonds and obligations

acquired with the proceeds of the Bonds; certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer, and other public officials, and other certified showings relating to the authorization and issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the obligations being refunded. We have further examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of Treasury regulations, and rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer;

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the bonds being refunded pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent on the date of delivery of the Bonds, and, therefore, such bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such Escrow Agreement; and

(C) A continuing ad valorem tax upon all taxable property within Collin County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, without limit as to rate or amount, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitations.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT, or a REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the Issuer, the Issuer's financial advisors and the Underwriters of the Bonds with respect to matters solely within the knowledge of the Issuer, the Issuer's financial advisors and the Underwriters, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Order pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. We have further relied on the Report of the Verification Agent, regarding the mathematical accuracy of certain computations. If such representations or the Report are determined to be inaccurate or incomplete or the Issuer fails to comply with the foregoing provisions of the Order, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we 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.

Owners 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 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).

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of

existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. 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. We observe that the Issuer has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

[Closing Date]

$_____
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS,
SERIES 2010

WE HAVE represented Collin County, Texas (the "Issuer"), as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

> COLLIN COUNTY, TEXAS LIMITED TAX REFUNDING BONDS, SERIES 2010, dated October 1, 2010.
>
> The Bonds mature, bear interest and may be transferred and exchanged as set out in the Bonds and in the order adopted by the Commissioners Court of the Issuer authorizing their issuance (the "Order").

WE HAVE represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, which contains certified copies of certain proceedings of the Issuer; an escrow agreement (the "Escrow Agreement") between the Issuer and The Bank of New York Mellon Trust Company, N. A., as escrow agent (the "Escrow Agent"), the report (the "Report") of Grant Thornton LLP, Certified Public Accountants (the "Verification Agent"), verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the obligations being refunded and

the mathematical accuracy of certain computations of the yield on the Bonds and obligations acquired with the proceeds of the Bonds; customary certificates of officers, agents and representatives of the Escrow Agent, the Issuer, and other public officials, and other certified showings relating to the authorization and issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the obligations being refunded. We have further examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of Treasury regulations, and rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer;

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the bonds being refunded pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent on the date of delivery of the Bonds, and, therefore, such bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such Escrow Agreement; and

(C) A continuing ad valorem tax upon all taxable property within Collin County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitations.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT or a REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the Issuer, the Issuer's financial advisors and the Underwriters of the Bonds with respect to matters solely within the knowledge of the Issuer, the Issuer's financial advisors and the Underwriters, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Order pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. We have further relied on the Report of the Verification Agent, regarding the mathematical accuracy of certain computations. If such Report or representations are determined to be inaccurate or incomplete or the Issuer fails to comply with the foregoing provisions of the Order, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we 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.

Owners 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 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).

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to

update or supplement these opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. 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. We observe that the Issuer has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

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Financial Advisory Services
Provided By



FirstSouthwest
Continuing Disclosure Services

OFFICIAL STATEMENT

Dated October 4, 2010

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

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, 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. 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 ARE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$14,810,000
COLLIN COUNTY, TEXAS
UNLIMITED TAX REFUNDING BONDS, SERIES 2010

Dated Date: October 1, 2010

Due: February 15, as shown below

PAYMENT TERMS . . . Interest on the $14,810,000 Collin County, Texas, Unlimited Tax Refunding Bonds, Series 2010 (the "Unlimited Tax Bonds") will accrue from October 1, 2010 (the "Dated Date"), and will be payable February 15 and August 15 of each year commencing February 15, 2011, and 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 (the "State"), particularly, Chapter 1207, Texas Government Code, as amended, and are direct obligations of Collin County, Texas (the "County"), payable from a continuing annual ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the orders authorizing the Unlimited Tax Bonds (collectively 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) refund a portion of the County's outstanding unlimited tax debt described in Schedule I (the "Unlimited Tax Refunded Bonds" and together with the Limited Tax Refunded Bonds, the "Refunded Bonds") for debt service savings; and (ii) pay costs of issuance associated with the sale of the Unlimited Tax Bonds.

MATURITY SCHEDULE

CUSIP Prefix: 194738 (1)

Amount	Maturity	Interest Rate	Initial Yield	CUSIP Suffix (1)
$ 200,000	2011	2.000%	0.375%	4T4
1,900,000	2012	2.000%	0.570%	4U1
1,880,000	2013	3.000%	0.780%	4V9
1,045,000	2014	3.000%	0.980%	4W7
1,110,000	2015	3.000%	1.290%	4X5
$ -	2016	-	-	-
2,640,000	2017	4.000%	1.880%	4Z0
1,910,000	2018	5.000%	2.120%	5A4
2,015,000	2019	5.000%	2.340%	5B2
2,110,000	2020	5.000%	2.520%	5C0

(Accrued interest from October 1, 2010 to be added)

(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.

NO OPTIONAL REDEMPTION . . . The Unlimited Tax Bonds are not subject to redemption prior to maturity.

SEPARATE ISSUES . . . The Unlimited Tax Bonds are being offered by the County concurrently with its Limited Tax Refunding Bonds, Series 2010 (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 Vinson & Elkins L.L.P., Bond Counsel, Dallas, Texas (see Appendix C - "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by Fulbright & Jaworski 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 November 17, 2010.

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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 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 $14,810,000 Unlimited Tax Refunding Bonds, Series 2010 (the "Unlimited Tax Bonds"). The Unlimited Tax Bonds mature serially on February 15 in each of the years 2011 through 2015 and 2017 through 2020 (see "The Bonds - Description of the Bonds").

THE LIMITED TAX BONDS ..... The Limited Tax Bonds are issued as $8,120,000 Limited Tax Refunding Bonds, Series 2010 (the "Limited Tax Bonds"). The Limited Tax Bonds mature serially on February 15 in each of the years 2011 through 2017 (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 October 1, 2010, and is payable February 15, 2011, and each August 15 and February 15 thereafter until maturity (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, Chapter 1207, Texas Government Code, as amended, and the Unlimited Tax Bond Orders adopted by the Commissioners Court of the County (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 the Limited Tax Bond Orders adopted by the Commissioners Court of the County (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").

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").

QUALIFIED TAX-EXEMPT OBLIGATIONS..... The Bonds are designated as "Qualified Tax-Exempt Obligations" for financial institutions (see "Tax Matters - Purchase of the Bonds by Financial Institutions").

NO REDEMPTION ..... The Bonds are not subject to redemption prior to maturity.

TAX EXEMPTION ..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law 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) refund a portion of the County's outstanding unlimited tax debt described in Schedule I (the "Unlimited Tax Refunded Bonds" and together with the Limited Tax Refunded Bonds, the "Refunded Bonds") for debt service savings; and (ii) 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 to (i) refund a portion of the County's outstanding limited tax debt described in Schedule I (the "Limited Tax Refunded Bonds") for debt service savings; and (ii) pay 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
2007	690,500	$ 61,953,733,487	$ 89,723	$ 364,110,000	$ 527	0.59%	102.52%
2008	740,000	68,635,438,320	92,751	389,985,000	527	0.57%	102.17%
2009	748,050	71,819,163,811	96,009	409,395,000	547	0.57%	101.51%
2010	786,250	72,388,951,258	92,069	383,805,000	488	0.53%	102.62% [3]
2011	801,865	71,277,687,478	88,890	355,080,000 [2]	443	0.50%	N/A

(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) Projected; includes all limited tax and unlimited tax debt of the County and the Bonds. Excludes the Refunded Bonds.
(3) Collections for part year only, through September 1, 2010.

COUNTY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

Commissioners Court	Term Expires
Keith Self County Judge	12/31/2010
Matt Shaheen Commissioner, Precinct No. 1	12/31/2012
Jerry Hoagland Commissioner, Precinct No. 2	12/31/2010
Joe Jaynes Commissioner, Precinct No. 3	12/31/2012
Kathy Ward Commissioner, Precinct No. 4	12/31/2010

OTHER ELECTED AND APPOINTED OFFICIALS

Name	Position	Term Expires
Bill Bilyeu	County Administrator	Appointed by Commissioners Court
Jeff May	County Auditor	Appointed by District Judges
Monika Arris	Budget Director	Appointed by Commissioners Court
Stacey Kemp	County Clerk	12/31/2010
Kenneth L. Maun	Tax Assessor-Collector	12/31/2012

CONSULTANTS AND ADVISORS

Certified Public Accountants ..... Pattilla, Brown & Hill, L.L.P.
Waco, Texas

Bond Counsel ..... Vinson & Elkins L.L.P.
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

OFFICIAL STATEMENT

RELATING TO

$14,810,000
UNLIMITED TAX REFUNDING BONDS, SERIES 2010

$8,120,000
LIMITED TAX REFUNDING BONDS, SERIES 2010

INTRODUCTION

This Official Statement, which includes the Appendices and Schedule I hereto, provides certain information regarding the issuance of $14,810,000 Unlimited Tax Refunding Bonds, Series 2010 (the "Unlimited Tax Bonds") and $8,120,000 Limited Tax Refunding Bonds, Series 2010 (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 (i) the unlimited tax bond order approving the Unlimited Tax Bonds, dated October 4, 2010, and the unlimited tax bond order levying a tax and ratifying and confirming the prior order, dated October 11, 2010 (collectively, the "Unlimited Tax Bond Order") each adopted by the Commissions Court of Collin County (the "County"); and (ii) the limited tax bond order approving the Limited Tax Bonds, dated October 4, 2010, and the limited tax bond order levying a tax and ratifying and confirming the prior order (collectively, the "Limited Tax Bond Order" and, together with the Unlimited Tax Bond Order, the "Orders") each adopted by the County.

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 " 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 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) refund a portion of the County's outstanding unlimited tax debt described in Schedule I (the "Unlimited Tax Refunded Bonds" and together with the Limited Tax Refunded Bonds, the "Refunded Bonds") for debt service savings; and (ii) 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 to (i) refund a portion of the County's outstanding limited debt described in Schedule I (the "Limited Tax Refunded Bonds") for debt service savings; and (ii) pay the costs of issuance associated with the sale of the Limited Tax Bonds.

REFUNDED BONDS . . . The principal of and interest due on the Limited Tax Refunded Bonds and Unlimited Tax Refunded Bonds are to be paid on the scheduled interest payment dates and redemption dates for the Limited Tax Refunded Bonds and Unlimited Tax Refunded Bonds as shown on Schedule I hereto, from funds to be deposited pursuant to separate Escrow Agreements 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 and the Unlimited Tax Bond Order will provide that a portion of the proceeds from the sale of the Limited Tax Bonds and the Unlimited Tax Bonds, respectively, in amounts sufficient to accomplish the discharge and final payment of the Limited Tax Refunded Bonds and the Unlimited Tax Refunded Bonds, will be deposited with the Escrow Agent pursuant to the respective Escrow Agreements for deposit to special escrow funds (the "Limited Tax Escrow Fund" and the "Unlimited Tax Escrow Fund" and together, the "Escrow Funds") established under the respective Escrow Agreements for the payment of the Limited Tax Refunded Bonds and the Unlimited Tax Refunded Bonds. Amounts on deposit in the Escrow Funds will be used to purchase obligations of some or all of the following types: (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Commissioners Court of the County adopts or approves the proceedings authorizing the issuance of the refunding bonds, 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 Commissioners Court of the County adopts or approves the proceedings authorizing the issuance of the refunding bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent (the "Escrowed Securities").Under the Escrow Agreements, the Escrow Funds are irrevocably pledged to the payment of the principal and interest on the Refunded Bonds.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the Limited Tax Bonds and the Unlimited Tax Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the respective Escrow Funds will be sufficient to pay, when due, the principal of and interest on the Limited Tax Refunded Bonds and the Unlimited Tax Refunded Bonds, respectively. **Maturing principal of and interest on the Escrowed Securities in the Escrow Funds will not be available to pay the debt service on the Bonds** (see "OTHER INFORMATION – Verification of Arithmetical and Mathematical Computations").

By the deposit of the Escrowed 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 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.

In the Escrow Agreement, the County covenants to make timely deposits to the Escrow Funds, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Bonds if for any reason the cash balances on deposit or scheduled to be on deposit in the respective Escrow Funds are insufficient to make such payment.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds will be applied approximately as follows:

	Unlimited Tax Bonds	Limited Tax Bonds
Sources of Funds		
Par Amount of Bonds	$ 14,810,000.00	$ 8,120,000.00
Net Original Issue Premium	1,796,950.55	588,136.20
Accrued Interest	72,884.44	32,589.72
Total Sources of Funds	$ 16,679,834.99	$ 8,740,725.92
Uses of Funds		
Deposit to Escrow Fund	$ 16,412,157.33	$ 8,588,520.61
Deposit to Interest and Sinking Fund	72,884.44	32,589.72
Costs of Issuance (1)	194,793.22	119,615.59
Total Uses of Funds	$ 16,679,834.99	$ 8,740,725.92

(1) Includes the Underwriters' Discount.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated October 1, 2010 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on the cover page and page 3 hereof. Interest will accrue from the Dated Date, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15, commencing February 15, 2011. 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 being issued pursuant to (i) the Texas Constitution and general laws of the State of Texas, particularly, Chapter 1207, Texas Government Code, as amended, and (ii) the Unlimited Tax Bond Order.

The Limited Tax Bonds are being issued pursuant to (i) the Texas Constitution and general laws of the State of Texas, particularly, Chapter 1207, Texas Government Code, as amended, and (ii) the Limited Tax Bond Order.

SECURITY AND SOURCES OF PAYMENT . . .

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: Limited Tax Bonds, Tax Notes, Time Warrants, Certificates of Obligation and Contractual Obligations") below.

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.

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, Certificates of Obligation and Contractual Obligations...The Texas Constitution (Article VIII, Section 9) imposes a limit of $0.80 per $100 of assessed valuation for general fund, permanent 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 Section 9, Article VIII, 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.

NO OPTIONAL REDEMPTION . . . The Bond are not subject to optional redemption prior to maturity.

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 Texas 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.

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 DTC, 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 and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The County and the Underwriters cannot and do 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 each Series of the Bonds. The Bonds 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 certificate will be issued for each maturity of each Series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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, 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 gegistered clearing agencies. 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 companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. 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 Direct and Indirect 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 Direct or Indirect 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 Direct and Indirect 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 Direct and Indirect 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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).

Principal and interest 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. Principal and interest payments 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 Direct and Indirect Participants.

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

The County may decide to discontinue use of the system of book-entry transfers through DTC (or successor securities depository). Discontinuance of the system of book-entry transfers by the District may require the consent of Participants under DTC's Operational Arrangements. In that event, Bond certificates will 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 of either Series 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 Orders 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 or the Underwriters.

Effect of Termination of Book-Entry Only System. In the event the Book-Entry-Only System with respect to the Bonds of either Series is discontinued, printed securities certificates for the respective Series will be issued to the respective holders of the Bonds, and the respective Bonds will be subject to transfer, exchange and registration provisions as set forth in the respective Order, summarized under "The Bonds - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In 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 of each Series are duly paid; any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under applicable law 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.

TRANSFER, EXCHANGE, AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the owners of the Bonds and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender 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 Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A New Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond or 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 at the registered owner's request, risk and expense. 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 Series and 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.

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 for one or both Series of Bonds, 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 Owner 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 . . . The Orders establish as "events of default" (i) the failure to make payment of principal of redemption premium, if any, or interest on any of the Bonds of a Series when due and payable; or (ii) default in the performance or observance of any other covenant, agreement or obligation of the County, which default materially and adversely affects the rights of the owners, including, but not limited to, their prospect or ability to be repaid in accordance with the respective Order, and the continuation thereof for a period of sixty days after notice of such default is given to any Owner by the County. Under State law there is no right to the acceleration of maturity of the Bonds upon the failure of the County to observe any covenant under an Order. Although a registered owner of Bonds could presumably obtain a judgment against the County if a default occurred in the payment of principal of or interest on any such Bonds, such judgment could not be satisfied by execution against any property of the County. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the County to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

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 in the absence of County action, Bondholders may not be able to bring such a suit against the County for breach of the Bonds or covenants in the Orders. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the County, permits the County to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the bonds, the County is not using the authority provided by Chapter 1371 and has not waived sovereign immunity in the proceedings authorizing its bonds.

Neither Order provides for the appointment of a trustee to represent the interests of the bondholders upon any failure of the County to perform in accordance with the terms of the respective Order, or upon any other condition. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of 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 Orders and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

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 the Texas 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 Texas 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 of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by Section 11.253 of the Tax Code, which is effective for tax years 2008 and thereafter, as personal property acquired or imported into Texas and 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 vehicles, vessel and out-board motor, heavy equipment and manufactured housing inventory. Section 11.253 permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax "goods-in-transit" during the following tax year. A taxpayer may only receive either the freeport exemption or the "goods-in-transit" exemption for items of personal property.

A city may create one or more tax increment financing districts ("TIFD") within the County and freeze the taxable values of property in the TIFD at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIFD, 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 TIFD in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIFD. Taxes levied by the County against the values of real property a TIFD, 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 TIFD.

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 of Texas, 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 Texas 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 Texas 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. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. 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 asses 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 Property 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 six TIFDs, one each with the Cities of Allen, Frisco, Lavon and Melissa and two with the City of Plano.

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

2010/11 Market Valuation Established by the Collin Central Appraisal District (excluding totally exempt property)		$ 82,751,613,512
Less Exemptions/Reductions at 100% Market Value:		
Over 65 and Disabled	$ 848,945,091	
Disabled Veterans Exemptions	98,794,504	
Charitable Organizations	25,779,926	
Tax Abatements	1,200,108,413	
Homestead Exemption	2,035,985,594	
Freeport Exemption	694,971,683	
Pollution Control Property	32,385,002	
Historical Exemption	25,338,193	
Prorated Exempt Property	11,963,768	
Homestead Cap Adjustment	33,821,792	
Limited Income Housing	991,434	
Agricultural Productivity, Open Space Land Use Reductions	6,463,318,538	
Other	1,522,096	11,473,926,034
2010/11 Taxable Assessed Valuation		$ 71,277,687,478
County Funded Debt Payable from Ad Valorem Taxes (as of 8-31-10)		
Limited Tax Debt	$ 151,940,000 (1)	
Unlimited Tax Debt	206,895,000 (2)	
The Unlimited Tax Bonds	14,810,000	
The Limited Tax Bonds	8,120,000	
Funded Debt Payable from Ad Valorem Taxes		$ 381,765,000
Interest and Sinking Fund (as of 8-31-10)		$ 4,144,036
Ratio General Obligation Debt to Taxable Assessed Valuation		0.54%

2011 Estimated Population - 801,865
Per Capita Taxable Assessed Valuation - $88,890
Per Capita Funded Debt Payable from Ad Valorem Taxes - $476

(1) Excludes the Limited Tax Refunded Bonds.
(2) Excludes the Unlimited Tax Refunded Bonds.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2011		2010		2009	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 47,129,255,659	56.95%	$ 47,023,799,761	55.09%	$ 46,258,543,676	55.09%
Real, Residential, Multi-Family	4,359,373,394	5.27%	4,418,373,249	5.26%	4,414,102,159	5.26%
Real, Vacant Lots/Tracts	903,532,169	1.09%	897,382,927	1.15%	961,953,962	1.15%
Real, Acreage (Land Only)	7,415,809,201	8.96%	7,982,962,832	10.42%	8,749,195,627	10.42%
Real, Farm and Ranch Improvements	833,309,201	1.01%	826,660,638	1.00%	839,821,464	1.00%
Real, Commercial and Industrial	14,844,885,029	17.94%	15,448,987,640	17.73%	14,890,198,384	17.73%
Real and Intangible Personal, Utilities	1,174,373,653	1.42%	1,099,988,202	1.36%	1,138,977,111	1.36%
Tangible Personal, Business	5,146,374,881	6.22%	5,161,195,686	6.06%	5,091,154,776	6.06%
Tangible Personal, Other	42,760,159	0.05%	45,207,373	0.05%	44,839,724	0.05%
Inventory	755,930,021	0.91%	1,013,621,038	1.88%	1,577,903,038	1.88%
Special Inventory Tax	146,010,145	0.18%	167,718,060	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 82,751,613,512	100.00%	$ 84,085,897,406	100.00%	$ 83,966,689,921	100.00%
Less: Total Exemption/Reductions	(11,473,926,034)		(11,696,946,148)		(12,147,526,110)	
Taxable Assessed Value	$ 71,277,687,478		$ 72,388,951,258		$ 71,819,163,811	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2008		2007	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 43,676,579,984	55.81%	$ 39,618,642,477	56.31%
Real, Residential, Multi-Family	3,914,013,823	5.00%	3,418,142,797	4.86%
Real, Vacant Lots/Tracts	894,168,805	1.14%	897,940,901	1.28%
Real, Acreage (Land Only)	8,155,152,797	10.42%	7,347,905,457	10.44%
Real, Farm and Ranch Improvements	789,958,110	1.01%	708,001,289	1.01%
Real, Commercial and Industrial	13,331,661,532	17.03%	11,635,104,001	16.54%
Real and Intangible Personal, Utilities	1,131,689,801	1.45%	1,044,060,226	1.48%
Tangible Personal, Business	4,495,127,180	5.74%	4,071,609,901	5.79%
Tangible Personal, Other	48,908,878	0.06%	68,171,248	0.10%
Inventory	1,827,071,513	2.33%	1,546,628,053	2.20%
Special Inventory Tax	-		-	0.00%
Total Appraised Value Before Exemptions	$ 78,264,332,423	100.00%	$ 70,356,206,350	100.00%
Less: Total Exemptions/Reductions	(9,628,894,103)		(8,402,472,863)	
Taxable Assessed Value	$ 68,635,438,320		$ 61,953,733,487	

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
2007	690,500	$ 61,953,733,487	$ 89,723	$ 364,110,000	0.59%	$ 527
2008	740,000	68,635,438,320	92,751	389,985,000	0.57%	527
2009	748,050	71,819,163,811	96,009	409,395,000	0.57%	547
2010	786,250	72,388,951,258	92,069	383,805,000	0.53%	488
2011	801,865	71,277,687,478	88,890	355,080,000 [2]	0.50%	443

(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) Projected; includes the Bonds. Excludes the Refunded Bonds.

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
2007	$ 0.24500	$ 0.19469	$ 0.05031	$ 150,549,536	100.53%	102.52%
2008	0.24500	0.19164	0.05336	168,156,824	100.66%	102.17%
2009	0.24250	0.18426	0.05824	174,161,472	100.06%	101.51%
2010	0.24250	0.18708	0.05542	175,543,207	101.60% [1]	102.62% [1]
2011	0.24000	0.18458	0.05542	170,749,824	N/A	N/A

(1) Collections for part year only, through September 1, 2010.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Tax Year				
Limited Constitutional Taxes [1]	2010	2009	2008	2007	2006
Operating Fund	$ 0.1846	$ 0.1871	$ 0.1843	$ 0.1916	$ 0.1947
Limited Tax Debt Service Fund	0.0197	0.0198	0.0216	0.0202	0.0248
Total Constitutional Tax Rate	$ 0.2043	$ 0.2069	$ 0.2058	$ 0.2118	$ 0.2195
Unlimited Constitutional Taxes [2]					
Road Maintenance	$ 0.0000	$ 0.0000	$ 0.0000	$ 0.0000	$ 0.0000
Farm-to-Market and Lateral Road	0.0000	0.0000	0.0000	0.0000	0.0000
Unlimited Tax Debt Service Fund	0.0357	0.0356	0.0367	0.0332	0.0255
Total Tax Rate	$ 0.2400	$ 0.2425	$ 0.2425	$ 0.2450	$ 0.2450

(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	2010/11 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oncor Electric Delivery Company	$ 439,174,980	0.62%
Stonebriar Mall Ltd. Partnership	221,706,370	0.31%
J.C. Penney Company	161,877,423	0.23%
AT&T Mobility LLC	132,990,356	0.19%
IBM Credit LLC	127,971,038	0.18%
BPR Shopping Center LP	125,000,000	0.18%
Village at Allen LP	113,881,870	0.16%
Coventry II DDR/Trademark Montgomery Farm	111,700,000	0.16%
Willow Bend Shopping Center LP	110,000,000	0.15%
Bank of America NA	104,207,493	0.15%
	$ 1,648,509,530	2.31%

TABLE 7 - TAX ADEQUACY [1]

2011 Principal and Interest Requirements	$ 43,203,067
$0.0619 Tax Rate at 98% Collection Produces [2]	$ 43,238,471
Average Annual Principal and Interest Requirements, 2011 - 2029	$ 27,212,674
$0.0390 Tax Rate at 98% Collection Produces	$ 27,242,332
Maximum Principal and Interest Requirements, 2011	$ 43,203,067
$0.0619 Tax Rate at 98% Collection Produces	$ 43,238,471

(1) For all tax supported indebtedness (limited and unlimited), including the Bonds. Excludes the Refunded Bonds.
(2) See "Table 10 – Interest and Sinking Fund Budget Projection" herein.

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.

Governmental Subdivision	2009/10 Taxable Assessed Value	2009/10 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 9-1-10
Collin County	$ 71,277,687,478 (1)	$ 0.242500	$ 381,765,000 (2)	100.00%	$ 381,765,000 (2)
Special Districts					
Collin County Community College District	$ 74,543,801,881	$ 0.086300	$ 45,980,000	100.00%	$ 45,980,000
Seis Lagos Utility District	108,470,137	0.449183	925,000	100.00%	925,000
Total Districts					$ 46,905,000
Cities					
Allen	$ 7,317,367,749	$ 0.556000	$ 110,235,000	100.00%	$ 110,235,000
Anna	378,153,710	0.627330	8,759,000	100.00%	8,759,000
Blue Ridge	26,398,481	0.580868	1,138,000	100.00%	1,138,000
Celina	463,681,575	0.645000	15,995,000	100.00%	15,995,000
Fairview	1,053,050,339	0.365000	21,845,000	100.00%	21,845,000
Farmersville	154,764,314	0.586100	3,930,000	100.00%	3,930,000
Josephine	33,035,267	0.485800	565,000	100.00%	565,000
Lucas	534,082,337	0.374200	7,840,000	100.00%	7,840,000
McKinney	10,696,226,911	0.585500	227,705,000	100.00%	227,705,000
Melissa	344,398,135	0.610000	22,905,000	100.00%	22,905,000
Murphy	1,468,391,578	0.538400	45,060,000	100.00%	45,060,000
Parker	493,346,405	0.377100	8,495,000	100.00%	8,495,000
Princeton	281,306,270	0.728400	16,735,000	100.00%	16,735,000
Prosper	1,023,864,451	0.520000	36,180,000	100.00%	36,180,000
Wylie	2,263,919,560	0.898900	120,016,666	100.00%	120,016,666
County-Line Cities					
Carrollton	$ 9,203,400,425	$ 0.617900	$ 169,915,000	0.54%	$ 917,541
Dallas	84,851,273,745	0.747900	1,938,124,913	4.18%	81,013,621
Frisco	13,958,027,112	0.465000	620,345,000	65.25%	404,775,113
Plano	24,267,093,219	0.488600	337,240,000	94.46%	318,556,904
Richardson	9,837,843,846	0.575200	308,325,000	33.90%	104,522,175
Royse City	482,484,088	0.657600	22,346,000	13.82%	3,088,217
Sachse	1,224,336,885	0.705800	42,310,000	31.72%	13,420,732
Total Cities					$ 1,573,697,969

(1) Tax Year 2010 Taxable Assessed Valuation.
(2) Includes the Bonds. Excludes the Refunded Bonds.

	2009/10 Taxable Assessed Value	2009/10 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 9-1-10
School Districts					
Allen ISD	$ 6,894,595,133	$ 1.540000	$ 398,832,100	100.00%	$ 398,832,100
Anna ISD	526,032,339	1.540100	84,964,574	100.00%	84,964,574
Farmersville ISD	310,486,545	1.310000	15,545,000	100.00%	15,545,000
Lovejoy ISD	1,476,961,132	1.535000	114,415,233	100.00%	114,415,233
McKinney ISD	8,909,912,469	1.540000	447,005,000	100.00%	447,005,000
Melissa ISD	429,509,607	1.540000	39,538,467	100.00%	39,538,467
Plano ISD	32,387,205,106	1.328400	1,042,987,382	100.00%	1,042,987,382
Princeton ISD	476,655,111	1.490000	67,452,308	100.00%	67,452,308
Wylie ISD	3,131,376,307	1.590000	248,281,727	100.00%	248,281,727
County-Line School Districts					
Bland ISD	$ 111,004,516	$ 1.540000	$ 14,484,981	9.58%	$ 1,387,661
Blue Ridge ISD	113,076,510	1.476500	8,789,999	98.52%	8,659,907
Celina ISD	612,467,152	1.540000	59,441,532	93.35%	55,488,670
Community ISD	462,176,583	1.495000	30,882,416	98.54%	30,431,533
Frisco ISD	16,572,110,127	1.390000	1,178,137,972	73.29%	863,457,320
Gunter ISD	208,406,314	1.470000	15,221,188	0.68%	103,504
Leonard ISD	123,593,908	1.270200	1,910,000	8.55%	163,305
Prosper ISD	1,630,037,650	1.640000	237,591,761	94.40%	224,286,623
Royse City ISD	1,071,028,017	1.430000	115,761,386	7.06%	8,172,754
Trenton ISD	139,379,732	1.284000	8,363,060	4.05%	338,704
Van Alstyne ISD	370,943,299	1.520000	34,161,519	10.01%	3,419,568
Whitewright ISD	155,026,982	1.380000	8,710,636	2.57%	223,863
Total School Districts					$ 3,655,155,202
Total Direct and Overlapping Funded Debt					$ 5,657,523,171
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation					7.59%
Per Capita Overlapping Funded Debt					$ 7,055

TABLE 9 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Unlimited Tax Outstanding Debt [1]		Limited Tax Outstanding Debt [2]		Unlimited Tax Bonds [3]		Limited Tax Bonds [4]		Total Debt Service	% of Principal Retired
	Principal	Interest [5]	Principal	Interest [5]	Principal	Interest	Principal	Interest		
2011	$ 13,295,000	$ 9,260,161	$ 13,080,000	$ 6,541,030	$ 200,000	$ 495,516	$ 110,000	$ 221,360	$ 43,203,067	
2012	11,885,000	8,730,636	11,340,000	5,625,585	1,900,000	547,400	285,000	250,000	40,563,621	
2013	12,380,000	8,185,911	10,465,000	5,126,319	1,880,000	500,200	1,600,000	223,150	40,360,580	
2014	13,710,000	7,569,211	7,550,000	4,657,266	1,045,000	456,325	1,660,000	174,250	36,822,053	
2015	14,315,000	6,910,311	8,170,000	4,216,296	1,110,000	424,000	1,440,000	127,750	36,713,358	33.38%
2016	12,475,000	6,272,336	8,315,000	3,774,226	-	407,350	1,485,000	83,875	32,812,788	
2017	13,075,000	5,663,718	8,720,000	3,351,933	2,640,000	354,550	1,540,000	30,800	35,376,000	
2018	13,485,000	5,035,086	10,840,000	3,628,709	1,910,000	254,000	-	-	35,152,795	
2019	14,175,000	4,395,870	11,295,000	3,141,389	2,015,000	155,875	-	-	35,178,134	
2020	11,215,000	3,825,498	8,965,000	2,697,520	2,110,000	52,750	-	-	28,865,768	65.93%
2021	11,695,000	3,313,688	9,290,000	2,312,757	-	-	-	-	26,611,445	
2022	11,075,000	2,803,583	9,280,000	1,926,679	-	-	-	-	25,085,261	
2023	11,585,000	2,292,101	7,555,000	1,555,354	-	-	-	-	22,987,455	
2024	12,120,000	1,758,798	7,920,000	1,192,931	-	-	-	-	22,991,729	
2025	9,300,000	1,273,679	7,440,000	831,565	-	-	-	-	18,845,244	91.40%
2026	8,385,000	853,438	4,890,000	533,154	-	-	-	-	14,661,591	
2027	7,535,000	459,825	2,465,000	338,038	-	-	-	-	10,797,863	
2028	4,095,000	170,573	2,390,000	194,940	-	-	-	-	6,850,513	
2029	1,095,000	34,493	1,970,000	62,055	-	-	-	-	3,161,548	100.00%
Totals	$ 206,895,000	$ 78,808,914	$ 151,940,000	$ 51,707,744	$ 14,810,000	$ 3,647,966	$ 8,120,000	$ 1,111,185	$ 517,040,810	

(1) Excludes the Unlimited Tax Refunded Bonds.
(2) Excludes the Limited Tax Refunded Bonds.
(3) Average life of the issue – 5.609 years. Interest on the Unlimited Tax Bonds has been calculated at the rates illustrated on the cover page hereof.
(4) Average life of the issue –4.176 years. Interest on the Limited Tax Bonds has been calculated at the rates illustrated on page 3 hereof.
(5) 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."

TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/11		$ 43,203,067
Estimated Interest and Sinking Fund, 9/30/10	$ 4,144,036	
Budgeted Interest and Sinking Fund Tax Levy	39,969,289	
Non-Tax Revenues	553,041	44,666,366
Estimated Balance, 9/30/11		$ 1,463,299

Table 11 - Authorized But Unissued Bonds

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Unissued Balance
Park [1]	11/6/2007	$ 17,000,000	$ 2,400,000	$ 14,600,000
Road [2]	11/6/2007	235,600,000	40,855,000	194,745,000
Court Buildings [1]	11/6/2007	76,300,000	30,500,000	45,800,000
		$ 328,900,000	$ 73,755,000	$ 255,145,000

(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, tax notes, reserves or current year revenue sources. The current CIP covers fiscal years 2008 through 2017, and includes total capital expenditures of $255 million, of which $39.2 million are scheduled for fiscal year 2011. Most of the planned expenditures will be funded with proceeds of prior bond and tax note issues. As shown in Table 11, the County currently has $255,145,000 of authorized but unissued bonds. The County anticipates issuing approximately $39 million of such amount in fiscal year 2010-11 and the remaining bond authorization over the following six 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 August 31, 2010.

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 by 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 using the actuarially determined rate of 13.5% in 2010 and has budgeted to contribute at the same rate in 2011. The contribution rate payable by the employee members is the rate of 7% as adopted by the Commissioners Court. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. In addition, upon an employee's retirement, the County contributes to such retired employee's retirement account an amount equal to $2.00 for every $1.00 saved in such retired employee's account. The County anticipates fully funding its TCDRS pension fund actuarial accrued liability over the next ten years. For additional information on the County's retirement plan. See Note V(e) in the notes to the financial statements attached hereto as Appendix B.

OTHER POST RETIREMENT BENEFITS . . . The County has engaged an actuarial firm to prepare an assessment of the County's "other post retirement benefits" ("OPEBs"), as described in GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions ("GASB 45"), which is applicable to the County for future fiscal years. In July 2009, the Commissioners Court reviewed an actuarial study with a total future liability of $37,461,770. The Commissioners Court has approved the establishment of a trust fund (the "OPEB Trust Fund") for the purpose of funding the County's OPEB liabilities, and the OPEB Trust Fund will be managed by a third party administrator. The County currently has approximately $4.2 million on deposit in a separate account dedicated to the County's OPEB liability, which amount will be transferred to the OPEB Trust Fund upon its creation. The County has budgeted to deposit an additional $5 million into the OPEB Trust Fund in fiscal year 2010-11, and therefore the County anticipates that its unfunded actuarial accrued liability at the end of fiscal year 2010-11, based on the July 2009 actuarial study, will be approximately $28,261,770 resulting in a "funded ratio" of 24.6%. The County is in the process of engaging an outside accounting firm to perform a new actuarial study on the County's OPEB liabilities and therefore its actuarial accrued liability could change significantly.

As described in Note V(d) "Post-Retirement Health Benefits" in the audited financial statements of the County for the fiscal year ended September 30, 2009, which are attached hereto as Appendix B, the County offers post-retirement health benefits to retired County employees. In November 2006, the health benefit policy of the County for retirees was substantially modified by the Commissioners Court (the "2006 Benefit Plan"). Prior to the adoption of the 2006 Benefit Plan, health benefits offered to County retirees were limited to the opportunity of retired employees to purchase health insurance benefits though the County at County cost. The 2006 Benefit Plan provides that effective January 1, 2007, the County will pay a portion of the cost of health benefit premiums for retired employees beginning at the age of 65 years. The portion of health insurance premiums to be paid by the County ranges based upon the number of years of continuous service to the County, with persons having served 8-10 years, 11-15 years, 16-19 years and 20 years or greater being eligible for 25%, 50%, 75% and 100%, respectively, of the cost of health benefits incurred by the County. Spouses of eligible retirees are also covered by the 2006 Benefit Plan, provided that the spouse is at least 65 years of age and only if the spouse was on the County's plan prior to the employee's retirement from the County. Persons covered by other employer benefit plans are not eligible to participate in the County plan. State law requires that counties provide retirees with a health insurance plan, but does not require counties to pay the cost of such coverage, and the County could modify the 2006 Benefit Plan in future years, either by increasing or decreasing coverage amounts. For more detailed information on the County's OPEBs and its liabilities relating thereto, see Note V(d) in the financial statements attached hereto as Appendix B.

FINANCIAL INFORMATION

TABLE 13 - CHANGES AND NET ASSETS [1]

	Fiscal Year Ended September 30, (000's)				
Revenues:	2009	2008	2007	2006	2005
Program Revenues:					
Charges for Services	$ 42,048	$ 46,646	$ 40,337	$ 36,166	$ 33,400
Operating Grants and Contributions	16,374	14,239	23,593	18,430	11,390
Capital Grants and Contributions	1,064	465	1,218	1,190	1,291
Total Program Revenues	$ 59,486	$ 61,350	$ 65,148	$ 55,786	$ 46,081
General Revenues:					
Taxes	$ 176,960	$ 172,965	$ 154,165	$ 144,453	$ 133,522
Unrestricted Investment Earnings	3,690	7,486	8,948	6,601	8,275
Gain (Loss) on Sale of Assets	-	-	-	-	253
Miscellaneous	73	1,425	1,946	54	90
Total General Revenues	$ 180,723	$ 181,876	$ 165,059	$ 151,108	$ 142,140
Total Revenues	$ 240,209	$ 243,226	$ 230,207	$ 206,894	$ 188,221
Expenses:					
General Administration	$ 34,518	$ 28,473	$ 24,506	$ 23,366	$ 26,432
Judicial	17,195	16,910	14,983	13,943	13,130
Financial Administration	10,891	10,183	9,041	8,072	7,905
Legal	11,254	10,793	9,580	8,828	8,619
Public Facilities	18,129	17,751	18,574	13,205	13,509
Equipment Services	2,320	2,558	2,223	2,501	2,418
Public Safety	61,904	61,213	53,331	48,524	44,463
Public Transportation	25,491	35,834	9,642	28,558	54,856
Health and Welfare	18,369	17,814	15,065	14,320	13,977
Culture and Recreation	1,720	1,617	1,547	1,619	1,079
Conservation	295	317	320	264	393
Debt Service, Interest and Fiscal Charges	19,267	17,618	15,510	15,436	14,600
Total Expenses - Before Transfers	$ 221,353	$ 221,081	$ 174,322	$ 178,636	$ 201,381
Change in Net Assets	$ 18,856	$ 22,145	$ 55,885	$ 28,258	$ (13,160)
Adjustments	-	(4,983)	-	-	-
Net Assets as of October 1	431,912	414,750	358,865	330,607	343,767
Net Assets as of September 30	$ 450,768	$ 431,912	$ 414,750	$ 358,865	$ 330,607

(1) In accordance with GASB 34, the County's financial statements for the fiscal year ended September 30, 2009, 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.

TABLE 13-A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30, (000's)				
Revenues	2009	2008	2007	2006	2005
Taxes	$ 119,981	$ 117,399	$ 109,061	$ 106,217	$ 98,501
Federal and State Funds	3,993	3,979	3,746	3,113	4,555
Charges for Services	16,654	16,746	17,705	15,813	11,817
Fines and Forfeitures	2,270	2,689	2,647	2,479	2,480
Interest	3,484	6,719	7,813	5,734	2,880
Miscellaneous	817	517	535	455	943
Total Revenues	$ 147,199	$ 148,049	$ 141,507	$ 133,811	$ 121,176
Expenditures					
General Administration	$ 23,809	$ 21,010	$ 20,066	$ 21,113	$ 23,023
Judicial	13,846	13,687	13,618	12,550	11,697
Financial Administration	9,946	9,512	9,325	8,319	7,963
Legal	10,322	9,865	9,600	8,806	8,572
Public Safety	44,931	44,192	43,693	38,716	35,753
Public Health and Welfare	11,315	10,832	9,381	9,343	9,352
Public Facilities	10,172	10,401	9,472	8,441	8,453
Culture and Recreation	496	425	439	425	437
Equipment Services	1,919	2,271	2,061	2,534	2,369
Capital Outlay	2,315	1,810	1,556	-	-
Conservation	285	296	305	265	399
Principal Retirement	4,096	-	-	-	-
Interest and Fiscal Charges	414	-	-	-	-
Total Expenditures	$ 133,866	$ 124,301	$ 119,516	$ 110,512	$ 108,018
Excess (Deficiency) of Revenues Over Expenditures	$ 13,333	$ 23,748	$ 21,991	$ 23,299	$ 13,158
Other Financing Sources (Uses)					
Sale of Capital and Non-Captial Assets	$ 80	$ 222	$ 285	$ 61	$ 207
Operating Transfers In	162	1,339	-	-	-
Operating Transfers Out	(9,462)	(18,047)	(7,651)	(6,552)	(6,480)
Total Other Financing Sources (Uses)	$ (9,220)	$ (16,486)	$ (7,366)	$ (6,491)	$ (6,273)
Net Change in Fund Balances	$ 4,113	$ 7,262	$ 14,625	$ 16,808	$ 6,885
Beginning Fund Balance	129,513	122,251	107,626	90,818	83,933
Ending Fund Balance	$ 133,626	$ 129,513	$ 122,251	$ 107,626	$ 90,818

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 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 Texas law, 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 of Texas 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 of Texas or the United States or their respective agencies and instrumentalities; (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 and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by Bonds described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits, or (ii) where; (a) the funds are invested by the County through a depository institution that has a main office or branch office in this state and that is selected by the County; (b) the depository institution selected by the County arranges for the deposit of funds in one or more federally insured depository institutions, wherever located; (c) the certificates of deposit are insured by the United States or an instrumentality of the United States; (d) the depository institution acts as a custodian for the County with respect to the certificates of deposit; and (e) at the same time that the certificates of deposit are issued, the depository institution selected by the County receives deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the funds invested by the County through the depository institution selected

under clause (ii)(a) above, (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 of Texas, (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 of Texas; 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-loan money market mutual funds registered with and regulated by the Securities and Exchange Commission 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 Securities and Exchange Commission 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 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 Texas Public Funds Investment Act (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 County 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 August 31, 2010, the County's investable funds were invested in the following categories:

Description	Percent	Book Value	Market Value
Local Government Investment Pools [1]	56.36%	$ 203,561,364	$ 203,672,296
U.S. Agency Securities	5.87%	21,196,500	21,196,500
Certificates of Deposit	37.77%	136,401,081	136,401,081
	100.00%	$ 361,158,945	$ 361,269,877

As of such date, 56.36% of the County's investment portfolio is available upon demand. The market value of the investment portfolio was approximately 100.03% 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) Local government investment pools operate in a manner consistent with the Security and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940 that governs money market mutual funds. 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.

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Vinson & Elkins L.L.P., Bond Counsel, (i) interest on Bonds 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 Issuer 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 Issuer, the Issuer's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the Issuer, the Issuer's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. Bond Counsel will further rely on the report of Grant Thornton LLP, certified public accountants, regarding the mathematical accuracy of certain computations. If the Issuer should fail to comply with the covenants in the Orders or if the foregoing representations or 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 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.

Purchase of Exempt Bonds by Financial Institutions

Section 265(a) of the Code provides, in general, that a deduction for interest on indebtedness incurred to acquire or carry tax-exempt obligations is disallowed. Section 265(b) of the Code provides a specific complete disallowance of any deduction by a financial institution of its pro rata interest expense to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. Section 265(b) of the Code provides, however, two exceptions to this disallowance for a financial institution: (i) new money tax-exempt obligations issued during calendar years 2009 and 2010 that have an adjusted cost basis that does not exceed two percent of the adjusted cost basis of the financial institution's total assets and (ii) tax-exempt obligations that are properly designated by an issuer as "qualified tax-exempt obligations."

The Bonds have been designated as "qualified tax-exempt obligations" based, in part, on the Borrower's representation that the amount of the Bonds, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) issued or reasonably anticipated to be issued on behalf of the Borrower during 2010, will not exceed $30,000,000. Further, the Borrower has not designated more than $30,000,000 in "qualified tax-exempt obligations" (including the Bonds) during 2010.

Notwithstanding the designation of the Bonds as "qualified tax-exempt obligations" under this exception, financial institutions acquiring the Bonds will be subject to a 20 percent disallowance of allocable interest expense.

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, 2010. The County will provide the updated information to the MSRB in an electronic format, which will be available to the general public without charge via the MSRB's Electronic Municipal Market Access ("EMMA") System as www.emma.msrb.org.

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 United States Securities and Exchange Commission (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 statements 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.

MATERIAL EVENT NOTICES . . . The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Bonds, if such event is material to a decision to purchase or sell Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (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 or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes. (Neither the Bonds nor the Orders make any provision for debt service reserves, credit enhancement, liquidity enhancement or early redemption.) In addition, the County will provide timely notice of any failure by the County to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

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 material 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 SEC Rule 15c2-12 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 . . . Over the last five years the County has complied in all material respects with its prior undertakings pursuant to the Rule.

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 Public Funds Investment Act, Chapter 2256, Texas Government Code, 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. 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 Fulbright & Jaworski 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 $80,261.15 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 $42,074.80 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 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.

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 Escrowed 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 approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its use in the reoffering of the Bonds by the Underwriters.

KEITH SELF
County Judge
Collin County, Texas

ATTEST:

STACEY KEMP
County Clerk

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Schedule I

SCHEDULE OF REFUNDED BONDS

Unlimited Tax Road Bonds, Series 2001

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
8/1/2001	2/15/2012	4.400%	$ 765,000	$ 765,000
	2/15/2013	4.500%	805,000	805,000
			$ 1,570,000	$ 1,570,000

The 2012 – 2013 maturities will be redeemed prior to their original maturity on February 15, 2011 at par.

Unlimited Tax Refunding Bonds, Series 2001

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
8/15/2001	2/15/2012	4.500%	$ 1,100,000	$ 1,100,000
	2/15/2013	4.350%	1,085,000	1,085,000
	2/15/2014	4.450%	1,075,000	1,075,000
	2/15/2015	4.550%	1,160,000	1,160,000
			$ 4,420,000	$ 4,420,000

The 2012 – 2015 maturities will be redeemed prior to their original maturity on February 15, 2011 at par.

Unlimited Tax Road and Refunding Bonds, Series 2004

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/15/2004	2/15/2017	4.750%	$ 3,305,000	$ 2,710,000
	2/15/2018	4.750%	2,435,000	1,995,000
	2/15/2019	4.750%	2,555,000	2,095,000
	2/15/2020	4.750%	2,675,000	2,190,000
			$ 14,180,000	$ 8,990,000

The 2017 – 2020 maturities will be redeemed prior to their original maturity on February 15, 2014 at par.

Limited Tax Permanent Improvement Bonds, Series 2001

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
8/1/2001	2/15/2012	4.300%	$ 245,000	$ 245,000
	2/15/2013	4.450%	255,000	255,000
	2/15/2014	4.550%	270,000	270,000
			$ 770,000	$ 770,000

The 2012 – 2014 maturities will be redeemed prior to their original maturity on February 15, 2011 at par.

Limited Tax Permanent Improvement Bonds, Series 2002

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
5/1/2002	2/15/2013	4.600%	$ 1,315,000	$ 1,315,000
	2/15/2014	4.700%	1,385,000	1,385,000
	2/15/2015	4.800%	1,460,000	1,460,000
	2/15/2016	4.850%	1,535,000	1,535,000
	2/15/2017	5.000%	1,615,000	1,615,000
			$ 7,310,000	$ 7,310,000

The 2013 – 2017 maturities will be redeemed prior to their original maturity on February 15, 2012 at par.

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

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LOCATION . . . Collin County, Texas, is located in Northeast Texas immediately north and adjacent to Dallas County, and approximately 15 miles from downtown Dallas. The County is an important component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area. The 836 square miles comprising the County represent a dynamic growth area in the Metroplex, and includes the Cities of Plano, McKinney (County Seat), Allen, Frisco, and Wylie.

POPULATION . . . Significant increases in population and economic growth have occurred during the past two decades. County population at the 1960 census was 41,247 . . . at the 1970 census, 66,920 . . . at the 1980 census, 144,576 . . . at the 1990 census, 264,036 . . . at the 2000 census, 491,675, and the 2011 estimated population is 801,865.

ECONOMY . . . The economic base consists of various manufacturing, computer technology, electronics, oil and gas research, and agriculture. Major industries with headquarters or divisions located within the County include petroleum research, telecommunication, computer technology, electronics, retail, the food industry, and insurance institutions. Some of the major employers in Collin County are as follows:

Company	Number of Employees
Bank of America Home Loans	9,410
J.C. Penney, Inc.	5,100
Electronic Data Systems	5,000
University of Texas at Dallas	2,830
WalMart Super Center	2,561
Raytheon/TI Systems	2,500
Collin County Community College	2,377
AT&T	2,350
CHC Acquisition Corp.	2,000
Alcatel	1,830
T-Mobile USA, Inc.	1,500
Texas Health Presbyterian Hospital	1,488

LABOR AND EMPLOYMENT ANALYSIS . . . Economic growth and development during the past decade in the County, and the immediate surrounding area, has provided a high rate of employment for the available labor force. Statistical data (annual average) for the County is as follows:

	July	Average Annual				
	2010	2009	2008	2007	2006	2005
Civilian Labor Force	422,524	409,675	404,668	395,426	384,208	368,326
Employed	389,500	379,610	386,020	380,118	367,837	351,264
Unemployed	33,024	30,065	18,648	15,308	16,371	17,062
Percent Unemployed	7.82%	7.34%	4.61%	3.87%	4.26%	4.63%

Source: Economic Research and Analysis Department estimates - Texas Workforce Commission.

EDUCATION . . . The following are the major colleges and universities located within a 60-mile radius of the County.

Austin College	Sherman, Texas
Collin County Community College District	Plano, Texas
Dallas County Community College System	Dallas County, Texas
Texas A&M - Commerce	Commerce, Texas
Grayson County Junior College	Denison, Texas
Southern Methodist University	Dallas, Texas
Texas Christian University	Fort Worth, Texas
Texas Woman's University	Denton, Texas
University of Dallas	Dallas, Texas
University of North Texas	Denton, Texas
University of Texas at Arlington	Arlington, Texas
University of Texas at Dallas	Dallas, Texas

CLEAN AIR ACT NON-ATTAINMENT . . . The Dallas/Fort Worth ("DFW") ozone nonattainment area (initially, Collin, Dallas, Denton, and Tarrant Counties, and as of April 15, 2004, Ellis, Johnson, Kaufman, Parker and Rockwall Counties were added to the nonattainment area) was originally designated "moderate" under the Federal Clean Air Act amendments of 1990, and thus was required to attain the 1-hour ozone standard by November 15, 1996. DFW did not attain the ozone standard in 1996.

The EPA is authorized to redesignate an area to the next higher classification ("bump up") if it fails to attain by the required date. Consequently, in March 1998, and in accordance with FCAA, EPA reclassified DFW from moderate to serious. The reclassification required the State to submit a revised State Implementation Plan demonstrating attainment of the ozone standard by November 15, 1999. Because DFW continued to exceed the ozone standard in 1999, EPA required submittal of a revised SIP by May 1, 2000, demonstrating attainment.

On April 19, 2000, the Texas Natural Resources Conservation Commission (now TCEQ) adopted a new SIP, which included a plan for the then four-county DFW nonattainment area that included Collin County. In February 2001, EPA accepted the SIP and the DFW plan. In accepting the plan, EPA did not reclassify the DFW area from serious to severe, and deferred the compliance date for the DFW area to November 15, 2007 from November 15, 1999.

The nine-county area is now classified as a "moderate" ozone nonattainment area under the 8-hour ozone standard. The requirements of the 1-hour standard remained in effect for the four core counties until EPA revoked that standard on June 15, 2005. At that time the entire nine-county area became subject to the 8-hour requirements.

In April 2004, along with its classification of new counties in the DFW under the 8-hour ozone standard, EPA also addressed other aspects of 8-hour attainment in Phase I of its Implementation Rule, promulgated April 30, 2004. The Implementation Rule outlines a number of options for areas with outstanding obligations for an approved 1-hour ozone attainment demonstration, which applies to the DFW nonattainment area. Two of these measures involve the loss of Federal highway funding and the implementation of a more stringent environmental permitting program for commercial and industrial entities, possibly retarding economic growth in such areas.)

On November 29, 2005, EPA finalized Phase II of its 8-hour Ozone Implementation Rule, which detailed reasonable further progress ("RFP") requirements for 8-hour ozone nonattainment areas, such as DFW. On November 21, 2006, TCEQ filed revisions to the DFW 8-hour non-attainment area SIP (the "Revised DFW SIP").

The Revised DFW SIP notes that the DFW 8-hour ozone nonattainment area consists of two sets of counties: the original four one-hour nonattainment counties (Collin, Dallas, Denton, and Tarrant) and the five new nonattainment counties (Ellis, Johnson, Kaufman, Parker, and Rockwall). Because of this circumstance, TCEQ has two options for fulfilling its 8-hour ozone RFP requirements for the DFW area: (1) to treat all nine counties as a single area with a single RFP reduction target of 15 percent reduction in volatile organic compound ("VOC") emissions from the entire nine-county area between 2002 and 2008 or (2) treat the two sets of counties as separate areas with separate RFP targets. TCEQ has elected option 2 which requires a 15 percent VOC reduction between 2002 and 2008 for the five new nonattainment counties, and a 15 percent reduction in emissions for the original four county area between 2002 and 2008, and either VOC, NOx or a combination of the two may be used to achieve the required reductions.

The TCEQ chose option 2 to fulfill the 8-hour ozone RFP requirements for the DFW area, using the mandate of VOC reductions for the five-county area and NOx reductions for the four-county area. Using NOx reductions for the four-county area is consistent with the DFW 8-hour ozone attainment demonstration SIP that shows reductions in NOx emissions are more effective than reductions in VOC emissions for reducing ozone levels in the DFW nine-county area.

APPENDIX B

EXCERPTS FROM THE

COLLIN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2009

The information contained in this Appendix consists of excerpts from the Collin County, Texas Annual Financial Report for the Year Ended September 30, 2009, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Commissioners' Court
Collin County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Collin County, Texas as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Collin County, Texas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Collin County, Texas, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2010, on our consideration of Collin County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

401 WEST HIGHWAY 6 ■ P. O. BOX 20725 ■ WACO, TX 76702-0725 ■ (254) 772-4901 ■ FAX: (254) 772-4920 ■ www.pbhcpa.com
AFFILIATE OFFICES: BROWNSVILLE, TX (956) 544-7778 ■ HILLSBORO, TX (254) 582-2583
TEMPLE, TX (254) 791-3460 ■ WHITNEY, TX (254) 694-4600 ■ ALBUQUERQUE, NM (505) 266-5904

The management's discussion and analysis and budgetary comparison on pages 3 through 20 and pages 74 through 78 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Collin County's basic financial statements. The introductory section, combining and individual fund financial statements, supplementary schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pattillo, Brown & Hill, L.L.P.

April 29, 2010

Management's Discussion and Analysis

This section of the Collin County, Texas (the "County") Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2009. Readers should consider the information in this section when reading the overall report, including the transmittal letter, financial statements, and accompanying notes.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- County assets exceed liabilities by $450.8 million on a government-wide basis at September 30, 2009, an increase of $18.9 million from 2008.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to $240.2 million. The primary revenue sources for governmental activities were property (ad valorem) taxes ($174.9 million), charges for services ($42.5 million) and operating grants and contributions ($16.0 million). These three revenue sources accounted for 72.8%, 17.7%, and 6.7%, respectively, or 97.2% of total governmental activities revenues.
- Total expenses were $221.4 million; the largest functional expenses were public safety ($61.9 million), general administration ($34.5 million), and public transportation ($25.5 million).
- Net capital assets were $489.4 million for governmental type activities. Net depreciation expense attributable to assets of governmental activities amounted to $21.4 million for the year.
- In 2009, there was a write-off of $18.3 million of accumulated depreciation due to a change in the capitalization policy related to capital assets.

Highlights for Fund Financial Statements

The fund financial statements report detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

- The County's governmental funds reported an increase in fund balance of $16.4 million for fiscal year 2009, as compared to $16.8 million for fiscal year 2008.
- The County General Fund reported a fund balance of $133.6 million, an increase of $4.1 million from September 30, 2008.

General Financial Highlights

- In September 2009, the County issued $67.5 million in bonds for road construction, open space and parks, new facilities, and refunding of prior debt. The total refunded was $23.6 million. More detail is provided later in the report.

- The County, as part of its transportation plan, provides financing to its cities to assist in road construction to meet continuing population growth. In fiscal year 2009, the County transferred to the cities more than $3.8 million in roads constructed with County funds, but not in the unincorporated areas of the County. Although the County no longer maintains or owns those roads, it continues to be responsible for paying the debt incurred for construction.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is presented as an introduction to the County's basic financial statements. The basic financial statements include the government-wide financial statements, the fund financial statements, and the accompanying notes. Also included is supplementary information which is required in addition to the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide a broad overview of County finances in a manner similar to a private-sector business, using full-accrual accounting for all transactions and activities.

The statement of net assets provides information on all County assets and liabilities; the difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the net assets of the County changed during the fiscal year presented herein. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Under this presentation using full-accrual accounting, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation and sick leave, etc.).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes. If appropriate, the statements would also present revenues from governmental activities that are most like a private enterprise. That is, the intent of the activity is to recover all or a significant portion of its costs of operations through the charging of user fees and activity charges. Governmental activities of the County supported primarily by taxes include general government, judicial, public safety, public works, health, welfare, culture and recreation, and interest on long-term debt. Enterprise Fund activities might include operations of an airport or hospital. The County created its first Enterprise Fund in fiscal year 2009 to record the activity of the Collin County Toll Road Authority. The Toll Road Authority was established to build and maintain an Outer Loop tolled roadway in the northern and eastern portions of the County. The Toll Road will connect with Interstate 35 in Denton County on the north side of the DFW metroplex and Interstate 30 in Rockwall County on the east side of the DFW metroplex.

The County operates an animal shelter that works with local cities and unincorporated areas of the County to handle the disposition of unwanted animals. This operation charges a pro rata share of the operating expenses and construction costs to each participating city, as well as to the County General Fund, of the costs of operations. The animal shelter is not considered an Enterprise Fund since it provides services to other governments and not to the general public.

Government-wide financial statements include not only the activities of the County itself (known as the primary government), but also those of the legally separate component unit: Collin County Health Care Foundation, McKinney and Plano. The County Commissioners act as the Board of Trustees for the component unit whose activities are blended with those of the primary government because they function as part of the County government.

Fund Financial Statements

A fund is a grouping of related accounts used to control and account for resources segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to both ensure and demonstrate compliance with legal requirements. All funds of the County can be divided into one of three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The nature of such inflows and outflows may be useful in evaluating near-term financial requirements.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, the reader may find it useful in comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, one may come to better understand the differences in the long-term financial activity of the County. Such comparison may also be used to distinguish the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances include reconciliations useful in comparing the governmental funds and government-wide activities.

The County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the:

- General Fund
- General Road and Bridge
- Health Care Foundation
- Unlimited Tax Road Bond 2007
- Permanent Improvement

Each of these funds is considered to be a major fund. Financial results from the other governmental funds are combined into a single, aggregated presentation and included in the total. Individual fund data for each of these non-major governmental funds are provided in the combining and individual fund statements and schedules.

The County adopts an annual appropriated budget for most of its governmental funds. A budgetary comparison statement is provided for County governmental funds, where a budget is adopted, to demonstrate compliance with the approved budget. (The exception is the Capital Projects Funds, which are budgeted according to the project budget, with an assigned project number for tracking and recording.) Budgetary comparison statements for major governmental funds are presented as required supplementary information in the basic financial statements. Budgetary comparison statements for all governmental funds are included in the fund financial statements accompanying information.

Proprietary Funds

Currently, the County has two types of proprietary funds – an Enterprise Fund and an Internal Service Fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an Enterprise Fund to account for the Collin County Toll Road Authority. Internal Service Funds are used to accumulate and allocate costs internally among various County functions. The services provided benefit the various government functions they support, which is why they have been included within governmental activities in the government-wide financial statements. The County uses Internal Service Funds to account for the following activities:

- Liability Insurance
- Workers' Compensation Insurance
- Insurance Claim
- Unemployment Assessment
- Flexible Benefits
- Employee Benefits Paid
- Animal Safety

Proprietary funds provide the same type of information as the government-wide financial statements, but with more detail. Internal Service Funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the Internal Service Funds are provided in the combining and individual fund statements and schedules.

Fiduciary Funds

County fiduciary funds consist of several agency funds. Agency funds are the separate accounts and transactions related to money received that is collected for and remitted to another entity. For example, the County collects traffic fines; a portion of the fine belongs to the state. After collection, the monies owed to the other entities are remitted to those entities on a periodic basis.

Notes to Financial Statements

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes disclose other pertinent information that, when taken in whole with the financial statements, provide a more detailed picture of the state of the finances of the County.

Other Information

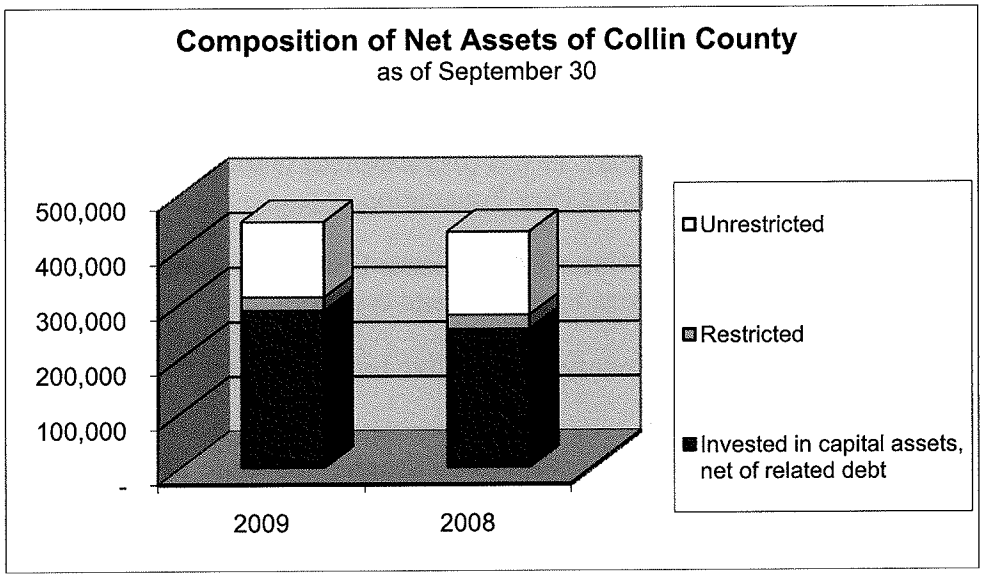
In addition to the basic financial statements and accompanying notes to those financial statements, also presented in this report are certain required supplementary information schedules with additional information regarding the results of the County's financial activities.

The combining statements and individual fund schedules are presented immediately following the required supplementary information.

Unaudited statistical information is provided for trend and historical analysis.

Government-Wide Financial Analysis

Net assets of the County as of September 30, 2009 and September 30, 2008, are summarized and analyzed below:



- Net assets serve as a useful indicator of financial position. Assets exceeded liabilities by $450.8 million as of September 30, 2009, and by $431.9 million as of September 30, 2008, a net increase of $18.9 million.

Statement of Net Assets
As of September 30
($ in thousands)

	2009	2008
Assets:		
Current and Other Assets	$ 415,336	$ 421,387
Capital Assets	496,307	461,799
Total Assets	911,643	883,186
Liabilities:		
Current Liabilities	12,524	25,643
Long-term Liabilities	448,347	425,631
Total Liabilities	460,871	451,274
Net Assets:		
Invested in capital assets, net of related debt	287,731	253,798
Restricted	25,019	25,727
Unrestricted	138,022	152,387
Total Net Assets	$ 450,772	$ 431,912

- Investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc., net of related debt used to acquire the assets) accounts for the largest category of net assets (63.8%). Capital assets are used to provide services to citizens. Although our investment in capital assets is reported net of related debt, the reader should note resources needed to repay this debt must be provided from other sources, since the assets cannot be used to liquidate the debt.

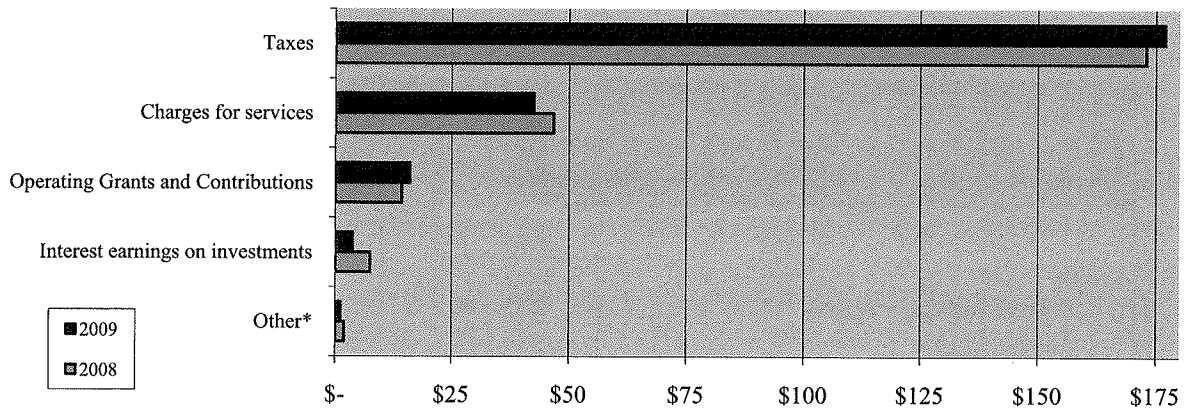
- Restricted net assets (5.6%) represent resources subject to external restrictions on their use. Of these restricted net assets, 30.1% of restricted net assets is to repay long-term debt, 55.6% (of restricted) is to provide health care services (as established upon sale of the County hospital), 13.8% (of restricted) is for grant programs, and the balance is for the County's Myers Park Foundation.

- The remaining portion of the County's net assets (30.6%) is unrestricted and may be used to meet ongoing obligations to citizens and creditors.

- At September 30, 2009, the County had positive balances in all three categories of net assets.

Reflected below is a comparison of County revenues by source. Revenue decreased in 2009 over 2008 by 1.2%, due primarily to lower collections for charges for services and lower investment earnings. A summary of the amounts and more detailed explanation is provided below the graph.

Governmental Activities - Revenues by Source
For the Fiscal Years Ended September 30



Summarized below are details of the governmental activities of the County for FY 2009 and 2008.

- Program revenues included charges for services, fines and forfeitures, certain licenses and permits, and special assessments, as well as both operating and capital grants and contributions. Program revenues from governmental activities decreased by $1.9 million or 3.0%. Reductions came from charges for services (down 9.9% over 2008); the reductions were offset by increases in operating grants and contributions of $2.1 million (up 15.0%) and gains in capital grants and contributions of $0.6 million (up 128.8%).

- General revenues consist of taxes and interest not allocable to specific programs, as well as miscellaneous transactions that are not attributable to a specific program. For governmental activities, the largest of these revenues, taxes, increased by $4.0 million or 2.3%.

- Public transportation decreased by $10.3 million or 28.9%, due to completion of roads that were in construction in progress at the end of FY2008.
- General administration increased, from $28.5 million to $34.5 million (21.2%). This reflects increases in capital assets, recording the OPEB liability and liability insurance increases.
- Interest on long-term debt increased by $1.6 million, as the County made payments on its long-term debt, which increased in FY2009.

Summary of Changes in Net Assets
For the Fiscal Years Ended September 30
($ in thousands)

	2009		2008	
Revenues				
Program Revenues:				
Charges for services	$ 42,048		$ 46,646	
Operating grants and contributions	16,374		14,239	
Capital grants and contributions	1,064	$ 59,486	465	$ 61,350
General Revenues:				
Taxes	$ 176,960		$ 172,965	
Unrestricted investment earnings	3,694		7,486	
Miscellaneous	73		105	
Extraordinary item - proceeds from punitive damages	-	180,727	1,320	181,876
Total revenues		$ 240,213		$ 243,226
Expenses				
General administration	$ 34,518		$ 28,473	
Judicial	17,195		16,910	
Financial administration	10,891		10,183	
Legal	11,254		10,793	
Public facilities	18,129		17,751	
Equipment services	2,320		2,558	
Public safety	61,904		61,213	
Public transportation	25,491		35,834	
Health and welfare	18,369		17,814	
Culture and recreation	1,720		1,617	
Conservation	295		317	
Interest on long-term debt	19,267		17,618	
Total expenses – before transfers		221,353		221,081
Change in Net Assets		$ 18,860		$ 22,145
Net assets as of October 1, 2009 and 2008		431,912		409,767
Net assets as of September 30		$ 450,772		$ 431,912

Total Cost and Net Cost of Governmental Activities for Collin County For the Six Largest Functions by Expense For the Fiscal Years Ended September 30 ($ in thousands)				
	Total Cost of Services		Net Cost of Services	
Functions/Programs	2009	2008	2009	2008
Public safety	$ 61,904	$ 61,213	$ 49,008	$ 48,387
Public transportation	25,491	35,834	4,131	13,875
Judicial	17,195	16,910	11,593	11,388
General administration	34,518	28,473	26,693	19,634
Health and welfare	18,369	17,814	11,705	11,365
Debt service, interest and fiscal charges	19,267	17,618	19,092	16,987
Other	44,609	43,219	39,645	38,095
Total	$ 221,353	$ 221,081	$ 161,867	$ 159,731

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This data may be particularly useful in assessing the County's requirements for additional financing. Unreserved fund balance serves as an indicator of the County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of $390.9 million, an increase of $16.4 million (4.4%) from the prior year.

Approximately 34.1% of fund balances ($133.9 million) constitute unreserved, undesignated fund balance. A portion of the unreserved fund balance has been designated for budgetary purposes for specific future expenditures which may or may not be incurred in the near-term ($10.8 million).

The remainder of the combined fund balance is reserved to indicate that it is not available for new spending because it has already been committed to:

- capital projects totaling $147.5 million (comprised of road construction, permanent improvements, and open space projects) in progress at the end of the year,
- liquidate contracts and purchase orders of the prior period ($58.5 million),
- debt service ($7.5 million),
- health care costs ($13.9 million), and
- other reserved items ($7.2 million).

General Fund

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved, undesignated fund balance of the General Fund was $115.3 million, an increase of $4.6 million or 4.1% from the prior year. The total fund balance in the General Fund was $133.6 million, an increase of $4.1 million or 3.1% from the prior year.

To get a more detailed picture of the liquidity of the General Fund, the reader may find it useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers. Unreserved fund balance represents 86.2% and 89.1% of total General Fund expenditures and transfers out for the fiscal years ended September 30, 2009, and 2008, respectively. Total fund balance represents 99.8% and 104.2% of that same amount for the stated periods, respectively. Key factors in the change in fund balance in the General Fund are as follows:

- Property tax revenues increased by $2.6 million, due to the growth of the County, even with declining property values.

- The combined charges for services and fees and permits decreased by $0.2 million.
    - County Clerk fees lower than prior year by $0.3 million due to fewer properties being recorded;
    - Criminal fees in County courts increased by $0.2 million due to higher fees authorized by the legislature;
    - District Clerk passport fees decreased by $0.1 million due to lower travel demand;
    - Tax Assessor/Collector fees higher than prior year - $0.1 million due to a higher number of properties that were assessed taxes;
    - Sheriff's office fees for school resource officer increased by $0.1 million due to higher fees authorized by the state legislature;
    - Federal inmate housing revenue greater than prior year by $0.1 million, owing to a more aggressive campaign to house federal inmates to offset jail costs;
    - Ambulance service fees increased by $0.1 million over last year, primarily due to higher fees and collection efforts for rural ambulance calls;
    - Other fees and charges lower than prior year - $0.3 million due to the slower economy; and
    - Other changes not identified above were a net increase of $0.3 million.

- Investment earnings decreased by $3.2 million due to lower interest rates and record lower Federal Reserve rates.

- General administrative expenses increased by $2.8 million.
    - Increased archive and restoration expenditures in the County Clerk's office of $1.0 million pursuant to a plan to restore and maintain land and vital records dating back to 1850;
    - Increase in software maintenance of $0.6 million required as part of the new Justice system and higher database licensing costs;
    - Increased liability insurance reserves by $0.3 million as part of managements continuing effort to set aside monies to contingent liabilities;
    - Increased Tax Increment Financing District participation of $0.3 million from businesses seeking to lower overall tax expenses;

- Increased phone system maintenance by $0.2 million due to opening of the new Administrative Building;
- IT audit of network and infrastructure capabilities (done on a three year basis) of $0.1 million related to a once every three year audit of information technology hardware and security policies; and
- Other increases in general administrative expenses not specifically identified above of $0.3 million.

- Capital projects in the General Fund increased by $0.5 million, due to required equipment for the new Administrative Building.

- Debt Service in the General Fund increased by $4.5 million as the County paid off a state loan used to modernize and convert its buildings to a more energy efficient use of utilities.

- Health and welfare expenditures increased over the prior year due to additional expenses for indigent defendant representation of $0.5 million.

General Road and Bridge Fund

The General Road and Bridge Fund is the primary fund responsible for maintaining County roads. At the end of the current fiscal year, the unreserved, undesignated fund balance of the General Road and Bridge Fund was $6.3 million, an increase over FY 2008 of $1.0 million, or 16.7% higher. Total fund balance of the General Road and Bridge Fund increased by $2.3 million from FY 2008 to FY 2009. The General Road and Bridge Fund revenues include fees and permits, property taxes, and fines and forfeitures.

In FY 2005, Collin County began a program to convert all rock roads to asphalt to reduce dust and increase the useful life of the road. The program is geared to convert the roads at a rate of 50 miles per year. The County completed 46 miles in FY 2009. At the end of FY09, the County was ahead of schedule in its conversion.

Key factors in the change in fund balance in the General Road and Bridge Fund are as follows:

- Property taxes increased by $3.3 million due to an increase in the tax rate allocated to the fund; prior year activity used a lower tax rate in order to expend dollars from fund balance.

- In FY 2009, federal and state funds increased by $2.8 million from FY 2008, primarily from the AirCheck Texas emissions effort sponsored by the state and managed by the North Central Texas Council of Governments.

- Fees and permits were lower by $0.2 million in FY 2009 over FY 2008 due to decreases in title, fuel tax, and road mileage fees collected.

- Fines and forfeitures increased by a net of $0.1 million due to increased civil fees related to child safety and seat belts as authorized by the state legislature and collected in FY 2009.

- The net increase in expenditures was $3.1 million. Components of the change included AirCheck Texas expenditures of $2.8 Million; storm damage to roads requiring unplanned repairs of $0.1 million; heavy equipment repair not planned of $0.1 million; and other expenditures of $0.1 million.

Health Care Foundation Fund

The Health Care Foundation Fund was created after the sale of the hospital district in the early 1980s. The proceeds of the sale were used to create investment earnings that, together with the charges for services and federal and state funding, are used to provide health care to indigent County residents. A portion of the funds from the sale have been used to purchase real property for rental to other County agencies, as well as to non-related third parties. The rental revenue is a fairly steady source of income that provided 48.9% of the funding for the Health Care Foundation Fund in FY 2009. Fund balance was lower by $1.8 million in FY 2009; key factors in the change in fund balance in the Health Care Foundation Fund were:

- Revenues were lower than expenditures by $1.8 million; revenues decreased by $0.3 million to $2.3 million in FY 2009 compared to FY 2008, due primarily to lower investment earnings of $0.2 million.

- Expenditures increased by $0.1 million to $4.1 million, as the indigent inpatient and outpatient medical costs increased by $0.1 million in FY 2009.

Budgetary Highlights

The legal level of budgetary control for the General Fund is the level at which the budget is adopted; that is, the budget is adopted by department and in total according to four major categories:

- Salaries and benefits;
- Maintenance and operating;
- Travel and education; and
- Capital purchases.

The final amended budget for expenditure appropriation was $150.0 million, or $2.8 million higher than the original approved budget of $147.2 million. Actual expenditures were $133.9 million, or 10.8% less than the final budget.

General Fund revenues were lower than the final budget by $3.4 million. Fees and permits, even with some increases authorized by the state, reflected the economic downturn by coming in $1.8 million lower than budget. Investment earnings also showed a lower than budgeted revenue variance of $1.8 million, due to the continuing economy and the historically low interest rates.

Federal and state funds revenue in the General Fund was higher than budget expectations by $0.3 million. The increase over budget was due to higher than budgeted mixed beverage tax revenues of $0.2 million and the County Court at Law Judge state supplement was higher than budgeted by $0.2 million.

The General Fund is the primary source for expenditures related to the overall operation and administration of the County. In fiscal year 2009, there were several functions that contributed to the $16.1 million lower than budgeted expenditures. They include:

- General administration was lower by $9.5 million, due to:
  - $0.3 million in budgeted Election Department expenses for election supplies, consultants, and printed materials were not spent.
  - $0.4 million in IT computer equipment and software budgeted and not spent.
  - $0.3 million in budgeted expense for phone service and cellular phone service not spent.
  - $5.6 million in non-departmental and contingency expenses for operating and capital expenditures were budgeted but not spent, primarily for:
    - wages – $0.5 million,
    - copier rental – $0.1 million,
    - employee wellness – $0.2 million,
    - consultants – $0.5 million,
    - pamphlets – $0.1 million,
    - drug testing – $0.1 million,
    - computer maintenance – $0.8 million,
    - equipment maintenance – $0.1 million,
    - software maintenance – $0.3 million,
    - phone system maintenance – $1.3 million,
    - contingency – $0.7 million,
    - miscellaneous – $0.3 million,
    - computer supplies – $0.4 million, and
    - non-capital computer equipment – $0.4 million.
  - $3.1 million in archive and restoration expenditures for the County Clerk records archives lower than budget, as the project was delayed.

- Judicial actual expenses were lower than budget by $0.8 million, due to:
  - $0.1 million under budget in County Clerk Probate/Mental Clerks Department due to lower room and board expenses.
  - $0.1 million under budget for operation and expenses for the County Clerk support of the County courts judicial function.
  - $0.1 million actual expenses lower than budgeted for operation and expenses of the County Courts.
  - $0.1 million under budget for operation and expenses for the District Clerk support of the District Courts judicial function.
  - $0.4 million actual expenses less than budgeted for operation and expenses of the District Courts.

- Financial administration expenses were lower than budget by $1.0 million, due to:
  - $0.1 million in budgeted expenses for the Budget office payroll were not spent.
  - $0.1 million in budgeted expenses for the County Auditor office payroll were not spent.
  - $0.5 million under budget in the Tax Assessor/Collector's payroll, travel and operating expenses.
  - $0.3 million under budget in the Tax Assessor/Collector office for computer software.

- Legal expenses were $0.2 million lower than budget due to lower payroll expenses in the District Attorney's office.

- Public facilities expenses were lower than budget by $0.9 million, primarily due to:
  - $0.8 million under budget caused by lower facility maintenance costs, including repairs, utilities, maintenance contracts, and cleaning services in all buildings.
  - $0.1 million under budget for payroll and operating expenses in the Public Facilities Administration department.

- Public safety expenses were lower than budget by $1.0 million due to:
  - $0.1 million under budget for lower maintenance and operating costs of the Medical Examiner office,
  - $0.1 million under budget for lower maintenance and operating expenses in the Sheriff's office,
  - $0.1 million under budget for food supplies in Jail Operations,
  - $0.2 million under budget for maintenance and operating expenses other than food supplies in Jail Operations,
  - $0.1 million under budget for salary and benefits and maintenance and operating expenses in Minimum Security,
  - $0.1 million under budget in overtime for the inmate transfer department,
  - $0.1 million under salary for the Homeland Security office, and
  - $0.1 million under budget for contracted ambulance services for unincorporated areas of the County.

- Health and welfare expenses were $0.5 million lower than budget due to lower than budgeted expenditures for inmate healthcare services.

- Capital outlay expense, which is presented separately from the functional activities, was $1.7 million below budget, due to:
  - $0.5 million for Information Technology Department computer equipment cost lower than budget,
  - $0.6 million for Non-Departmental Capitalized Consultant expense was lower than budget,
  - $0.3 million for Tax Assessor-Collector budgeted expenditures not made for computer software and training, and
  - $0.1 million for Equipment Services Department for Automotive Equipment budgeted and not spent.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets, net of accumulated depreciation at September 30, 2009, was $496.3 million, an increase of $34.5 million or about 7.5% of the total investment. Detail by type of activity and asset is summarized in the table below.

Major changes for FY 2009 are:

- Added right of way for road construction planned to land – $3.7 million.
- Added Administration Building April 2009 – $19.4 million.
- Machinery and Equipment – wrote off assets due to change in capitalization threshold (expense items below $5,000) – $18.3 million. An equal amount was removed from depreciation due to all assets being fully depreciated.
- Infrastructure increased due to conversion of roads from rock to asphalt – $8.1 million. Bond projects added another $6.4 million for road construction.
- Construction in Progress increased a net of $14.5 million, as follows: an increase of $32.0 million for road construction in progress, plus the additions for phase 2 of the courthouse and the new JJAEP School of $1.9 million, less the completion of the Administration Building of $19.4 million.
- Accumulated Depreciation includes the write-off noted above, as well as other reductions due to sales and surplus items sold, totaling $24.8 million, and an increase from depreciation expense for 2009 of $21.4 million – a net reduction of $3.4 million.

Capital Assets
As of September 30
($ in thousands)

	2009	2008
Land	$ 24,782	$ 21,117
Buildings and system	224,081	203,455
Improvements other than buildings	6,375	6,375
Machinery and equipment	50,936	69,303
Infrastructure	253,475	238,976
Construction in progress	97,626	86,884
Total capital assets	657,275	626,110
Less: accumulated depreciation	(160,968)	(164,311)
Total capital assets	$ 496,307	$ 461,799

Long-term Debt

At September 30, 2009, the County had $409.4 million in outstanding debt, an increase of $19.4 million (5.0%).

In FY 2009, the County:

- Issued $40.1 million in bonds for permanent improvements, which included $11.8 million in refunding of prior issues and $10.0 million in Build America Bonds, which qualify for special tax advantages.
- Issued $27.4 million in bonds for road construction, which included $11.8 million prior issues and $5.6 million in Build America Bonds, which qualify for special tax advantages.
- Paid $24.5 million in debt service and $18.0 million in interest costs for debt.

Outstanding Long-Term Debt
As of September 30
($ in thousands)

	2009	2008
General obligation bonds and tax notes issued for:		
Roads	$ 186,019	$ 192,202
Re-funding prior debt	81,912	74,979
Permanent improvements	52,989	15,306
New courts facility/courthouse	63,230	65,263
Touch-screen voting/web project	1,220	3,775
Outdoor youth camp	10,875	21,400
Software	13,150	17,060
	$ 409,395	$ 389,985

Additional information on capital asset activity and long-term debt activity can be found in the notes to the financial statements. A discussion of capital assets and long-term debt is included in "Section I. Summary of Significant Accounting Policies, sub-section (d) Assets, Liabilities, and Net Assets or Equity, Item 5 for Capital Assets and Item 7 for Long-term Debt." Detailed notes on capital assets can be found in "Section IV. "Detailed Notes on All Funds can be found in sub-section" (e) "Capital Assets" in the notes to the financial statements. Detailed notes on long-term debt can be found in "Section IV. Detailed Notes on All Funds, sub-section (f) Long-term Debt."

Economic Factors

The following economic factors are reflected in the FY 2009 General Fund and other budgets:

The percentage decrease in real property assessed value for FY 2009 was 1.4% (FY 2008 increase was 7.6%).

The average unemployment rate in Collin County for 2009 was 7.8% (5.5% in 2008).

Property tax receipts for FY 2009 were $174.9 million, which is 2.2% higher than FY 2008 tax receipts of $171.0 million.

For the first time in the last ten years, the County has experienced a decrease in total taxable assessed value of local property. The new challenges created this year, with the slower economy and higher unemployment, have required a new vision and a new approach for the County.

Although lower than the state and national unemployment, the loss of jobs and resulting lower property value growth has finally affected the local economy. The economic slowdown is reflected in the decrease in the property assessed value.

Even with the recession, Collin County maintains its tradition of quality living outside of the mainstream of traffic and other issues associated with the Dallas-Fort Worth metroplex. The County remains a very attractive place for relocation. With a local unemployment rate at 75% of that of the state, the County is sought after by major corporations looking to relocate offices, as there remains a large and stable professional workforce. During the fiscal year ended September 30, 2009, an average of 1,371 people moved into the County each month; this is an average 18 persons per day decrease over the 2008 rate of growth per month of 1,929 people. Although growth slowed in FY 2009, with more than 45 persons per day moving into the County, there continues to be challenges in keeping up with roads and other infrastructure needs.

The County participates with the North Central Texas Council of Governments in planning the regional needs of the area as well as its own needs. A Master Transportation Plan has been in place for a number of years and is updated annually to take into account the needs for both rural and urban roads.

During the year, the County created a Toll Road Authority and began making right of way purchases to build an outer loop to connect Interstate 35 with Interstate 30 through construction of a toll road along the northern and eastern boundaries of the County. The Outer Loop is to be built in 6 sections; planning and engineering is in process in various phases, based on what will be built first. Money was budgeted for right of way acquisition in 2009; construction is expected to begin in 2010, with completion of the final section expected in 2030. Section 1 is between the Dallas North Tollway and State Highway 289 (Preston Road), with the next section continuing past State Highway 289 to U. S. Highway 75. The area experiencing the most rapid growth is section 3, between U. S. Highway 75 and State Highway 121. This section will be built first, with frontage roads to start and main lanes to be completed by 2014.

The Dallas North Tollway opened a six-lane divided toll road between State Highway 121 and U. S. Highway 380 in FY 2009. The Dallas North Tollway has completed two-lanes of its east frontage road north of U. S. Highway 380 and continues working on the northern expansion of the toll road to the outer loop and the Grayson County line.

During the year, the County participated with three other counties and the state of Texas in the sale of its rights for Texas Highway 121 as a six-lane toll road. Several sections of the 12.8 mile roadway between the Dallas North Tollway on the west terminus and U. S. Highway 75 on the east have been opened, with expected completion of this section in 2010. The rights fee paid to the State by the North Texas Toll Authority to build and operate the toll road created a construction fund for the County to use to build roads and bridges in the County totaling $949.1 million at September 30, 2009. This approach will significantly improve the ability and time to construct major highways and connector roads throughout the County.

The state and County, along with the major cities in the County that contain portions of the roadway, have identified the projects and are in the process of completing time schedules and establishing priorities for various road and bridge projects.

Budgeted revenues in FY 2010 are $266.8 million, an increase of 10.0% over FY 2009 actual revenues of $240.2 million. Property taxes account for the bulk of receipts, as 72.8% of the budgeted revenues are from property taxes.

Budgeted appropriations for FY 2010, which include expenditures and transfers out, total $290.9 million. The General Fund appropriations total $157.7 million, or 54.2% of the total. Debt service is $43.9 million (15.1% of the total) and other funds, primarily capital project funds, total $89.3 million, or 30.7% of the total.

There are several significant events expected to have an impact in FY 2010 and beyond:

Mentioned above were some of the details regarding the sale of rights to toll Highway 121. Construction of Highway 121 is a high priority of the County, the state and local cities. Construction of frontage roads and grade separations begun in 2005 were completed in 2006, with the new roadways opened in summer 2006. This has reduced significantly the congestion of a two-lane road that was the primary transportation route between McKinney (the County Seat) and DFW International Airport. When completed, the east-west Highway 121 expansion will provide six lanes of toll road, six lanes of frontage roads, and overpasses over heavily-traveled north-south roadways. The more than $900 million that has been allocated to Collin County for County and city projects will be used for transportation and other projects. Innovative funding techniques for other state and federal highways in the County include the consideration of tolled HOV lanes.

Work on the Outer Loop, mentioned above, has started, with planning and engineering, as well as right of way acquisition, on-going. This multi-decade project will connect Interstate Highway 35 north of the Dallas-Fort Worth metroplex and Interstate Highway 20 east of the metroplex. It will be tolled, with completion expected in 2030 for all sections.

Health care for indigent residents of Collin County is a major economic consideration for the County. Grants to community agencies that began in 2008 and continued in 2009 have helped the County to provide preventative and minor medical care in cities where the indigent population is located. Reduced federal and state funding for medical care has contributed to the increasing demands on County resources to provide the same level of services offered in prior years. As expected, the County did receive large amounts of funding from the federal stimulus package. The health care task force continues to work with local providers and the County to ensure appropriate recommendations and decisions concerning the future availability of service and care.

With the demands on County services for infrastructure and health care, the effect of the economic downturn and its effects on the County taxable assessed values may strain the County's ability to provide adequate revenues to support basic services. The County conservatively manages its resources, using cost containment practices ranging from performance programs to position savings to other ways to reduce or eliminate non-performing programs. As of September 30, 2009, the unreserved fund balance for the General Fund was $133.6 million; this is 84.7% of budgeted General Fund expenditures for FY 2010. The management of the County has placed it in sound financial position to mitigate the current economic uncertainty. That does not replace the need for continuing close observation and examination of every expenditure to ensure the money spent is spent wisely and properly.

In November 2007, the County presented a bond proposal to voters for new funding for facilities, roads and open space. The proposed funding was for a total of $328.9 million, with $235.6 million for roads, $76.3 million for facilities, and $17.0 million for open space. The bond proposal passed. The second sale of bonds was in September, 2009. Overall there were 15 road projects included in the bond proposal. Many of the road projects require a local participation of 50% from the sponsoring city and 50% from the County. When completed, the road will pass to the city for maintenance and operations, while the County will pay the debt.

The facilities bonds passed were primarily to fund two County facilities: 50% of the phase 2 expansion of the County courthouse (phase 1 was completed in July, 2007) and construction of a new juvenile alternative education facility. The expansion of the courthouse will provide additional court administration offices as well as creating courtrooms for the County courts, which will relocate to the site when the expansion is complete. This phase 2 expansion is estimated to cost $47 million; construction is estimated to be completed in 2012. The balance of the phase 2 expansion monies is expected to come from fund balance, with no additional debt required.

Bond proceeds from the open space approval will be used to acquire land for open space and recreational facilities and to construct and improve parks and recreational opportunities within the County. With the County providing 50% of funding and the cities or non-profit organizations matching that amount, we can leverage County dollars to improve quality of life for County residents. A portion of the funds will be used to continue the "Six Cities Trail Plan," created to link the hiking and biking paths in the cities of Allen, Frisco, Garland, McKinney, Plano and Richardson, and to expand it into a regional plan.

The County has successfully completed its litigation regarding the failed enterprise wide software upgrades in 2005; the refund was received in 2009. The County recognizes its need to upgrade its financial software, including all sub-systems, and is currently in the process of reviewing vendor responses to business requirements. To begin the project using phases, the core modules of finance, purchasing and budgeting will be implemented first, with sub-systems added as those departments find and validate the software that best meets their needs. Vendor responses to the core system requirements will be reviewed during FY2010; vendors who pass the initial review will be selected to present additional information and demonstrations of their software to County staff, in anticipation of selection and implementation of a new system by October, 2011. Integration problems between existing payroll software, justice software and financial software are expected to be resolved with the implementation of the new enterprise software.

The County has now completed phasing in to all departments its performance-based pay, performance measurement program for employees. Support for this project is fueled by the expectation of the long-term benefit of managing employees and managers in encouraging them to perform assigned duties and being compensated for their performance. As with prior years, FY2010 will see employees and managers managing the performance process using the human resource software.

The County is currently participating with 11 other large counties to customize and implement a new case management software system. The case management system is named the Comprehensive Integrated Justice System. Implemented in FY 2007 was the probate court module. Go live for the civil courts process was completed in March 2008; the justice of the peace modules were implemented in the summer of 2009. Configuration testing is being planned for the criminal courts module and the sheriff's office and jail administration modules are in planning and configuration.

The tax rate for FY 2010 remained the same as FY 2009 at $0.2425/$100 of valuation. Continuing pressure from rising health care costs, demand for constituent services and road construction to meet the growing population may eventually cause the County to have to adjust the rate, but for now the growth of the County, the existing property values and fund balance will be used to provide the majority of funding for expenditures. Collin County continues to experience strong fund balance reserves which will be used to make up any differences in revenue shortfalls.

Requests for Information

This report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning the information provided in this report or requests for additional financial information should be addressed to Mr. Jeff May, County Auditor/Chief Financial Officer, at 2300 Bloomdale Road, Suite 3100, McKinney, TX 75071.

COLLIN COUNTY, TEXAS

Statement of Net Assets

September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and cash equivalents	$ 236,923	$ 4,879	$ 241,802	$ 208
Investments	156,905	-	156,905	-
Receivables (net of allowance for uncollectibles)	10,532	-	10,532	-
Internal balances	11,517	(11,517)	-	
Inventories	3,423	-	3,423	-
Deferred charges	2,674	-	2,674	-
Capital assets (net of accumulated depreciation):				
Land	21,447	3,335	24,782	-
Buildings and system	167,976	-	167,976	-
Improvements other than buildings	3,128	-	3,128	-
Machinery and equipment	25,485	-	25,485	-
Infrastructure	177,310	-	177,310	-
Construction in progress	94,074	3,552	97,626	-
Total assets	911,394	249	911,643	208
Liabilities:				
Accounts payable and other current liabilities	11,914	245	12,159	157
Due to other governments	26	-	26	-
Unearned revenue	339	-	339	-
Noncurrent liabilities:				
Due within one year	34,727	-	34,727	-
Due in more than one year	413,620	-	413,620	-
Total liabilities	460,626	245	460,871	157
Net assets:				
Invested in capital assets, net of related debt	280,844	6,887	287,731	-
Restricted for:				
Debt service	7,547	-	7,547	-
Health Care Foundation	13,897	-	13,897	-
Meyers Park Foundation	123	-	123	-
Grant programs	3,452	-	3,452	-
Unrestricted	144,905	(6,883)	138,022	51
Total net assets	$ 450,768	$ 4	$ 450,772	$ 51

The notes to the financial statements are an integral part of this statement.

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COLLIN COUNTY, TEXAS

Statement of Activities

For the Fiscal Year Ended September 30, 2009

(Amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Primary Government:								
Government activities:								
General administration	$ 34,518	$ 7,440	$ 385	$ -	$(26,693)	$ -	$(26,693)	
Judicial	17,195	4,762	840	-	(11,593)	-	(11,593)	
Financial administration	10,891	3,075	97	-	(7,719)	-	(7,719)	
Legal	11,254	256	146	-	(10,852)	-	(10,852)	
Public facilities	18,129	576	152	-	(17,401)	-	(17,401)	
Equipment services	2,320	1	-	443	(1,876)	-	(1,876)	
Public safety	61,904	9,412	3,054	430	(49,008)	-	(49,008)	
Public transportation	25,491	15,206	6,138	16	(4,131)	-	(4,131)	
Health and welfare	18,369	1,112	5,377	175	(11,705)	-	(11,705)	
Culture and recreation	1,720	33	185	-	(1,502)	-	(1,502)	
Conservation	295	-	-	-	(295)	-	(295)	
Interest and fiscal charges	19,267	175	-	-	(19,092)	-	(19,092)	
Total primary government	221,353	42,048	16,374	1,064	(161,867)	-	(161,867)	
Component unit:								
Health and welfare	$ 12	$ -	$ -	$ -				$(12)
Total component unit	12	-	-	-				(12)
General revenues								
Property taxes					174,895	-	174,895	-
Mixed beverage tax					2,065	-	2,065	-
Unrestricted investment earnings					3,690	4	3,694	-
Miscellaneous					73	-	73	-
Total general revenues					180,723	4	180,727	-
Change in net assets					18,856	4	18,860	(12)
Net assets - beginning of year					431,912	-	431,912	63
Net assets - end of year					$ 450,768	$ 4	$ 450,772	$ 51

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS
Balance Sheet
Governmental Funds
September 30, 2009

Assets	General Fund	General Road and Bridge	Health Care Foundation
Cash and cash equivalents	$ 55,671	$ 4,842	$ 2,107
Investments	81,448	8,604	12,262
Receivables:			
Taxes (net of allowance for uncollectibles)	2,280	76	-
Fines and fees	1,135	1,108	-
Due from other governments	942	421	1
Due from other funds	924	-	74
Advance to other funds	162	-	-
Interest	156	-	35
Miscellaneous	178	1	2
Inventories	380	3,043	-
Total assets	$ 143,276	$ 18,095	$ 14,481
Liabilities			
Accounts payable	$ 2,111	$ 574	$ 503
Payroll related costs payable	4,313	171	50
Lease deposits payable	-	-	26
Due to other governments	-	-	-
Due to other funds	18	-	1
Deferred revenue	1,135	1,108	-
Deferred tax revenue	2,073	69	-
Total liabilities	9,650	1,922	580
Fund balances			
Reserved for:			
Debt service	-	-	-
Capital projects	-	-	-
Sale of Courthouse	-	-	-
Animal Shelter Facility	-	-	-
Collin County Toll Road Authority	162	-	-
Health Care Foundation	-	-	13,897
Meyers Park Foundation	-	-	-
Encumbrances	8,422	5,366	4
Inventories	380	3,043	-
Unreserved fund balance:			
Designated for capital assets	8	1,499	-
Designated for special projects	1,519	-	-
Designated for five-year plan	6,977	-	-
Designated for administration	832	-	-
Unreserved/undesignated, reported in:			
General fund	115,326	-	-
Special revenue funds	-	6,265	-
Total fund balances	133,626	16,173	13,901
Total liabilities and fund balances	$ 143,276	$ 18,095	$ 14,481

The notes to the financial statements are an integral part of this statement.

Unlimited Tax Road Bond 2007	Permanent Improvement	Other Governmental Funds	Total
$ 25,058	$ 22,496	$ 116,353	$ 226,527
-	5,636	44,421	152,371
-	-	712	3,068
-	-	-	2,243
-	2,000	1,099	4,463
-	-	70	1,068
14	11,700	1,341	13,217
-	-	-	191
232	1	147	561
-	-	-	3,423
$ 25,304	$ 41,833	$ 164,143	$ 407,132
$ -	$ 96	$ 1,545	$ 4,829
-	-	361	4,895
-	-	-	26
-	-	26	26
-	-	977	996
-	-	470	2,713
-	-	644	2,786
-	96	4,023	16,271
-	-	7,547	7,547
14,478	24,619	108,357	147,454
-	2,000	-	2,000
-	1,700	-	1,700
14	10,000	1,341	11,517
-	-	-	13,897
-	-	123	123
10,812	3,418	30,443	58,465
-	-	-	3,423
-	-	-	1,507
-	-	-	1,519
-	-	-	6,977
-	-	-	832
-	-	-	115,326
-	-	12,309	18,574
25,304	41,737	160,120	390,861
$ 25,304	$ 41,833	$ 164,143	$ 407,132

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COLLIN COUNTY, TEXAS

Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Assets
September 30, 2009

Total fund balances – governmental funds			$ 390,861
Amounts reported for governmental activities in the statement of net assets are different because:			
Bond issuance costs for the sale of bonds are expenditures in the funds but are amortized over the life of the bonds in government-wide statements.			2,674
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These capital assets (net of accumulated depreciation) consist of:			
Land	$	21,447	
Buildings and systems		165,436	
Improvements other than buildings		3,128	
Machinery equipment		25,385	
Infrastructure		177,310	
Construction in progress		94,074	
Total capital assets			486,780
Some amounts deferred in the funds were recorded in a different fiscal year than the current year:			
Special assessment for road construction in the prior year that is deferred to a future period is included in the funds.	$	131	
Fines and fees earned in the current fiscal year but are not available to provide for current financial resources, and therefore are deferred in the funds.		2,243	
Property taxes earned in the current fiscal year but are not available to provide for current financial resources, and therefore are deferred in the funds.		2,786	
Total deferred revenues			5,160
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			11,302
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:			
Interest payable	(	2,110)	
Bonds, notes and loans payable	(	409,395)	
Compensated absences	(	6,930)	
OPEB obligation	(	13,449)	
Arbitrage payable	(	643)	
Unamortized bond premiums	(	13,482)	
Total liabilities			(446,009)
Net assets of governmental activities			$ 450,768

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2009

	General	General Road and Bridge	Health Care Foundation
Revenues:			
Taxes:			
Property	$ 119,981	$ 4,096	$ -
Fees and permits	11,297	12,883	436
Federal and state funds	3,993	5,130	156
Charges for services	5,357	-	-
Fines and forfeitures	2,270	2,214	-
Other local government funds	-	-	-
Rental revenues	-	-	1,145
Interest	3,484	285	577
Miscellaneous	817	360	26
Total revenues	147,199	24,968	2,340
Expenditures:			
Current:			
General administration	23,809	-	-
Judicial	13,846	-	-
Financial administration	9,946	-	-
Legal	10,322	-	-
Public facilities	10,172	-	300
Equipment services	1,919	-	-
Public safety	44,931	-	-
Public transportation	-	21,469	-
Health and welfare	11,315	-	3,797
Culture and recreation	496	-	-
Conservation	285	-	-
Capital projects – capital outlay	2,315	854	-
Debt service:			
Principal retirement	4,096	-	-
Interest and fiscal charges	414	-	-
Bond issuance costs	-	-	-
Advance refunding escrow	-	-	-
Total expenditures	133,866	22,323	4,097
Excess (deficiency) of revenues over (under) expenditures	13,333	2,645	(1,757)
Other financing sources (uses):			
Transfers in	162	-	-
Transfers out	(9,462)	(434)	-
Sale of assets	80	61	-
Debt issuance	-	-	-
Refunding escrow payments	-	-	-
Premium (discount) on sale of bonds	-	-	-
Total other financing sources (uses)	(9,220)	(373)	-
Net change in fund balances	4,113	2,272	(1,757)
Fund balances – beginning	129,513	13,901	15,658
Fund balances – ending	$ 133,626	$ 16,173	$ 13,901

The notes to the financial statements are an integral part of this statement

Unlimited Tax Road Bond 2007	Permanent Improvement	Other Governmental Funds	Total
$ -	$ 8,135	$ 42,658	$ 174,870
-	-	278	24,894
-	-	6,725	16,004
-	-	3,522	8,879
-	-	86	4,570
232	-	175	407
-	-	-	1,145
221	389	2,312	7,268
-	687	199	2,089
453	9,211	55,955	240,126
-	-	1,246	25,055
-	-	2,076	15,922
-	-	31	9,977
-	-	207	10,529
-	-	48	10,520
-	-	10	1,929
-	-	11,894	56,825
-	-	-	21,469
-	-	2,766	17,878
-	-	602	1,098
-	-	-	285
3,023	7,943	37,004	51,139
-	-	24,490	28,586
-	-	17,976	18,390
-	-	373	373
-	-	1,428	1,428
3,023	7,943	100,151	271,403
(2,570)	1,268	(44,196)	(31,277)
14	-	36,814	36,990
-	-	(25,577)	(35,473)
-	-	-	141
-	-	67,465	67,465
-	-	(23,565)	(23,565)
-	-	2,142	2,142
14	-	57,279	47,700
(2,556)	1,268	13,083	16,423
27,860	40,469	147,037	374,438
$ 25,304	$ 41,737	$ 160,120	$ 390,861

COLLIN COUNTY, TEXAS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2009

Net change in fund balances – governmental funds		$ 16,423
Amounts reported for governmental activities in the statement of activities are different because:		
Capital asset purchases are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated lives as depreciation expense. In the current period, these amounts are:		
Capital assets additions	$ 50,902	
Capital assets decreases	(1,843)	
Depreciation expense for all capital assets	(21,321)	
Total change in capital assets activity		27,738
Bond proceeds provide current financial resources. However, in the statement of activities, some items do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Debt issuance and refunding increases long-term debt in statement of net assets.	$(67,465)	
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.	52,151	
Bond issuance fees and bond premiums require the use of current financial resources but are amortized over the life of the bond in the statement of activities.	(1,200)	
Total long-term debt		(16,514)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues over expenditures of the internal service funds is reported with the governmental activities.		(2,221)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds. The change in these revenues are as follows:		
Property taxes	$ 9	
Fines and forfeitures	(163)	
Total changes in revenues		(154)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The change in these expenditures are as follows:		
Interest owed but not yet paid	$(750)	
Arbitrage payable	732	
OPEB obligation	(6,060)	
Compensated absences	(338)	
Total changes in long-term liabilities		(6,416)
Change in net assets of governmental activities		$ 18,856

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Net Assets

Proprietary Funds

September 30, 2009

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	$ 4,879	$ 10,396
Investments	-	4,533
Receivables:		
Due from other funds	-	123
Miscellaneous receivables	-	7
Total current assets	4,879	15,059
Capital assets (net of accumulated depreciation):		
Land	3,335	-
Buildings and systems	-	2,539
Machinery and equipment	-	100
Construction in progress	3,552	-
Total capital assets	6,887	2,639
Total assets	11,766	17,698
Liabilities:		
Current liabilities:		
Accounts payable	245	2,544
Payroll payable	-	18
Claims payable	-	1,939
Due to other funds	-	195
Total current liabilities	245	4,696
Noncurrent liabilities:		
Advance from other funds	11,517	1,700
Total liabilities	11,762	6,396
Net assets:		
Invested in capital assets	6,887	2,639
Unrestricted	(6,883)	8,663
Total net assets	$ 4	$ 11,302

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended September 30, 2009

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Operating revenues:		
Premiums	$ -	$ 21,014
Charges for services	-	1,212
Other	-	368
Total operating revenues	-	22,594
Operating expenses:		
Administration	-	2,021
Benefits	-	22,898
Depreciation	-	117
Total operating expenses	-	25,036
Operating income	-	(2,442)
Non-operating revenues (expenses):		
Interest income	4	221
Total non-operating revenues (expenses)	4	221
Change in net assets	4	(2,221)
Total net assets – beginning	-	13,523
Total net assets – ending	$ 4	$ 11,302

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2009

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	$ -	$ 22,135
Insurance recovery	-	361
Administration costs	-	(2,247)
Benefits paid	-	(22,574)
Net cash used by operating activities	-	(2,325)
Cash flows from capital financing activities:		
Purchases of capital assets	(6,642)	-
Net cash used by capital financing activities	(6,642)	-
Cash flows from investing activities:		
Sale (purchase) of investment	-	(147)
Advance from other funds	11,517	-
Interest income	4	221
Net cash provided by capital financing activities	11,521	74
Net increase (decrease) in cash and cash equivalents	4,879	(2,251)
Cash and cash equivalents – October 1, 2008	-	12,647
Cash and cash equivalents – September 30, 2009	$ 4,879	$ 10,396
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ -	$(2,442)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	-	117
(Increase) decrease in intergovernmental receivable	-	24
(Increase) decrease in due from other funds	-	(123)
Increase (decrease) in accounts payable	-	323
Increase (decrease) in payroll payable	-	1
Increase (decrease) in due to other funds	-	58
Increase (decrease) in advance from other funds	-	(283)
Total adjustments	-	117
Net cash used in operating activities	$ -	$(2,325)

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Net Assets

Fiduciary Funds

September 30, 2009

Assets		
Cash and cash equivalents	$	25,513
Investments		9,033
Assets held as security deposits		3,114
Receivables:		
Miscellaneous receivables		387
Total assets	$	38,047
Liabilities		
Due to other governments	$	5,630
Due to others		29,476
Cash bonds outstanding		2,865
Cost deposits outstanding		76
Total liabilities	$	38,047

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments to the degree possible given current restrictions on verification audit capabilities in several key areas. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards.* The financial report has been prepared in accordance with GASB Statement No. 34, *"Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,"* issued in June 1999 and implemented by the County in FY 2002. The most significant accounting and reporting policies of the County are described in the notes to the financial statements.

(a) Reporting Entity

Primary Government

Collin County (the County) is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, comprised of the County Judge and four Commissioners, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: justice administration (courts, juries, constables, district attorney, clerks, investigators, sheriff, jail, fire marshal, and medical examiner), tax collection, roads and bridge maintenance, juvenile services and assistance to indigents.

The accompanying basic financial statements present the government as defined according to criteria in GASB Statements No. 14 and 39, *The Financial Reporting Entity.* Blended component units, while legally separate entities, are in substance a part of the government's operations.

Blended Component Units

For reporting purposes, the Collin County Housing Finance Corporation (HFC) and the Collin County Health Care Foundation (HCF) qualify as blended component units. The Commissioners' Court sits as the governing board of the HFC and HCF. The only activity of the HFC has been the issuance of single and multiple-family revenue bonds that are disclosed as conduit debt in Footnote IV (F). Otherwise, there are no other financial operations or balances for this entity. Required financial reporting to show compliance is provided by the administrator Bank of New York Mellon acting as trustee for the various issues and overseeing legal compliance reporting. The HCF was organized under the Texas Nonprofit Corporation Act to assist the County by providing indigent health care. Financial activity is reported as a major special revenue fund within the governmental fund financial statements.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Reporting Entity (Continued)

Discretely presented component unit. For reporting purposes, Child Protective Services has been presented as a discreetly presented component unit. Child Protective Services is responsible for providing additional assistance to foster children in the care of the state. The Board is appointed by the Commissioners' Court and serves at their pleasure. The Board proposes a budget; however, the Commissioners' Court approves the funding of the CPS budget as part of the County's operating budget.

Complete financial statements for the Health Care Foundation and Child Protective Services Board are available upon request at the County Auditor's office. The Health Care Foundation is also included in these financial statements as a major fund.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary activity, consolidated information on all of the activities of the County and its blended component units. The effect of interfund transfers has been removed from these statements but continues to be reflected on the fund statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities primary support is derived from taxes and intergovernmental revenues.

The statement of activities exhibits the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the fiduciary funds are excluded from the government-wide financial statements. The General Fund, General Road and Bridge Special Revenue Fund, Health Care Foundation Special Revenue Fund, Unlimited Tax Road Bond 2007 Capital Project Fund, and Permanent Improvement Fund meet the criteria or have been selected by management as *major governmental funds*. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue, Debt Service and Capital Projects funds. The combined amounts for these funds are reflected in a single column in the fund financial statements. Detailed statements for nonmajor funds are presented within Combining and Individual Fund Statements and Schedules.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are District Clerk and County Clerk fees, justice of the peace fees, investment earnings, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements are met.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes levied prior to September 30, 2008 that were due October 1, 2008 have been assessed to finance the budget of the fiscal year beginning October 1, 2008. In accordance with the modified accrual basis of accounting, the balances outstanding at November 30, 2009, outstanding 60 days after year-end, are reflected as deferred revenue and taxes receivable in the fund financial statements. Property taxes and interest earned as of September 30 and received within 60 days of year-end are accrued as income in the current period. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures, claims and judgments, and compensated absences are recorded only when payment is made.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, fees, charges for services, intergovernmental revenues and investment interest income. Primary expenditures are for general administration, public safety, judicial, public welfare, health services, and capital acquisition.

General Road and Bridge Special Revenue Fund is used to account for the activities affecting County-owned roads, including right-of-way acquisitions, construction, operations, and maintenance. Expenditures for shared cost road projects with the state are also included. This constitutional fund is financed by a designated part of the annual property tax levy.

The Health Care Foundation Special Revenue Fund is used to account for receipt of investment earnings and authorized health care expenditures as administered by the Collin County Health Care Foundation.

Unlimited Tax Road Bond 2007 Capital Projects Fund is used to account for the bond proceeds and cost to construct and maintain roads, bridges, and highways as approved by the voters of Collin County.

Permanent Improvement Fund is used to account for tax revenues and appropriations designated by Commissioners' Court for specific capital projects.

Additionally, the County reports the following nonmajor funds:

Special Revenue Funds are used to account for specific revenue sources (other than for capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions can come from outside the County or from Commissioners' Court.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Debt Service Funds are used to account for the accumulation of resources for and the payment of long-term debt principal and interest. The use of Debt Service Funds to service debt is not required unless legally mandated or if resources are accumulated for payments maturing in future years.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure.

Internal Service Funds are used to account for health care, workers' compensation coverage, liability insurance coverage, and optional payroll deductions for the County and employees of the County on a cost-reimbursement basis with allowances for catastrophic losses.

Enterprise Funds are used to account for business-type activities. Commissioners' Court authorized the creation of a new enterprise fund in fiscal year 2009, the Collin County Toll Road Authority Fund. This fund is used to track future activity for the Outer Loop road project. Currently the only activity in this fund is funding right-of-way and infrastructure. It is the intention of Commissioners' Court to eventually generate toll revenues to support the fund.

Agency Funds are used to account for situations where the County's role is strictly custodial in nature. Most of these funds are held for legal reasons. Those reasons vary from funds held in trust for minors, to funds placed in escrow awaiting a decision and order by the presiding court. Additional funds were on hand at year-end for tax collections for other governmental entities or the state or other governmental entities for fees collected on their behalf. As a result, all assets reported in an Agency Fund are offset by a liability to the party or entity on whose behalf the assets are held.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The County applies all FASB pronouncements within the above limitations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is Collin County's policy to use restricted resources first, then unrestricted resources as they are needed.

(d) Assets, Liabilities, and Net Assets or Equity

(1) Deposits and Investments

The County's cash and cash equivalents are considered to be (i) cash on hand; (ii) demand deposits, and short-term investments (with an original maturity of 90 days or less from the date of acquisition) that become available as cash within 30 days of year-end; and monies invested in 2a-7 pools.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

(1) Deposits and Investments (Continued)

State statutes and the County's official Investment Policy authorize the County to invest in obligations of the U. S. Treasury and Governmental Agencies, certificates of deposit, commercial paper, repurchase agreements, bankers' acceptances, money market mutual funds and direct obligations of the State of Texas.

The County and its component units report investments at fair value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* All investment income is recognized as revenue in the appropriate fund's statement of activity and/or statement of revenues, expenditures and changes in fund balance.

(2) Receivables and Payables

Accounts Receivable

Property taxes are recognized as revenues in the period for which the taxes are levied, regardless of the lien date. Property taxes for the County are levied based on taxable value on the lien date of January 1 prior to September 30 of the same year. They become due October 1 of that same year and delinquent after January 31 of the following year. Accordingly, receivables and revenues for prior-year levies delinquent at year-end and outstanding 60 days after year-end are reflected on the government-wide statement based on the full accrual method of accounting and under the modified accrual method in the fund statements.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements have been met and reimbursable costs are incurred.

Reimbursements for services performed are recorded as receivables and revenues when they become eligible for accrual in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements.

Receivables are shown net of an allowance for uncollectibles.

Lending or borrowing between funds is reflected as "due to" or "due from" (current portion) or "advances to/from other funds" (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund activity reflected in "due to" or "due from" is eliminated on the government-wide statements with the exception of internal balances between the governmental activities and business-type activities.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

(3) Inventories and Prepaid Items

Inventory is valued at average cost. Inventory in the General and Special Revenue Funds consists of expendable supplies held for consumption, and the cost is recorded as an expenditure at the time the inventory items are used. Reported inventories are offset by a reserve of fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(4) Restricted Net Assets

Upon receipt, contributions, grants, and other revenues restricted by donors for specific purposes are added to restricted assets of the County. Each fund with restricted net assets has an administrator who is responsible for monitoring the revenues and expenses and for ensuring that the fund's resources are being used for the purpose stated. The Health Care Foundation, a nonprofit corporation, is reported as restricted because of legal restrictions. Resources set aside for specific purposes such as required within the terms of bond agreements, or self-insurance arrangements, are reported as restricted.

(5) Capital Assets – Primary Government

Capital assets, which include land, buildings and improvements, equipment, and infrastructure, are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of $5,000 or more. Infrastructure assets include County-owned roads, bridges, signs, and improvements to land. Infrastructure assets acquired prior to fiscal year ended September 30, 1980, were not included based on the fact that Collin County was rural with mostly unimproved infrastructure prior to that time. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend the asset's life are expensed rather than capitalized.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

(5) Capital Assets – Primary Government

Capital assets and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30
Building improvements	5 to 30
Facilities and land improvements	10 to 30
Bridges	10 to 50
Infrastructure and improvements	20
Furniture and equipment	1 to 15
Computer equipment	1 to 8
Machinery and equipment	1 to 10
Medical and lab equipment	1 to 15
Voice communication equipment	3
Vehicles	5 to 10

(6) Compensated Absences

A liability for unused paid time off accruals and compensatory time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences: a) leave or compensation is attributable to services already rendered, and b) leave or compensation is not contingent on a specific event (such as illness).

GASB Interpretation 6 indicates that liabilities for compensated absences should only be recognized in the fund statements to the extent the liabilities have matured and are payable out of current available resources. Compensated absences are accrued in the government-wide statements.

The County's permanent, full-time employees accrue 7.39 hours of paid time off per pay period (biweekly) from date of employment to four years of service; 8.31 hours per pay period from 5 years to 9 years of service; 9.23 hours per pay period from 10 to 19 years of service; and 10.15 hours per pay period for 20 plus years of continuous employment. The maximum accrual is 200, 240, 320, and 400 hours of paid time off for the respective accrual categories specified. Upon termination from the County, an employee is entitled to payment for the total accrued hours as long as they have completed at least one year of continuous service.

The County's permanent, full-time employees are given 24 hours of catastrophic time off (CTO) at the beginning of each calendar year. An employee can accrue a maximum of 160 hours which can be taken in increments for specific circumstances defined in the personnel policy. Employees are not paid for unused CTO at termination or retirement from the County.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

(7) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, as well as issuance costs and deferred gain or loss on refunding of debt, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(8) Unemployment and Workers' Compensation Benefits

The County is a reimbursing employer for unemployment compensation benefits. Reimbursements are made on the basis of regular billings received from the Texas Employment Commission. The County also processes workers' compensation payments through a third-party administrator as the claims become due. These obligations are budgeted and paid from current resources (Note V. (a)).

(9) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund reservations include debt service, capital projects, sale of courthouse, animal shelter facility, health care, Myers Park Foundation, encumbrances, and inventories.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(a) Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance for total governmental funds and net assets as reported in the government-wide statement of net assets. One element of that reconciliation explains, "Some liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $446,009 difference are as follows:

(continued)

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

(a) Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets (Continued)

Bonds payable	$	409,395
Accrued interest payable		2,110
OPEB obligation		13,449
Arbitrage payable		643
Unamortized bond premiums		13,482
Compensated absences		6,930
Net adjustment to reduce *fund balance - total government funds to arrive at net assets - governmental activities*	$	446,009

Another element of that reconciliation explains, "Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." These assets consist of:

Land	$	21,447
Buildings and systems		165,436
Improvements other than buildings		3,128
Machinery and equipment		25,385
Infrastructure		177,310
Construction in progress		94,074
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	486,780

Other miscellaneous elements of the reconciliation explain individual specific amounts reported differently in net assets – governmental activities in contrast to fund statements. These various elements are as follows:

Bond issuance costs and premiums on sale of bonds are expenditures and revenues in the funds but are amortized over the life of the bonds in government-wide.	$	2,674
Fines and fees earned in the current fiscal year collected in the future		2,243
Road construction special assessment in prior year deferred to future period.		131
Property taxes earned in the current fiscal year but not available to provide current financial resources, and therefore are deferred in the funds.		2,786
Internal Service Funds used by management to charge cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net assets.		11,302
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	19,136

(continued)

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

(b) Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation indicates, "Capital asset purchases are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $27,738 difference are as follows:

Capital projects - capital asset additions	$	50,902
Capital assets disposal	(	1,843)
Depreciation expense	(	21,321)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	27,738

Another element of that reconciliation states, "Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the difference of ($6,416) are as follows:

Interest owed but not yet paid	$(	750)
Arbitrage payable		732
OPEB obligation	(	6,060)
Compensated absences	(	338)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$(	6,416)

Various other elements of that reconciliation associated with the issuance of long-term debt (i.e. bonds, tax notes) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this ($16,514) difference are as follows:

(continued)

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

(b) Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Debt issued or incurred:	
Issuance and refunding of general obligation bonds	$(67,465)
Principal payments:	
General obligation debt	52,151
Amortization of bond issuance cost and bond premiums	(1,200)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$(16,514)

Other miscellaneous elements of that reconciliation explain individual specific amounts reported differently in government-wide statement of activities than in the governmental fund statements. The details of this ($2,375) difference are as follows:

Net revenues over expenditures of the Internal Service Funds are reported with the governmental activities	$(2,221)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	9
Fines and forfeitures receivable	(163)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$(2,375)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(a) Budgetary Information

Annual budgets are adopted for all governmental funds except Farm Museum Memorial, District Attorney Service Fee, Myers Park Foundation, Tax Assessor/Collector Motor Vehicle Tax, Justice Court Technology, Dangerous Wild Animal, Economic Development, L.E.O.S.E. Education, Juvenile Delinquency Prevention, Child Abuse Prevention, Court Initiated Guardianship, District Attorney Deferred Prosecution Program, Drug Court Program, SCAAP, County Court-at-Law Fee Program, Excess Distribution and Grants Special Revenue Funds, and all bond funds. No appropriations were approved out of the individual funds listed. The budget for each bond issue is adopted at the time the bonds are issued and rolled from year to year until the funding is exhausted. Juvenile Probation/Alternative Education Funds budget is not adopted as part of the County's budget, but is ministerially adopted after the Juvenile Probation Board formally approves it. All grants funds budgets are adopted at the state and federal level and ministerially adopted by Commissioners' Court. All governmental fund annual appropriations lapse at fiscal year-end.

(continued)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

(a) Budgetary Information (Continued)

On or before the last day of May of each year all departments of the County submit requests for appropriations to the Budget Officer. The initial budget request and the Budget Officer's recommendations are provided to the Commissioners' Court beginning in early July. Commissioners' Court holds budget hearings to allow departments to justify requests not included in the Budget Officer's proposed budget. They hold public hearings and publish notices starting in August on the timetable required by state statute. By September 1 or as soon as possible thereafter the budget and the tax rate are adopted with tax notices mailed on or after October 1.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, maintenance and operating, and capital assets are the legal levels used. Effective September 1, 2005, the Commissioners' Court amended this policy to allow the Budget Officer to amend the budget as needed for appropriation line items with a "For Your Information Notification" to the Court for all amendments over $5,000.

Encumbrance accounting is utilized by governmental entities. Encumbrances (i.e. purchase orders, contracts) outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent fiscal year.

IV. DETAILED NOTES ON ALL FUNDS

(a) Deposits and Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes Collin County to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal and liquidity. It also addresses investment diversification, yield, and maturity along with quality and capability of investment personnel. The investment policy defines what constitutes the legal list of investments allowed under the policy, which excluded certain investment instruments allowed under Chapter 2256 of the Local Government Code.

The County's deposits and investments are invested pursuant to the Investment Policy, which is approved annually by Commissioners' Court. The Investment Policy includes a list of authorized investment instruments, and a maximum allowable stated maturity of any individual investment by source of funds. In addition, it includes an "Investment Strategy Statement" that specifically addresses each fund's investment options and describes the priorities of preservation and safety of principal, liquidity, marketability, diversification, and yield.

The County Auditor submits an investment report monthly to Commissioners' Court as part of the monthly interim statement. The County Investment Officers jointly submit an investment report as specified by Chapter 2256 of the Texas Government Code each quarter to Commissioners' Court. The report details the investment position of the County and the compliance of the investment portfolio as it relates to both the adopted investment policy and Texas State Statute.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(a) Deposits and Investments (Continued)

The County's demand deposits, including certificates of deposit, are fully covered by collateral held by the County's agents, Federal Reserve Bank of New York, or the Federal Home Loan Bank of Dallas, in the County's name. The investments are comprised of various governmental agencies issues with a rating of A or better; and Federal Deposit Insurance Corporation (FDIC) insurance. The County's collateral agreements require the market value of securities held by its agents to exceed the total amount of cash and investments held by American National Bank (depository bank), and View Point Bank at all times. All other deposits are held in trust and are limited to individual accounts fully insured by Federal Deposit insurance.

The County's investment policy and depository contract are in accordance with the laws of the State of Texas. The policy and depository contract identify authorized investments and investment terms, collateral requirements, and safekeeping requirements for collateral. All the County's investments are insured, registered, or the County's agent holds the securities in the County's name.

The Investment Officers are authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations including letters of credit of the United States or its agencies and instrumentalities;
2. Direct obligations of this state or its agencies and instrumentalities;
3. Other obligations, the principle and interest on which an unconditional guarantee or are insured by or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities;
4. Certificates of deposit issued by the state or national bank and savings and loan or state or federal credit unions domiciled in this state and are:
    a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor;
    b) governed by the depository agreement, as described in 5.d of this section, that complies with federal and state regulations for properly securing a pledged security interest; and
    c) solicited by bid orally, in writing, electronically, or any combination of these methods.
5. Fully collateralized repurchase agreements, as defined in the Public Funds Investment Act, Chapter 2256.011 (a) (1-4), (b), (c), and (d), Government Code, if they:
    a) have a defined termination date;
    b) are secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act;
    c) require the securities being purchased by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County;
    d) are placed through a primary governments securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state;
    e) may not exceed 90 days after the date the reverse security repurchase agreement is delivered; and
    f) must mature not later than the expiration date stated in the reverse security repurchase agreement.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(a) Deposits and Investments (Continued)

6. Money market mutual funds regulated by the Securities and Exchange Commission with a dollar weighted average portfolio maturity of 90 days or less; that fully invest dollar for dollar all County funds without sales commissions or loads and whose investment objectives include seeking to maintain a stable net asset value of $1 per share. The County may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual funds, excluding bond proceeds and reserves and other funds held for debt service in money market mutual funds.
7. Eligible investment pools, as discussed in Chapter 2256016-.019, if the Commissioners' Court, by order, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by the Public Investment Act. A County, by contract, may delegate to an investment pool the authority to hold legal title as custodian of the investments purchased with its local funds.

The County participates in two Local Government Investment Pools: TexPool and TexSTAR. The State Comptroller oversees TexPool, with a third party managing the daily operations of the pool under contract. Although there is no regulatory oversight over TexSTAR, a Board, consisting of three directors representing participants, one from a management service providing investment services and one from a company providing Participant service and marketing to the Board, maintains oversight responsibility.

The County invests in TexPool and TexSTAR to provide its primary liquidity needs. Both are local government investment pools established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Investment Act, Chapter 2256 of the Code. TexPool and TexSTAR are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the fund seeks to maintain a constant net asset value of $1.00, although this cannot be guaranteed. TexPool and TexSTAR are rated AAAm and must maintain a weighted average maturity not to exceed 60 days. At September 30, 2009, TexPool and TexSTAR had a weighted average maturity of 43 and 46 days, respectively. The County considers the holdings in these funds to have a one-day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(a) Deposits and Investments (Continued)

The following table includes the portfolio balances of all non-pooled and pooled investment types of the County at September 30, 2009 (in thousands).

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Non-pooled investments				
Local Governmental Investment Pools	$ 193,614	$ -	$ 8,461	$ 202,075
U. S. Agency Bonds	21,429	-	-	21,429
Trust investments	-	-	9,033	9,033
Certificates of Deposit	130,942	4,534	-	135,476
Total investments	$ 345,985	$ 4,534	$ 17,494	$ 368,013

The risk exposures for governmental individual major funds, nonmajor funds in the aggregate, internal funds, and fiduciary fund types of the County are not significantly greater than the deposit and investment risk of the primary government. The Investment Policy segregates the portfolios into strategic categories including:

1. General Operating Funds;
2. Debt Service Funds;
3. Capital Project Bond Funds;
4. Special Revenue Funds; and
5. Internal Service Funds.

The County's Investment Policy seeks to control credit risk. Such risk shall be controlled by investing in compliance with the County's Investment Policy, qualifying the brokers and financial institutions with whom the County transacts, sufficient collateralization, portfolio diversification, and limiting maturities.

General Operating Fund

As of September 30, 2009, the County's General Operating Fund had the following investments:

	Fair Value (in thousands) Governmental Activities	Weighted Average Maturity (days)
Investment Type		
Local Government Investment Pools	$ 38,490	44
U. S. Agency Bonds	16,844	1,148
Certificates of Deposit	64,604	213
Totals	$ 119,938	386

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(b) Investment Categories

Credit Risk

While state law allows investments in commercial paper and Corporate bonds, Collin County has chosen to restrict investments to those listed above. As of September 30, 2009, the Local Government Pools, TexPool and TexStar (approximately 31% of the portfolio) were rated AAAm by Standard & Poor's. The U. S. Agency Bonds (approximately 24% of the portfolio) and each rated AAA by Standards & Poor's. The Certificates of Deposit (approximately 45% of the portfolio) were fully collateralized by View Point Bank in Collin County's name at the Federal Home Loan Bank of Dallas.

Collin County's investment policy does not restrict the concentration of investments with specific issuer.

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities not exceed two years for all investment types except General Fund and Health Care Trust. They are limited to five years. The dollar weighted average maturity for all securities was 386 days.

Debt Service Funds

As of September 30, 2009, Collin County Debt Service Funds had the following investments:

	Fair Value (in thousands) Governmental Activities	Weighted Average Maturity (days)
General Obligation Debt Service		
Investment Type		
Local Government Investment Pools	$ 6,264	43

Credit Risk

As of September 30, 2009, TexPool and TexSTAR were rated AAAm by Standards & Poor's. All individual investments are required to have an AAA rating.

Collin County's investment policy does not restrict the concentration of investments with specific issuer.

Interest Rate Risk

Investment strategies for Debt Service Funds have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligations.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(b) Investment Categories (Continued)

Capital Projects Bond Funds

As of September 30, 2009, Collin County's Capital Projects Bond Funds had the following investments:

	Fair Value (in thousands) Governmental Activities	Weighted Average Maturity (days)
Investment Type		
Local Government Investment Pools	$ 134,567	43
Certificates of Deposit	48,379	204
Totals	$ 182,946	86

Credit Risk

As of September 30, 2009, the local government pools, TexPool and TexSTAR (approximately 74% of the portfolio), were rated AAAm by Standard & Poor's. The Certificates of Deposit (approximately 26% of the portfolio) were fully collateralized by View Point Bank in Collin County's name at the Federal Home Loan Bank of Dallas.

Collin County's investment policy does not restrict the concentration of investments with specific issuer.

Interest Rate Risk

Investment strategies for Capital Projects Funds have as the primary objective the assurance of investment liquidity adequate to cover the capital construction obligations on the required date.

Special Revenue Funds

As of September 30, 2009, Collin County's Special Revenue Funds had the following investments:

	Fair Value (in thousands) Governmental Activities	Weighted Average Maturity (days)
Investment Type		
Local Government Investment Pools	$ 14,292	44
U. S. Agency Bonds	4,585	113
Certificates of Deposit	17,959	255
Totals	$ 36,836	155

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(b) Investment Categories (Continued)

Credit Risk

As of September 30, 2009, the local government pools (approximately 39% of the portfolio) were each rated AAAm. The U. S. Agency Bonds (approximately 12% of the portfolio), Certificates of Deposit (approximately 49% of the portfolio) were fully collateralized by View Point Bank in the name of Collin County at the Federal Home Loan Bank of Dallas.

Collin County's investment policy does not restrict the concentration of investments with specific issuer.

Interest Rate Risk

As a means to minimize risk of loss due to interest rate fluctuations, the investment policy requires that investment maturities in this category not exceed two years and meet cash flow requirements of these funds. The overall dollar weighted average maturity of 155 days down from 296 in 2008 reflects a more conservative approach to try to protect against a future rising interest rate market environment.

Internal Service Funds

As of September 30, 2009, Collin County Internal Service Funds had the following investments:

	Fair Value (in thousands) Governmental Activities	Weighted Average Maturity (days)
Investment Type		
Local Government Investment Pools	$ 7,954	45
Certificates of Deposit	4,533	664
	$ 12,487	270

Credit Risk

As of September 30, 2009, the local government pools (approximately 70% of the portfolio) were rated AAAm by Standard & Poor's. The Certificates of Deposit (approximately 30% of the portfolio) were fully collateralized by View Point Bank in the name of Collin County at the Federal Home Loan Bank of Dallas.

Collin County's investment policy does not restrict the concentration of investments with specific issuer.

Interest Rate Risk

As a means to minimize risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities in this category not exceed two years and meet cash flow requirements.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(b) Investment Categories (Continued)

Investments and deposits as of September 30, 2009, were as follows (in thousands).

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Non-pooled investments and deposits	$ 346,091	$ 12,846	$ 33,826	$ 392,763
Pooled investments and deposits	32,807	6,962	720	40,489
Total investments and deposits	$ 378,898	$ 19,808	$ 34,546	$ 433,252
Restricted deposits	$ -	$ 6,962	$ 16,332	$ 23,294
Restricted investments	-	12,846	17,494	30,340
Pooled deposits	32,807	-	720	33,527
Investments	346,091	-	-	346,091
Total investments	$ 378,898	$ 19,808	$ 34,546	$ 433,252

(c) Deposits

The September 30, 2009, carrying amount of deposits was as follows (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash held by sub-trustee:				
Restricted	$ -	$ -	$ 12,687	$ 12,687
Cash in Bank accounts	35,303	4,879	1,196	41,378
Total deposits	$ 35,303	$ 4,879	$ 13,883	$ 54,065

All bank accounts were either insured or collateralized with securities held by the Federal Home Loan Bank or the Federal Reserve Bank of New York in the name of Collin County at September 30, 2009.

(d) Property Taxes and Other Receivables

Property taxes are assessed as an enforceable lien on property as of January 1. Taxes are levied prior to September 30, become due on October 1 and are delinquent after January 31. The County bills and collects its own property taxes as well as those for the:

1. Cities of Allen, Anna, Blue Ridge, Celina, Fairview, Farmersville, Frisco, Josephine, Lavon, Lowry Crossing, Lucas, McKinney, Melissa, Murphy, Nevada, New Hope, Parker, Plano, Princeton, Prosper, Sachse, St. Paul, Weston, and Wylie;

2. Independent School Districts of Allen, Anna, Blue Ridge, Celina, Community, Farmersville, Lovejoy, McKinney, Melissa, Plano, Princeton, Prosper, and Wylie;

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(d) Property Taxes and Other Receivables (Continued)

3. Seis Lago's U. D.; and

4. Collin County Community College.

The County is the only taxing entity controlled by the Commissioners' Court, and the County Tax Assessor/Collector acts only as an intermediary in the collection and distribution of property taxes to the other entities.

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor/Collector's Agency Fund. Tax collections are recorded net of the entities' related collection commission paid the County in this Agency Fund according to the levy year for which the taxes are collected. Tax collections deposited for the County are distributed on a monthly basis to the General Fund, Permanent Improvement Capital Projects Fund, General Road and Bridge Fund, Jury Special Revenue Fund, and Debt Service Funds of the County. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

The County participates in several Tax Increment Finance (TIF) Districts. When a TIF District is created with the approval of all participating governmental entities, the property included in the District has its assessed valuation frozen at that time for the duration of the District. As projects are developed, increasing the assessed valuation of the property, the agreed percentage of incremental increases is returned to the entity which initially financed the improvements.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned such as grant revenue received but not yet expended.

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable:	
General fund	$ 2,073
General road and bridge special revenue fund	69
Nonmajor governmental funds	644
	2,786
Fines and fees receivable:	
General fund	1,135
General road and bridge	1,108
	2,243
Miscellaneous receivables:	
Nonmajor governmental funds	470
	470
Total deferred	$ 5,499

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(d) Property Taxes and Other Receivables (Continued)

The County is authorized by the tax laws of the State of Texas to levy taxes up to $0.80 per $100 of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt. Taxes may be levied in unlimited amounts for the payment of principal and interest on road bond long-term debt issued under Article 3, Section 52 of the Texas Constitution.

Receivables

Receivables as of year-end for the County's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, as required by GASB 34 are as follows:

	General	General Road and Bridge Special Revenue	Health Care Foundation Special Revenue	Unlimited Tax Road Bond 2007 Capital Project Fund	Unlimited Tax Road Bond 2007 Capital Project Fund	Nonmajor and Other Funds
Receivables:						
Taxes	$ 2,365	$ 79	$ -	$ -	$ -	$ 735
Fines and fees	2,845	2,776	-	-	-	-
Due from other governments	942	421	1	-	2,000	1,099
Due from other funds	924	-	74	-	-	70
Advance to other funds	162	-	-	14	11,700	1,341
Interest	156	-	35	-	-	-
Miscellaneous	178	1	2	232	1	147
Gross receivables	7,572	3,277	112	246	13,701	3,392
Less allowance for uncollectible	1,795	1,671	-	-	-	23
Net receivables	$ 5,777	$ 1,606	$ 112	$ 246	$ 13,701	$ 3,369

(e) Capital Assets

Capital assets are recorded at cost or, if donated, at fair value at the date of receipt. In accordance with GASB 34, depreciation policies were adopted to include useful lives and classification by function. In fiscal year 2009, the capitalization policy changed the capitalization threshold for equipment from $200 to $5,000. This had little impact on the net value of assets because previously all equipment under $5,000 was placed on the books fully depreciated. Infrastructure assets are valued in two ways: either actual historical cost where the amount can be determined from existing records or using current cost deflated to the year of construction. Once the historical cost is determined, regardless of how it is determined, the asset is then depreciated over its useful life.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Capital Assets (Continued)

The capital assets are shown in the following table. The assets increased by $27,616 from the completion of the new Jack Hatchell Administration Building that opened in April of 2009 and because of construction in progress for road projects. A summary of changes in capital assets follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 21,117	$ 330	$ -	$ -	$ 21,447
Construction in progress[1]	86,884	42,918	(34,211)	(1,517)	94,074
Historical treasures	82	-	-	-	82
Total assets not being depreciated	108,083	43,248	(34,211)	(1,517)	115,603
Capital assets, being depreciated:					
Buildings	203,455	29,696	(9,070)	-	224,081
Improvements other than buildings	6,375	-	-	-	6,375
Machinery and equipment	69,221	8,607	(26,974)	-	50,854
Infrastructure	238,976	46,478	(31,979)	-	253,475
Total capital assets being depreciated	518,027	84,781	(68,023)	-	534,785
Less accumulated depreciation:					
Buildings	(49,740)	(6,365)	-	-	(56,105)
Improvements other than buildings	(2,587)	(660)	-	-	(3,247)
Machinery and equipment	(42,568)	(7,666)	24,783	-	(25,451)
Infrastructure	(69,416)	(6,749)	-	-	(76,165)
Total accumulated depreciation	(164,311)	(21,440)	24,783	-	(160,968)
Total capital assets being depreciated, net	353,716	63,341	(43,240)	-	373,817
Governmental activities capital assets, net	$ 461,799	$ 106,589	$(77,451)	$(1,517)	$ 489,420

[1] The $1,517 balance in the transfers column is due to assets that were transferred between the governmental and business-type funds.

Business-type activities:					
Capital assets, not being depreciated:					
Land	$ -	$ 3,460	$(125)	$ -	$ 3,335
Construction in progress	-	2,043	(8)	1,517	3,552
Total assets not being depreciated	-	5,503	(133)	1,517	6,887
Business-type activities capital assets, net	$ -	$ 5,503	$(133)	$ 1,517	$ 6,887

The decrease in machinery and equipment of $26,974 and accumulated depreciation of $24,783 is the result of the capitalization policy that changed the capitalization threshold for equipment from $200 to $5,000. The transfer of $1,517 from governmental activities to business-type activities is due to capital assets being transferred from governmental funds to the Collin County Toll Road Authority Fund.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Capital Assets (Continued)

Depreciation expense for FY 2009 was charged to functions/programs of the primary government as follows:

Governmental activities:		
General administration	$	4,070
Judicial		45
Financial administration		62
Legal		1
Public facilities		7,375
Equipment services		281
Public safety		1,087
Public transportation		7,729
Health and welfare		205
Culture and recreation		585
Total depreciation expense - governmental activities	$	21,440

Construction Commitments

Collin County has active construction projects as of September 30, 2009. The projects include road and bridge construction and new facility construction. At year-end, the County's outstanding commitments with contractors are as follows:

Project Type		Remaining Commitment
Public transportation	$	21,955
Public facilities		1,085
Public parks		4,298
Total	$	27,338

(f) Long-term Debt

Collin County issues general obligation bonds and tax notes to finance major capital projects. The original amount of general obligations and tax notes issued in prior years (with outstanding balances) was $521,680. During the year there were $40,070 in Limited Tax Permanent Improvement and Refunding Bonds, and $27,395 in Unlimited Tax Road and Refunding Bonds issued. The following are general obligation bonds and tax notes outstanding at September 30, 2009, and are for governmental activities only:

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

Description	Interest Rates (%)	Date of Issue	Date of Maturity	Bonds Outstanding
Unlimited Tax Refunding Bonds, 2001	4.0 to 5.0%	2001	2015	$ 6,635
1999 Unlimited Tax Road Bonds, 2000	5.25 to 5.5%	2000	2020	1,270
1999 Limited Tax Perm. Imp. Bonds, 2000	4.95 to 5.5%	2000	2020	90
1999 Unlimited Tax Road Bonds, 2001	4.0 to 5.0%	2001	2021	2,990
Limited Tax Perm. Imp. Bonds, 2001	4.0 to 5.0%	2001	2021	1,220
Limited Tax Perm. Imp. Notes, 2002	4.15 to 5.625%	2002	2022	10,875
Unlimited Tax Road & Refunding Series 2004	2.00 to 5.00%	2004	2024	43,675
Limited Tax Perm. Improvement & Refunding Bonds, Series 2004	2.25 to 4.50%	2004	2024	10,775
Tax Notes, Series 2004	2.25 to 3.25%	2004	2011	3,735
Limited Tax Perm. Improvement & Refunding Series 2005	3.0 to 5.0%	2005	2025	49,635
Unlimited Tax Road & Refunding Series 2005	3.0 to 5.0%	2005	2025	38,740
Limited Tax Refunding & Perm. Improvement Bonds Series 2006	4.0 to 5.0%	2006	2026	30,810
Unlimited Tax Road & Refunding Bonds Series 2006	4.0 to 5.0%	2006	2026	14,515
Tax Notes, Series 2006	4.0 to 5.0%	2006	2013	9,415
Limited Tax Perm. Imp. Bonds, 2007	4.25 to 5.0%	2007	2027	2,095
Unlimited Tax Road & Refunding Bonds Series 2007	4.0 to 5.0%	2007	2027	61,405
Limited Tax Perm. Imp. Bonds, 2008	3.625 to 5.0%	2009	2028	14,005
Unlimited Tax Road & Refunding Bonds Series 2008	4.0 to 5.5%	2009	2028	40,045
Limited Tax Refunding & Perm. Improvement Bonds Series 2009A	2.0 to 5.0%	2009	2025	30,080
Limited Tax Perm. Imp. Build America Bonds, Series 2009B	4.6 to 6.3%	2009	2029	9,990
Unlimited Tax Road & Refunding Bonds, Series 2009A	2.0 to 4.0%	2009	2025	21,805
Unlimited Tax Road Build America Bonds, Series 2009B	4.6 to 6.3%	2009	2029	5,590
Total general obligation debt				$ 409,395

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

$11,100 Unlimited Tax Refunding Bonds, Series 2001, were issued to provide for the advance refunding for a portion of its outstanding bonds. Installments range from $90 to $1,160 with interest rates from 4.0% to 5.0%. Final maturity occurs on February 15, 2015. This bond issue is not subject to arbitrage rebate because it is a refunding issue with no transferred proceeds. This bond issue is placed here just after the issue that was the beneficiary of the refunding.

$28,435 in 1999 Unlimited Tax Road General Obligation Bonds, Series 2000 were issued to construct and maintain roads, bridges, and highways. Principal installments vary from $815 to $2,200 through February 15, 2020, and interest ranges from 5.25% to 5.5%. This bond issue is subject to rebatable arbitrage, which is calculated every year and recalculated every fifth year and 90% of any existing liability is paid on the five-year anniversary dates.

$2,000 in 1999 Limited Tax Permanent Improvement Bonds – 2000 were issued to acquire, construct, improve, and renovate criminal justice and related facilities, including courts and detention facilities, and acquiring relating land. Installments range from $50 to $160 through February 15, 2020 with interest rates varying from 4.95% to 5.5%. This bond issue is subject to rebatable arbitrage, which is calculated every year and recalculated every fifth year and 90% of any existing liability is paid on the five-year anniversary dates.

$15,590 1999 Unlimited Tax Road Bonds, 2001 were issued to construct and maintain roads, bridges, and highways. Installments vary from $460 to $1,215 through February 15, 2021. Interest rates range from 4.0% to 5.0%. This bond issue is subject to rebatable arbitrage, which is calculated every year and recalculated every fifth year and 90% of any existing liability is paid on the five-year anniversary dates.

$4,975 in Limited Tax Permanent Improvement Bonds, 2001 were issued for the cost of criminal justice facilities, renovating the old courthouse, land for parks and open space. Installments range from $145 to $390 through February 15, 2021, with interest rates from 4.0% to 5.0%. This bond issue is subject to rebatable arbitrage, which is calculated every year and recalculated every fifth year and 90% of any existing liability is paid on the five-year anniversary dates.

$26,000 in Limited Tax Permanent Improvement Bonds, Series 2002, were issued for the purpose of acquiring, constructing, developing, and equipping youth camping and related outdoor recreation and education facilities, acquiring land and interest in land, and paying for the cost of issuance associated with the sale of the bonds. Principal maturities will occur annually commencing on February 15, 2003, with installments ranging from $830 to $2,090. Interest payments on February 15 and August 15 and range from a low of 4.15% to a high of 5.625%. The final principal and interest payment is due on February 15, 2022. This bond issue will be subject to rebatable arbitrage. The liability will be calculated every year starting on 2003 and recalculated every fifth year and 90% of any existing liability will be paid on the five-year anniversary dates.

$54,910 Unlimited Tax Road & Refunding, Series 2004 were issued for the purpose of road and highway construction; to refund a portion of the County' outstanding debt; and to pay costs of issuance associated with the sale of the Unlimited Tax Bonds. Principal maturities will occur annually beginning February 15, 2005, with installments ranging from $1,440 to $4,050. Interest payments fall on February 15th and August 15th of each year and rates range from 2.00% to 5.00%. The final principal and interest payment is due on February 15, 2024. This bond issue is subject to rebatable arbitrage and is reviewed annually with 90% of any rebateable liability being paid on the five-year anniversary dates.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

$14,165 Limited Tax Permanent Improvement and Refunding Bonds, Series 2004 were issued for the purpose of parks and County facilities; to refund a portion of the County's outstanding debt, and to pay the cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning February 15, 2005, with installments ranging from $555 to $825. Interest payments occur annually on February 15th and August 15th and range from 2.25% to 4.50%. The final principal and interest payment is due on February 15, 2024. This bond issue is subject to rebatable arbitrage and is reviewed annually. 90% of any rebatable liability will be paid on the five-year anniversary dates.

$12,000 Tax Notes, Series 2004 were issued for the purpose of (i) acquiring software, hardware, and computer related equipment, (ii) pay professional services related to the project, and (iii) pay costs of issuance associated with the sale of the notes. Principal maturities will occur annually beginning February 15, 2005, with installments ranging from $1,525 to $1,900. Interest payments occur annually on February 15th and August 15th ranging from 2.25% to 3.25%. The final principal and interest payment is due on February 15, 2011. This bond issue is subject to rebatable arbitrage and is reviewed annually. 90% of any rebatable liability will be paid on the five-year anniversary dates.

$53,865 Limited Tax Permanent Improvement and Refunding Bonds, Series 2005 were issued for park purposes and County facilities to (i) acquire and improve land for park and open space purposes, (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, (iii) refund a portion of the County's outstanding debt for debt savings, and (iv) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2006, with installments ranging from $435 to $4,000. Interest payments occur annually on February 15th and August 15th ranging from 3.0% to 5.0%. The final principal and interest payment is due on February 15, 2025. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$43,175 Unlimited Tax Road and Refunding Bonds, Series 2005 were issued for the purpose of (i) constructing roads and highways throughout the County, (ii) refund a portion of the County's outstanding debt for debt savings, and (iii) to pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February 15, 2006, with installments ranging from $200 to $3,850. Interest payments occur annually on February 15th and August 15th ranging from 3.0% to 5.0%. The final principal and interest payment is due on February 15, 2025. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$33,800 Limited Tax Permanent Improvement Bonds, Series 2006 were issued for park purposes and County facilities to (i) acquire and improve land for park and open space purposes, (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, and (iii) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2006, with installments ranging from $680 to $2,535. Interest payments occur annually on February 15th and August 15th ranging from 4.0% to 5.0%. The final principal and interest payment is due on February 15, 2026. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

$15,920 Unlimited Tax Road Bonds, Series 2006, were issued for the purpose of (i) constructing roads and highways throughout the County and (ii) to pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February 15, 2007, with installments ranging from $320 to $1,195. Interest payments occur annually on February 15th and August 15th ranging from 4.0% to 5.0%. The final principal and interest payment is due on February 15, 2026. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$15,000 Tax Notes, Series 2006, were issued for the purpose of (i) acquiring software, hardware, and computer related equipment, (ii) the acquisition, construction, improvement, and equipping buildings for various county departments, (iii) pay professional services related to the Project, and (iv) pay costs of issuance associated with the sale of the Notes. Principal maturities will occur annually beginning February 15, 2007, with installments ranging from $1,945 to $2,449. Interest payments occur annually on February 15th and August 15th ranging at 4.0%. The final principal and interest payment is due on February 15, 2013. This bond issue is subject to rebatable arbitrage and is reviewed annually. 90% of any rebatable liability will be paid on the five-year anniversary dates.

$2,190 Limited Tax Permanent Improvement Bonds, Series 2007, were issued to (i) acquire and improve land for park and open space purposes, including joint city-county projects, and (ii) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2008, with installments ranging from $20 to $130. Interest payments occur annually on February 15th and August 15th ranging from 4.0% to 4.35%. The final principal and interest payment is due on February 15, 2027. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$63,375 Unlimited Tax Road and Refunding Bonds, Series 2007, will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects, (ii) refund a portion of the County's outstanding debt for debt savings, and (iii) to pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February 15, 2008, with installments ranging from $380 to $6,070. Interest payments occur annually on February 15th and August 15th ranging from 4.0% to 5.0%. The final principal and interest payment is due on February 15, 2027. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$16,715 Limited Tax Permanent Improvement and Refunding Bonds, Series 2008, were issued for park purposes and County facilities to (i) acquire and improve land for park and open space purposes, including joint county-city projects, (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, juvenile probation facilities and juvenile justice alternative education facilities and the acquisition of land therefore, (iii) refund a portion of the County's outstanding debt for debt savings, and (iv) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2009, with installments ranging from $270 to $2,710. Interest payments occur annually on February 15th and August 15th ranging from 3.5% to 5.0%. The final principal and interest payment is due on February 15, 2028. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

$41,000 Unlimited Tax Road and Refunding Bonds, Series 2008, will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects, and (ii) pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February 15, 2009, with installments ranging from $955 to $3,045. Interest payments occur annually on February 15th and August 15th ranging from 4.0% to 5.5%. The final principal and interest payment is due on February 15, 2028. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$30,080 Limited Tax Refunding and Permanent Improvement Bonds, Series 2009A, were issued to (i) acquire and improve land for park and open space purposes, including joint county-city projects, (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, juvenile probation facilities and juvenile justice alternative education program facilities and the acquisition of land therefore, (iii) refund a portion of the County's outstanding debt for debt savings, and (iv) pay the cost of issuance associated with the sale of the these bonds. Principal maturities will occur annually beginning on February 15, 2009, with installments ranging from $1,055 to $3,780. Interest payments occur annually on February 15th and August 15th ranging from 2.0% to 5.0%. The final principal and interest payment is due on February 15, 2025. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$9,990 Limited Tax Permanent Improvement Bonds, Taxable Series 2009B, were issued to (i) acquire and improve land for park and open space purposes, including joint county-city projects, (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, juvenile probation facilities and juvenile justice alternative education program facilities and the acquisition of land therefore, and (iii) pay the cost of issuance associated with the sale of the these bonds. A principal amount of $2,560 matures on February 15, 2019, and the remaining principal amount of $7,430 matures on February 15, 2029. Interest payments occur annually on February 15th and August 15th ranging from 4.6% to 6.3%. The final principal and interest payment is due on February 15, 2029. This Bond issue is not subject to rebate arbitrage. The United States Government will refund a portion of the interest to the County semi-annually.

$21,805 Unlimited Tax Road and Refunding Bonds, Series 2009A, will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects, (ii) refund a portion of the County's outstanding debt for debt savings, and (iii) to pay costs of issuance associated with the sale of these bonds. Principal maturities will occur annually beginning February 15, 2010, with installments ranging from $770 to $2,485. Interest payments occur annually on February 15th and August 15th ranging from 2.0% to 5.0%. The final principal and interest payment is due on February 15, 2025. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

$5,590 Unlimited Tax Road Bonds, Taxable Series 2009B, will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects, and (ii) to pay costs of issuance associated with the sale of these bonds. A principal amount of $1,470 matures on February 15, 2019, and the remaining principal amount of $4,120 matures on February 15, 2029. Interest payments occur annually on February 15th and August 15th ranging from 4.6% to 6.3%. The final principal and interest payment is due on February 15, 2029. This Bond issue is not subject to rebate arbitrage. The United States Government will refund a portion of the interest to the County semi-annually.

General Obligation Bonds Advanced Refunding

On September 29, 2009, the County issued $30,080 in Limited Tax Refunding & Permanent Improvement Bonds. Net proceeds of the sale of $12,862 were placed in an irrevocable escrow account. This portion has been invested in a trust in a manner that will provide amounts sufficient for the future payment of principal and interest on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability amount of the refunded bonds totaling $11,800 has been removed from the governmental activities column of the statements of net assets. The County's advanced refunding resulted in a gross reduction of its total debt service of $407 in Limited Tax debt service liability. The net present value benefit or economic gain was $464 or 3.932%.

Also on September 29, 2009, the County issued $21,805 in Unlimited Tax Road & Refunding Bonds. Net proceeds of the sale of $12,131 were placed in an irrevocable escrow account. This portion has been invested in a trust in a manner that will provide amounts sufficient for the future payment of principal and interest on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability amount of the refunded bonds totaling $11,765 has been removed from the governmental activities column of the statements of net assets. The County's advanced refunding resulted in a gross reduction of its total debt service of $565 in Limited Tax debt service liability. The net present value benefit or economic gain was $609 or 5.176%.

Prior Year Defeasance of Debt

In prior years the County defeased certain general obligation bonds by placing the proceeds of new bonds into irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of September 30, 2009, $87,123 of bonds is considered defeased.

Arbitrage Rebate Liabilities

The Tax Recovery Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local governmental bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. The County's cumulative rebate amount, which is recorded as a liability in governmental activities on the government-wide financial statements for bonds issued since 1985 and subject to arbitrage, is $643 at September 30, 2009.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

Changes in Noncurrent Liabilities

Noncurrent liabilities for the year ended September 30, 2009, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation	$ 389,985	$ 67,465	$ 48,055	$ 409,395	$ 26,404
Compensated absences	6,592	7,932	7,594	6,930	4,500
Claims and judgments	4,123	1,024	699	4,448	2,975
Unamortized bond premiums	12,071	2,142	731	13,482	107
Arbitrage	1,375	-	732	643	291
Loans payable	4,096	-	4,096	-	-
OPEB	7,389	6,210	150	13,449	450
Total governmental activity	$ 425,631	$ 84,773	$ 62,057	$ 448,347	$ 34,727

Compensated absences are liquidated in the funds that have employees (i.e., General Fund, General Road and Bridge Fund, Health Care Foundation Fund, etc.). Arbitrage liabilities are liquidated with Debt Service Funds.

The beginning balance of Loans Payable reflects the loan balance of a Loan Star loan with the State of Texas. Loan Star is a program operated by the State of Texas to assist with upgrading buildings to become more energy efficient. This loan was fully paid in 2009.

Contractual Maturities

The annual debt service for general obligation bonds is as follows:

Fiscal Year Ending September 30,	Governmental Activities	
	Principal	Interest
2010	$ 25,590	$ 17,648
2011	26,375	16,709
2012	25,335	15,658
2013	26,305	14,531
2014	23,990	13,380
2015-2019	129,480	49,068
2020-2024	102,755	22,454
2025-2029	49,565	3,975
	$ 409,395	$ 153,423

The Debt Service Funds have $7,547 available to service the general long-term bond retirement. There are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all significant limitations and restrictions.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Long-term Debt (Continued)

Conduit Debt

The Housing Finance Corporation issues single-family revenue bonds to provide financial assistance to qualified homeowners. As of September 30, 2009, there were 9 series of single-family and multi-family revenue bonds outstanding, with an aggregate principal amount payable of $1,153. This debt is not the obligation of the County. The HFC's liability to pay off debt is limited to revenues received on the loans made from the funds and the balance on the original funding held in trust.

(g) Interfund Receivables, Payable Balances and Transfers

Activity between funds that represent the current portion of lending/borrowing and inter-fund charges for goods and services arrangements outstanding at fiscal year-end are referred to as "Due to/from other funds." The composition of inter-fund balances as of September 30, 2009, is as follows:

	Due from	Due to
Due to/from other funds:		
General Fund	$ 924	$ 18
Health Care Foundation Special Revenue Fund	74	1
Nonmajor Funds	70	977
Internal Service Fund	123	195
Total	$ 1,191	$ 1,191

Activity between the General Fund and other funds represent additional funding for special activities and local matching of grants. An amount of $924 of the $1,191 represents General Fund transfers of which $624 was used to support nonmajor Special Revenue Fund activity. The remaining $71 was used to support grant programs and $195 for support of Internal Service Funds. All other activity, $34, was nonmajor fund activity to provide resources for projected arbitrage liabilities, debt refunding, and additional funding to better track bond resources.

Interfund advance activity is as follows:

	Advances from	Advances to
Advances from/to other funds:		
General Fund	$ 162	$ -
Unlimited Tax Road Bond 2007	14	-
Permanent Improvement	11,700	-
Nonmajor funds	1,341	-
Animal Safety Internal Service Fund	-	1,700
Collin County Toll Road Authority Fund	-	11,517
Total	$ 13,217	$ 13,217

These balances are a result of funding for two separate activities. The first is a $1,700 balance to fund the Animal Shelter in the Animal Safety fund. This is planned to be financed over a 10-year period. The second activity is financing the new Collin County Toll Road Authority Fund to build the Outer Loop (Loop 9) through Collin County. These advances are planned to be paid back in the future with toll revenues generated from this project.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(g) Interfund Receivables, Payable Balances and Transfers (Continued)

All transfers are reported under other financing sources (uses). The accumulated total of interfund transfers for the fiscal year ending September 30, 2009, is as follows:

	Transfer In	Transfer Out
Governmental Funds:		
General Fund	$ 162	$ 9,462
General Road and Bridge Fund	-	434
Unlimited Tax Road Bond 2007 Fund	14	-
Nonmajor Funds	36,814	25,577
Total	$ 36,990	$ 35,473

The General Fund transfer out mostly consists of budgeted transfers to support nonmajor Special Revenue Funds, of which the largest is $8,150 to support the Juvenile Probation Fund. Most of the transfer activity in the nonmajor funds is the result of shifting funds between debt service and capital projects funds after a new bond issue. Additionally, capital assets were transferred from governmental activities to the Collin County Toll Road Authority Enterprise Fund. An advance was recorded, as the Enterprise Fund is expected to repay the General Fund. This non-reciprocal transaction resulted in Transfers In exceeding Transfers Out by $1,517.

(h) Leases

As leasor, HCF has a number of non-cancelable operating leases with minimum future rentals in aggregate of $1,213. The buildings are carried at a cost of $6,286 with accumulated depreciation of $4,013. Future minimum rental payments applicable to the operating leases are as follows:

Fiscal Year Ending September 30,	Rental Payments
2010	$ 1,011
2011	144
2012	54
2013	4
	$ 1,213

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

(h) Leases (Continued)

Collin County leases office space under operating leases that expire over periods of up to six years. Most of the leases are non-cancelable and renewal options are available. A total cost of these leases was $2,132 for the year ended September 30, 2009. At September 30, 2009, future minimum rental payments applicable to the operating leases are as follows:

Fiscal Year Ending September 30	Future Rental Payments
2010	$ 1,324
2011	336
2012	335
2013	134
2014	3
	$ 2,132

V. OTHER INFORMATION

(a) Risk Management

The County has elected to provide a limited risk self-funded group health insurance program to eligible employees and dependents, and is partially self-insured against the risks arising from tort claims, workers' compensation benefits due employees who are injured while on duty, losses of funds by theft or mysterious disappearances in all fee offices of the County and any and all other claims asserted by employees and/or third parties against the County arising out of the normal conduct of County business. The County has also chosen to be a reimbursing employer under the unemployment compensation program administered by the Texas Employment Commission.

The Health Insurance Claims Fund was established to account for the County's group health and dental insurance. A third-party administrator, United Health Care, administers the County plan. During the year ended September 30, 2009, the County paid seven hundred sixty dollars ($760) per month for medical and dental benefits per budgeted position to the plan. Employees, at their option, authorized payroll deductions to pay premiums for dependents. In accordance with state law, the County was protected against catastrophic individual loss by stop-loss coverage carried through United Health Care. Individual stop-loss deductible is $100 per person.

Collin County has seen an increase in health insurance cost in fiscal year 2009. The fund has a fund balance of $7,756 down from $10,218 in 2008. Additional funding was not budgeted in fiscal year 2010; it is anticipated changes will be made in the 2011 budget to maintain the fund balance. The fund balance is currently healthy enough to absorb an increase in costs if needed. Claims in recent years have remained fairly stable. Management continues to monitor the claims going forward.

The County's Workers' Compensation Fund self-insurance program provides medical and indemnity payments as required by law for on-the-job related injuries up to a stop-loss of $275. The third-party administrator for the program, Tri-star, monitors the filing of claims, verifies the legitimacy of those claims, and processes payments to the injured employees. The County is protected against catastrophic individual or aggregate loss by stop-loss coverage carried through State National Insurance Company.

(continued)

V. OTHER INFORMATION (Continued)

(a) Risk Management (Continued)

Losses as a result of theft, mysterious disappearance, and damage or destruction of assets are accounted for in the Liability Claims Internal Service Fund. The County carries insurance through various commercial insurance companies to limit losses to reasonable deductible levels. The County did not experience any identified material violations of financial-related legal or contractual provisions.

Premiums are paid into each individual insurance internal service fund by all other funds. Contracted insurance providers receive disbursements from each fund based on monthly enrollment and premium calculations or actual cost plus an administrative fee. All of each fund's resources are available to pay the particular type of claims, claim reserves and administrative costs of that specific program. Liabilities of each fund are reported when it is probable that a loss or claim has occurred and the amount of the loss or claim is known or can be reasonably estimated.

Liabilities include an amount for claims or judgments that have been incurred but not reported. The estimate of the claims and judgments liability also includes amounts to guard against catastrophic loss. No settlements in the past three years have exceeded insurance coverage. Changes in the medical, workers' compensation and claims liability amounts in fiscal years 2008 and 2009 follow:

	Beginning Liability	Current Year Claims and Changes in Estimates	Claims Payments	Ending Liability
2009 Medical	$ 2,967	$ 19,719	$ 19,378	$ 3,308
2008 Medical	2,228	18,482	17,743	2,967
2009 Workers' Compensation	701	657	695	663
2008 Workers' Compensation	672	493	464	701
2009 Claims Liability	457	969	968	458
2008 Claims Liability	549	1,022	1,114	457

(b) Commitments and Contingencies

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

The County is named as a defendant in various lawsuits related to alleged violations of constitutional and employment rights. In all of these cases, the County is denying the allegations and is vigorously defending against them. County officials estimate that the potential claims against the County will not materially adversely affect the financial position of the County.

(continued)

V. OTHER INFORMATION (Continued)

(c) Longevity Pay

Longevity pay for the County's employees is calculated and paid annually if approved by the Commissioners' Court. The formula for its calculation has been adopted as policy by the Court however it is only available to employees hired before December 18, 2007. The liability for the 2010 budget year has been recorded in the Government Fund Statements as a current expenditure since the liability was paid as part of the last payroll in fiscal year 2010.

(d) Post-Retirement Health Benefits

1) Plan Description

The County adopted a new post-retirement, single-employer defined benefit health plan for its employees effective January 1, 2007. All retirees are now given the opportunity to purchase health benefits through the County based at cost at age 65 even if they retire early. At age 65, retirees who meet the 8 years of continuous fulltime service and the rule of 75 are given a period of 31 days after the retiree's 65th birthday to continue or begin health insurance coverage at reduced rates based on the annual basis of existing employees applying the following criteria:

8 – 10 years of fulltime service with Collin County – 25% rate reduction

11 – 15 years of fulltime service with Collin County – 50% rate reduction

16 – 19 years of fulltime service with Collin County – 75% rate reduction

20 + years of fulltime service with Collin County – 100% rate reduction

The applicable coverage amount applies to both retiree and the retiree's spouse when they reach age 65 and is available only if the retiree is not covered under another insurance policy other than Medicare. Spouse coverage is only available if they were on the County's plan prior to the employee's retirement from the County. County coverage is secondary to eligibility for Medicare coverage.

2) Funding Policy

Collin County's optional post retirement benefit liability is recorded at full-accrual in the government-wide statements. An actuarial study was performed in accordance with GASB 45. The projected liability accrual for fiscal year 2009 has been recorded net of health care claims for retired employees. Collin County took a fund as needed approach to post employment health insurance coverage in fiscal year 2009; however, an amount of $2.2 million was set aside in fiscal year 2009 to reduce the liability in a future year.

Collin County is required to record the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC is 8.4 percent of annual covered payroll.

(continued)

V. OTHER INFORMATION (Continued)

(d) Post-Retirement Health Benefits (Continued)

3) Annual OPEB Cost

For 2009, the County's annual OPEB cost (expense) of $6,060 was equal to ARC less the retired employee health claims in accordance with the benefit plan. This is the second year OPEB disclosure has been required so only 2008 and 2009 is presented below. The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2009 was as follows:

	Annual OPEB Cost		
Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2007	$ -	0%	$ -
September 30, 2008	7,856	6%	7,389
September 30, 2009	6,210	2%	6,060

4) Funding Status and Funding Progress

The funding status of the plan as of September 30, 2009, was as follows:

Actuarial accrued liability (AAL)	$ 37,462
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 37,462
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 76,955
UAAL as a percentage of covered payroll	48.68%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and health care cost trends. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes of the financial statements, presents multiyear trend information that show whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(continued)

V. OTHER INFORMATION (Continued)

(d) Post-Retirement Health Benefits (Continued)

5) Actuarial Methods and Assumptions (Continued)

Actuarial Valuation Information and Assumptions

Measurement date:	Benefit liabilities are valued as of October 31, 2008
Discount rate for valuing liabilities:	4.00% per annum, compounded annually
Mortality rates:	Health lives: 1994 UP Mortality Table for respective gender
Salary scale:	N/A
Actuarial cost method:	Unit Credit Cost Method
Amortization method:	Level dollar
Amortization period:	Closed; 29 years
Level dollar amortization factor:	17.6631

Retirement Rates:

Ages	Male	Female
40 - 44	5.0%	5.0%
45 - 49	10.0%	10.0%
50 - 54	14.0%	16.0%
55 - 59	14.0%	16.0%
60	14.0%	16.0%
61	14.0%	16.0%
62	32.0%	32.0%
63	18.0%	18.0%
64	18.0%	18.0%
65	35.0%	35.0%
66 and over	25.0%	25.0%

Medical Inflation:

	Health Care Trend Rates	
Plan Year Ending	Medical Plan	Dental Plan
2009 to 2010	7.80%	5.66%
2010 to 2011	7.30%	5.53%
2011 to 2012	6.70%	5.39%
2012 to 2013	6.70%	5.26%
2013 to 2014	6.70%	5.12%
2014 to 2015	6.70%	4.99%
2077 to 2078 and after	4.90%	4.00%

(continued)

V. OTHER INFORMATION (Continued)

(e) Retirement Commitments

(1) Plan Description

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). The Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee defined benefit pension retirement system consisting of 574 public employee defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the state statutes governing the TCDRS (TCDRS Act). Members employed by Collin County can retire at age 60 and above with eight or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equal 75 or more. Members are vested after eight years of employment, but must leave their accumulated contributions in the plan to receive any employer-financed benefit.

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 by 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.

(2) Funding Policy

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 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 using the actuarially determined rate of 12.5 % for the months of the accounting year in 2008 and 13.0 % for 2009. The contribution rate payable by the employee members for the calendar years of 2008 and 2009 is 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.

(continued)

V. OTHER INFORMATION (Continued)

(e) Retirement Commitments (Continued)

(3) Annual Pension Cost

For the accounting year ended September 30, 2009, the annual pension cost for Collin County to the TCDRS plan for its employees was $16,736 and the actual contributions were $16,736. The actual contributions was actuarially determined as a percentage of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actual actuarial valuations as of December 31, of 2006, 2007 and 2008, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2006 and ending with 2008. The December 31, 2008 actuarial valuation is the most recent valuation. Funding information differs from prior compliance data due to plan changes effective January 1, 2007.

Actuarial Valuation Information

Actuarial valuation date	12/31/2006	12/31/2007	12/31/2008
Actuarial cost method	Entry age	Entry age	Entry age
Amortization cost method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Asset valuation method	SAF: 10 year smoothed value ESF: Fund value	SAF: 10 year smoothed value ESF: Fund value	SAF: 10 year smoothed value ESF: Fund value
Actuarial assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

Annual Pension Cost

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2007	$ 14,518	100%	—
September 30, 2008	16,452	100%	—
September 30, 2009	16,736	100%	—

(f) Cost-sharing Arrangement

In January 2006, Collin County Commissioners' Court approved a Letter of Understanding and resolution for the recommendation to purchase and implement Tyler Technologies "Odyssey" as the single Common Integrated Justice System (CIJS) for the County. This cost-sharing arrangement is intended to spread the cost of developing a statewide courts system between all the counties currently participating and those who participate in the system in the future.

In March 2006, Collin County entered into an agreement with the Texas Conference of Urban Counties and Tyler Technologies to participate in the development of CIJS and issued tax notes to fund the project. Of the $15,477 in resources encumbered and reserved for this project, $6,488 has been expended or encumbered as of September 30, 2009, leaving a balance of $8,988. The court civil case project has been implemented and the criminal case project is scheduled to be operational in August 2010.

(continued)

V. OTHER INFORMATION (Continued)

(g) Subsequent Events

Collin County was awarded two road project grants from the State of Texas from their Regional Tollroad Authority funds of approximately $8 million and $12 million. The $8 million will be used in conjunction with the City of Wylie to reconstruct a portion of FM 1378. The $12 million will be used for construction of the Outer Loop (Loop 9) project.

COLLIN COUNTY, TEXAS

Required Supplementary Information

Schedule of Revenues, Expenditures, and

Changes in Fund Balance – Budget (GAAP Basis) and Actual

General Fund

For the Year Ended September 30, 2009

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(negative)
Revenues:				
Taxes:				
Property	$ 119,222	$ 119,222	$ 119,981	$ 759
Fees and permits	13,085	13,085	11,297	(1,788)
Federal and state funds	3,679	3,713	3,993	280
Charges for services	6,082	6,082	5,357	(725)
Fines and forfeitures	2,771	2,771	2,270	(501)
Interest	5,240	5,240	3,484	(1,756)
Miscellaneous	443	443	817	374
Total revenues	150,522	150,556	147,199	(3,357)
Expenditures:				
Current:				
General administration	37,474	33,357	23,809	9,548
Judicial	14,559	14,639	13,846	793
Financial administration	10,904	11,018	9,946	1,072
Legal	10,464	10,519	10,322	197
Public facilities	10,816	11,070	10,172	898
Equipment services	2,298	2,305	1,919	386
Public safety	45,038	45,912	44,931	981
Health and welfare	10,879	11,831	11,315	516
Culture and recreation	573	573	496	77
Conservation	308	308	285	23
Capital outlay	3,841	3,971	2,315	1,656
Debt service:				
Principal retirement	-	4,096	4,096	-
Interest and fiscal charges	-	414	414	-
Total expenditures	147,154	150,013	133,866	16,147
Excess of revenues over expenditures	3,368	543	13,333	12,790
Other financing sources (uses):				
Transfers in	-	-	162	162
Transfers out	(8,668)	(9,572)	(9,462)	110
Sale of assets	75	75	80	5
Total other financing sources (uses)	(8,593)	(9,497)	(9,220)	277
Net change in fund balance	(5,225)	(8,954)	4,113	13,067
Fund balance – beginning	129,513	129,513	129,513	-
Fund balance – ending	$ 124,288	$ 120,559	$ 133,626	$ 13,067

COLLIN COUNTY, TEXAS

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget (GAAP Basis) and Actual
General Road and Bridge Special Revenue Fund
For the Year Ended September 30, 2009

	Budget			Variance with Final Budget positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Property	$ 4,070	$ 4,070	$ 4,096	$ 26
Federal and state funds	-	5,130	5,130	-
Fees and permits:				
Road mileage fees	5,350	5,350	6,032	682
Vehicle title fees	760	760	641	(119)
Road and bridge fees	5,465	5,465	6,209	744
Culvert permit	3	3	1	(2)
Total fees and permits	11,578	11,578	12,883	1,305
Fines and forfeitures:				
County clerk	-	-	1,549	1,549
District clerk	-	-	336	336
County courts	1,335	1,335	49	(1,286)
District courts	570	570	280	(290)
Total fines and forfeitures	1,905	1,905	2,214	309
Interest	305	305	285	(20)
Miscellaneous:				
Sale of road and bridge materials	230	230	353	123
Other and grants	16	16	7	(9)
Total miscellaneous	246	246	360	114
Total revenues	18,104	23,234	24,968	1,734
Expenditures:				
Current:				
Public transportation:				
Road and bridge maintenance:				
Salaries and benefits	5,456	5,456	5,266	190
Maintenance and operating	14,248	14,248	9,817	4,431
Total road and bridge maintenance	19,704	19,704	15,083	4,621
Engineering:				
Salaries and benefits	439	439	380	59
Maintenance and operating	18	18	14	4
Total engineering	457	457	394	63

(continued)

COLLIN COUNTY, TEXAS

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget (GAAP Basis) and Actual
General Road and Bridge Special Revenue Fund, continued
For the Year Ended September 30, 2009

	Budget			Variance with Final Budget positive (negative)
	Original	Final	Actual	
Services and operations:				
Salaries and benefits	$ 440	$ 440	$ 437	$ 3
Maintenance and operating	14	14	2	12
Total services and operations	454	454	439	15
Soil conservation:				
Maintenance and operating	60	60	49	11
Special projects:				
Salaries and benefits	267	267	219	48
Maintenance and operating	5	5	-	5
Total special projects	272	272	219	53
Non-departmental:				
Maintenance and operating	1,118	1,118	155	963
Air Check Texas				
Maintenance and operating	-	5,130	5,130	-
Capital outlay:				
Public transportation:				
Road and bridge maintenance	1,888	1,455	854	601
Total capital outlay	1,888	1,455	854	601
Total expenditures	23,953	28,650	22,323	6,327
Excess (deficiency) of revenues over (under) expenditures	(5,849)	(5,416)	2,645	8,061
Other financing sources (uses):				
Transfers out	-	(434)	(434)	-
Sale of assets	102	102	61	(41)
Total other financing sources (uses)	102	(332)	(373)	(41)
Net change in fund balance	(5,747)	(5,748)	2,272	8,020
Fund balance - beginning	13,901	13,901	13,901	-
Fund balance - ending	$ 8,154	$ 8,153	$ 16,173	$ 8,020

COLLIN COUNTY, TEXAS

Required Supplementary Information
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget (GAAP Basis) and Actual
Health Care Foundation Special Revenue Fund
For the Year Ended September 30, 2009

	Budget			Variance with Final Budget positive (negative)
	Original	Final	Actual	
Revenues:				
Federal and state funds	$ 127	$ 127	$ 156	$ 29
Fees and permits	468	468	436	(32)
Rental revenues	1,147	1,147	1,145	(2)
Interest	328	328	577	249
Miscellaneous	143	143	26	(117)
Total revenues	2,213	2,213	2,340	127
Expenditures:				
Current:				
Health and welfare:				
Salaries and benefits	1,940	1,940	1,322	618
Maintenance and operating	2,224	2,475	2,475	-
Total health and welfare	4,164	4,415	3,797	618
Public facilities:				
Maintenance and operating	442	442	300	142
Total public facilities	442	442	300	142
Total expenditures	4,606	4,857	4,097	760
Excess (deficiency) of revenues over (under) expenditures	(2,393)	(2,644)	(1,757)	887
Fund balance – beginning	15,658	15,658	15,658	-
Fund balance – ending	$ 13,265	$ 13,014	$ 13,901	$ 887

COLLIN COUNTY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2009

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted for all governmental funds except Farm Museum Memorial, District Attorney Service Fee, Myers Park Foundation, Tax Assessor/Collector Motor Vehicle Tax, Justice Court Technology, Dangerous Wild Animal, Economic Development, L.E.O.S.E. Education, Juvenile Delinquency Prevention, Child Abuse Prevention, Court Initiated Guardianship, District Attorney Deferred Prosecution Program, Drug Court Program, SCAAP, County Court-at-Law Fee Program, Excess Distribution and Grants Special Revenue Funds, and all bond funds. No appropriations were approved out of the individual funds listed. The budget for each bond issue is adopted at the time the bonds are issued and rolled from year to year until the funding is exhausted. Juvenile Probation/Alternative Education Funds budget is not adopted as part of the County's budget, but is ministerially adopted after the Juvenile Probation Board formally approves it. All grants funds budgets are adopted at the state and federal level and ministerially adopted by Commissioners' Court. All governmental fund annual appropriations lapse at fiscal year-end.

On or before the last day of May of each year, all departments of the County submit requests for appropriations to the Budget Officer. The initial budget request and the Budget Officer's recommendations are provided to the Court beginning early July. Commissioners' Court holds budget hearings to allow departments to justify requests not included in the Budget Officer's proposed budget. They hold public hearings and publish notices starting in August on the timetable required by state statute. By September 1 or as soon as possible the budget and tax rate are adopted with tax notices mailed on or after October 1.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, maintenance and operating, training and travel, and capital assets are the legal levels used. Effective September 1, 2005, the Court amended this policy to allow the Budget Officer/Finance Director to amend the budget as needed for appropriation line items with a "For Your Information Notification" to the Court for all amendments over $5,000. This change required the County Auditor to spend additional audit time and resulted in the reallocation of expenditures to comply with GAAP for proper asset classification and reporting purposes.

Encumbrance accounting is utilized by governmental entities. Encumbrances (i.e. purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Employees Retirement System Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2006	$ 162,567	$ 185,341	$ 22,774	87.71%	$ 71,361	31.91%
December 31, 2007	185,082	209,955	24,873	88.15%	78,560	31.66%
December 31, 2008	189,983	231,578	41,595	82.04%	74,027	56.19%

Retired Employees Health Care Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2008	$ -	$ 57,216	$ 57,216	- %	$ 70,737	80.89%
December 31, 2009	-	37,462	37,462	- %	74,027	50.61%

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APPENDIX C

FORMs OF BOND COUNSEL'S OPINIONS

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[Closing Date]

$_____
COLLIN COUNTY, TEXAS
UNLIMITED TAX REFUNDING BONDS,
SERIES 2010

WE HAVE represented Collin County, Texas (the "Issuer"), as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

> COLLIN COUNTY, TEXAS UNLIMITED TAX REFUNDING BONDS, SERIES 2010, dated October 1, 2010.
>
> The Bonds mature, bear interest and may be transferred and exchanged as set out in the Bonds and in the order adopted by the Commissioners Court of the Issuer authorizing their issuance (the "Order").

WE HAVE represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, which contains certified copies of certain proceedings of the Issuer; an escrow agreement (the "Escrow Agreement") between the Issuer and The Bank of New York Mellon Trust Company, N. A., as escrow agent (the "Escrow Agent"), the report (the "Report") of Grant Thornton LLP, Certified Public Accountants (the "Verification Agent"), verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the obligations being refunded and the mathematical accuracy of certain computations of the yield on the Bonds and obligations

acquired with the proceeds of the Bonds; certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer, and other public officials, and other certified showings relating to the authorization and issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the obligations being refunded. We have further examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of Treasury regulations, and rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer;

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the bonds being refunded pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent on the date of delivery of the Bonds, and, therefore, such bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such Escrow Agreement; and

(C) A continuing ad valorem tax upon all taxable property within Collin County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, without limit as to rate or amount, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitations.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT, or a REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the Issuer, the Issuer's financial advisors and the Underwriters of the Bonds with respect to matters solely within the knowledge of the Issuer, the Issuer's financial advisors and the Underwriters, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Order pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. We have further relied on the Report of the Verification Agent, regarding the mathematical accuracy of certain computations. If such representations or the Report are determined to be inaccurate or incomplete or the Issuer fails to comply with the foregoing provisions of the Order, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we 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.

Owners 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 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).

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of

existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. 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. We observe that the Issuer has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

[Closing Date]

$_____
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS,
SERIES 2010

WE HAVE represented Collin County, Texas (the "Issuer"), as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

> COLLIN COUNTY, TEXAS LIMITED TAX REFUNDING BONDS, SERIES 2010, dated October 1, 2010.
>
> The Bonds mature, bear interest and may be transferred and exchanged as set out in the Bonds and in the order adopted by the Commissioners Court of the Issuer authorizing their issuance (the "Order").

WE HAVE represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, which contains certified copies of certain proceedings of the Issuer; an escrow agreement (the "Escrow Agreement") between the Issuer and The Bank of New York Mellon Trust Company, N. A., as escrow agent (the "Escrow Agent"), the report (the "Report") of Grant Thornton LLP, Certified Public Accountants (the "Verification Agent"), verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the obligations being refunded and

the mathematical accuracy of certain computations of the yield on the Bonds and obligations acquired with the proceeds of the Bonds; customary certificates of officers, agents and representatives of the Escrow Agent, the Issuer, and other public officials, and other certified showings relating to the authorization and issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the obligations being refunded. We have further examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of Treasury regulations, and rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer;

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the bonds being refunded pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent on the date of delivery of the Bonds, and, therefore, such bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such Escrow Agreement; and

(C) A continuing ad valorem tax upon all taxable property within Collin County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitations.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT or a REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the Issuer, the Issuer's financial advisors and the Underwriters of the Bonds with respect to matters solely within the knowledge of the Issuer, the Issuer's financial advisors and the Underwriters, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Order pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. We have further relied on the Report of the Verification Agent, regarding the mathematical accuracy of certain computations. If such Report or representations are determined to be inaccurate or incomplete or the Issuer fails to comply with the foregoing provisions of the Order, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we 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.

Owners 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 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).

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to

update or supplement these opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. 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. We observe that the Issuer has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Financial Advisory Services
Provided By

FirstSouthwest
A PlainsCapital Company

Cash Flow and Yield Verification Report

Collin County, Texas
(Limited Tax Bonds)

November 17, 2010

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Exhibit A	Schedule of Sources and Uses of Funds
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Exhibit B-2	Debt Service Payment on the 2001 Bonds and Debt Service Payments to Maturity on the 2001 Bonds
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Exhibit C-1	Original Issue Premium on the Limited Tax Bonds
Appendix I	Applicable schedules provided by FirstSouthwest



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Report of Independent Certified Public Accountants
On Applying Agreed-Upon Procedures

Collin County
2300 Bloomdale Road, Suite 4100
McKinney, Texas

Vinson & Elkins L.L.P.
2001 Ross Avenue, Suite 3700
Dallas, Texas

Stifel, Nicolaus & Company, Incorporated
70 Northeast Loop 410, Suite 295
San Antonio, Texas

The Bank of New York Mellon
Trust Company, N.A.
2001 Bryan Street, 11th Floor
Dallas, Texas

FirstSouthwest
777 Main Street, Suite 1200
Fort Worth, Texas

Texas Attorney General's Office
300 West 15th Street, Seventh Floor
Austin, Texas

$8,120,000
Collin County, Texas
Limited Tax Refunding Bonds, Series 2010
Dated October 1, 2010

We have performed the procedures described in this report, which were agreed to by Collin County, Texas (the "County") and FirstSouthwest (the "Financial Advisor"), to verify the mathematical accuracy of certain computations contained in the schedules attached in Appendix I provided by the Financial Advisor. The Financial Advisor is responsible for these schedules. These procedures were performed solely to assist you in the issuance of the above-captioned bond issue (the "Limited Tax Bonds") for the purpose of refunding portions of the County's outstanding Limited Tax Permanent Improvement Bonds, Series 2001 (the "2001 Bonds") and Limited Tax Permanent Improvement Bonds, Series 2002 (the "2002 Bonds") (collectively referred to as the "Refunded Bonds") as summarized on the next page. This engagement was performed in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the addressees of this report who are the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described in this report either for the purpose for which this report has been requested or for any other purpose.

Series	Principal Issued	Dated	Principal Refunded	Maturities Refunded	Redemption Date	Redemption Price
2001	$4,975,000	August 1, 2001	$770,000	2-15-12 to 2-15-14	2-15-11	100%
2002	$26,000,000	May 1, 2002	$7,310,000	2-15-13 to 2-15-17	2-15-12	100%

VERIFICATION OF ESCROW ACCOUNT CASH FLOW SUFFICIENCY

The Financial Advisor provided us with schedules (Appendix I) summarizing future escrow account cash receipts and disbursements. These schedules indicate that there will be sufficient cash available in the escrow account to pay the principal and interest on the Refunded Bonds assuming the 2001 Bonds will be redeemed on February 15, 2011 at 100 percent of par plus accrued interest and the 2002 Bonds will be redeemed on February 15, 2012 at 100 percent of par plus accrued interest.

The attached Exhibit A (Schedule of Sources and Uses of Funds) was compiled based upon information provided by the Financial Advisor.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared schedules attached hereto as Exhibits B through B-3 independently calculating future escrow account cash receipts and disbursements and compared the information used in our calculations to the information listed below contained in applicable pages of the following documents:

- Subscription confirmation, dated September 30, 2010, and Schedule of U.S. Treasury Securities provided by the Financial Advisor used to acquire certain United States Treasury Securities - State and Local Government Series (the "SLGS") insofar as the SLGS are described as to the principal amounts, interest rates, maturity dates, issuance date and first interest payment date; and

- Orders for the Refunded Bonds provided by Vinson & Elkins L.L.P. insofar as the Refunded Bonds are described as to the maturity and interest payment dates, principal amounts, interest rates and optional redemption dates and price.

In addition, we compared the interest rates for each maturity of the SLGS, as shown on the Schedule of U.S. Treasury Securities, with the maximum allowable interest rates shown on the Department of Treasury, Bureau of Public Debt, SLGS Table for use on September 30, 2010 and found that the interest rates were equal to the maximum allowable interest rates for each maturity.

Our procedures, as summarized in Exhibits B through B-3, prove the mathematical accuracy of the schedules provided by the Financial Advisor summarizing future escrow account cash receipts and disbursements. The schedules provided by the Financial Advisor and those prepared by us reflect that the anticipated receipts from the SLGS, together with an initial cash deposit of $0.61 to be deposited into the escrow account on November 17, 2010, will be sufficient to pay, when due, the principal and interest related to the Refunded Bonds assuming the 2001 Bonds will be redeemed on February 15, 2011 at 100 percent of par plus accrued interest and the 2002 Bonds will be redeemed on February 15, 2012 at 100 percent of par plus accrued interest.

VERIFICATION OF YIELDS

The Financial Advisor provided us with schedules (Appendix I) which indicate that the yield on the cash receipts from the SLGS is less than the yield on the Limited Tax Bonds. These schedules were prepared based on the assumed settlement date of November 17, 2010 using a 360-day year with interest compounded semi-annually. The term "yield", as used herein, means that yield which, when used in computing the present value of all payments of principal and interest to be paid or received on an obligation produces an amount equal to, in the case of the cash receipts from the SLGS, the purchase price, and in the case of the Limited Tax Bonds, the issue price.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared schedules attached hereto as Exhibits B-1 and C independently calculating the yields on (i) the cash receipts from the SLGS calculated on Exhibit B-1, and (ii) the Limited Tax Bonds using the Official Statement provided by the Financial Advisor insofar as the Limited Tax Bonds are described as to the maturity and interest payment dates, dated date, principal amounts, interest rates and issue price to the public. The results of our calculations, based on the aforementioned assumptions, are summarized below:

	Yield	Exhibit
• Yield on the cash receipts from the SLGS	0.246900%	B-1
• Yield on the Limited Tax Bonds	1.422319%	C

Our procedures, as summarized in Exhibits B-1 and C, prove the mathematical accuracy of the schedules provided by the Financial Advisor summarizing the yields. The schedules provided by the Financial Advisor and those prepared by us reflect that the yield on the cash receipts from the SLGS is less than the yield on the Limited Tax Bonds.

* * * * * *

We were not engaged to, and did not, perform an examination in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants, the objective of which would be the expression of an examination opinion on the items referred to above. Accordingly we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of those to whom this letter is addressed and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Minneapolis, Minnesota
November 17, 2010

Exhibit A

Collin County, Texas

SCHEDULE OF SOURCES AND USES OF FUNDS

November 17, 2010

SOURCES:	
Principal amount of the Limited Tax Bonds	$8,120,000.00
Original issue premium	588,136.20
Accrued interest	32,589.72
	$8,740,725.92
USES:	
Purchase price of the SLGS	$8,588,520.00
Beginning cash deposit to the escrow account	0.61
Underwriters' discount	42,074.80
Costs of issuance	75,000.00
Deposit to Debt Service Fund	32,589.72
Contingency	2,540.79
	$8,740,725.92

Exhibit B

Collin County, Texas

ESCROW ACCOUNT CASH FLOW

Dates	Cash receipts from SLGS (Exhibit B-1)	Debt service payments on Refunded Bonds (Exhibits B-2 and B-3)	Cash balance
Cash deposit on November 17, 2010			$0.61
02-15-11	$958,840.04	$958,840.00	0.65
08-15-11	171,756.36	171,756.25	0.76
02-15-12	7,481,755.52	7,481,756.25	0.03
	$8,612,351.92	$8,612,352.50	

Exhibit B-1

Collin County, Texas

CASH RECEIPTS FROM AND YIELD ON THE SLGS

Receipt date	Principal	Interest rate	Interest	Cash receipts from SLGS	Present value on November 17, 2010 using a yield of 0.246900%
02-15-11	$953,942	0.140%	$4,898.04	$958,840.04	$958,261.88
08-15-11	162,163	0.210%	9,593.36	171,756.36	171,441.15
02-15-12	7,472,415	0.250%	9,340.52	7,481,755.52	7,458,816.97
	$8,588,520		$23,831.92	$8,612,351.92	$8,588,520.00
Purchase price of the SLGS					$8,588,520.00

The sum of the present values of the cash receipts from the SLGS on November 17, 2010, using a yield of 0.246900%, is equal to the purchase price of the SLGS.

Exhibit B-2

Collin County, Texas

DEBT SERVICE PAYMENT ON THE 2001 BONDS AND DEBT SERVICE PAYMENTS TO MATURITY ON THE 2001 BONDS

Date	Principal	Interest rate	Interest	Debt service payment
02-15-11	$770,000	(1)	$17,083.75	$787,083.75

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Date	Principal	Interest rate	Interest	Debt service payments to maturity
02-15-11			$17,083.75	$17,083.75
08-15-11			17,083.75	17,083.75
02-15-12	$245,000	4.300%	17,083.75	262,083.75
08-15-12			11,816.25	11,816.25
02-15-13	255,000	4.450%	11,816.25	266,816.25
08-15-13			6,142.50	6,142.50
02-15-14	270,000	4.550%	6,142.50	276,142.50
	$770,000		$87,168.75	$857,168.75

Exhibit B-3

Collin County, Texas

DEBT SERVICE PAYMENTS ON THE 2002 BONDS AND DEBT SERVICE PAYMENTS TO MATURITY ON THE 2002 BONDS

Date	Principal	Interest rate	Interest	Debt service payments
02-15-11			$171,756.25	$171,756.25
08-15-11			171,756.25	171,756.25
02-15-12	$7,310,000	(1)	171,756.25	7,481,756.25
	$7,310,000		$515,268.75	$7,825,268.75

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Date	Principal	Interest rate	Interest	Debt service payments to maturity
02-15-11			$171,756.25	$171,756.25
08-15-11			171,756.25	171,756.25
02-15-12			171,756.25	171,756.25
08-15-12			171,756.25	171,756.25
02-15-13	$1,315,000	4.500%	171,756.25	1,486,756.25
08-15-13			142,168.75	142,168.75
02-15-14	1,385,000	4.600%	142,168.75	1,527,168.75
08-15-14			110,313.75	110,313.75
02-15-15	1,460,000	4.700%	110,313.75	1,570,313.75
08-15-15			76,003.75	76,003.75
02-15-16	1,535,000	4.800%	76,003.75	1,611,003.75
08-15-16			39,163.75	39,163.75
02-15-17	1,615,000	4.850%	39,163.75	1,654,163.75
	$7,310,000		$1,594,081.25	$8,904,081.25

Exhibit C

Collin County, Texas

DEBT SERVICE PAYMENTS AND YIELD ON THE LIMITED TAX BONDS

	$8,120,000 issue dated October 1, 2010				Present value on November 17, 2010 using a yield of
Date	Principal	Interest rate	Interest	Total debt service	1.422319%
02-15-11	$110,000	2.000%	$94,935.28	$204,935.28	$204,226.52
08-15-11			126,425.00	126,425.00	125,098.11
02-15-12	285,000	2.000%	126,425.00	411,425.00	404,232.18
08-15-12			123,575.00	123,575.00	120,557.22
02-15-13	1,600,000	3.000%	123,575.00	1,723,575.00	1,669,610.63
08-15-13			99,575.00	99,575.00	95,776.23
02-15-14	1,660,000	3.000%	99,575.00	1,759,575.00	1,680,496.48
08-15-14			74,675.00	74,675.00	70,815.36
02-15-15	1,440,000	3.000%	74,675.00	1,514,675.00	1,426,244.86
08-15-15			53,075.00	53,075.00	49,623.46
02-15-16	1,485,000	3.000%	53,075.00	1,538,075.00	1,427,897.25
08-15-16			30,800.00	30,800.00	28,391.78
02-15-17	1,540,000	4.000%	30,800.00	1,570,800.00	1,437,755.85
	$8,120,000		$1,111,185.28	$9,231,185.28	$8,740,725.92

The present value of the future payments is equal to:	
Principal amount of the Limited Tax Bonds	$8,120,000.00
Accrued interest	32,589.72
Original issue premium	588,136.20
	$8,740,725.92

The sum of the present values of the debt service payments of the Limited Tax Bonds on November 17, 2010, using using a yield of 1.422319%, is equal to the issue price of the Limited Tax Bonds.

Exhibit C-1

Collin County, Texas

ORIGINAL ISSUE PREMIUM ON THE LIMITED TAX BONDS

Maturity date	Principal	Interest rate	Yield	Initial public offering price	Original issue premium
02-15-11	$110,000	2.000%	0.375%	100.396%	$435.60
02-15-12	285,000	2.000%	0.570%	101.770%	5,044.50
02-15-13	1,600,000	3.000%	0.780%	104.929%	78,864.00
02-15-14	1,660,000	3.000%	0.980%	106.434%	106,804.40
02-15-15	1,440,000	3.000%	1.290%	107.039%	101,361.60
02-15-16	1,485,000	3.000%	1.600%	107.014%	104,157.90
02-15-17	1,540,000	4.000%	1.880%	112.433%	191,468.20
	$8,120,000				$588,136.20

APPENDIX I

Applicable schedules provided by FirstSouthwest

Final

$8,120,000

Collin County, Texas

Limited Tax Refunding Bonds, Series 2010

Sources & Uses

Dated 10/01/2010 | Delivered 11/17/2010

Sources Of Funds	
Par Amount of Bonds	$8,120,000.00
Reoffering Premium	588,136.20
Accrued Interest from 10/01/2010 to 11/17/2010	32,589.72
Total Sources	**$8,740,725.92**

Uses Of Funds	
Total Underwriter's Discount (0.518%)	42,074.80
Costs of Issuance	75,000.00
Deposit to Debt Service Fund	32,589.72
Deposit to Current Refunding Fund	8,588,520.61
Rounding Amount	2,540.79
Total Uses	**$8,740,725.92**

$8,120,000

Collin County, Texas

Limited Tax Refunding Bonds, Series 2010

Current Refunding Escrow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
11/17/2010	-	-	-	0.61	-	0.61
02/15/2011	953,942.00	0.140%	4,898.03	958,840.03	958,840.00	0.64
08/15/2011	162,163.00	0.210%	9,593.35	171,756.35	171,756.25	0.74
02/15/2012	7,472,415.00	0.250%	9,340.51	7,481,755.51	7,481,756.25	-
Total	**$8,588,520.00**	-	**$23,831.89**	**$8,612,352.50**	**$8,612,352.50**	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield
Cash Deposit	0.61
Cost of Investments Purchased with Bond Proceeds	8,588,520.00
Total Cost of Investments	$8,588,520.61
Target Cost of Investments at bond yield	$8,476,432.42
Actual positive or (negative) arbitrage	(112,088.19)
Yield to Receipt	0.2468999%
Yield for Arbitrage Purposes	1.4223188%
State and Local Government Series (SLGS) rates for	9/30/2010

$8,120,000

Collin County, Texas

Limited Tax Refunding Bonds, Series 2010

Current Refunding Escrow Summary Cost

Maturity	Type	Coupon	Yield	Price	Par Amount	Principal Cost	+Accrued Interest	= Total Cost
Current Refunding Escrow								
02/15/2011	SLGS-CI	0.140%	0.140%	100-.000000	953,942	953,942.00	-	953,942.00
08/15/2011	SLGS-CI	0.210%	0.210%	100-.000000	162,163	162,163.00	-	162,163.00
02/15/2012	SLGS-NT	0.250%	0.250%	100-.000000	7,472,415	7,472,415.00	-	7,472,415.00
Subtotal		-	-	-	**$8,588,520**	**$8,588,520.00**	-	**$8,588,520.00**
Total		-	-	-	**$8,588,520**	**$8,588,520.00**	-	**$8,588,520.00**

Current Refunding Escrow	
Cash Deposit	0.61
Cost of Investments Purchased with Bond Proceeds	8,588,520.00
Total Cost of Investments	$8,588,520.61

Delivery Date	11/17/2010

$8,120,000

Collin County, Texas

Limited Tax Refunding Bonds, Series 2010

Summary Of Bonds Refunded

Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
Dated 8/15/2008 | Delivered 8/15/2008							
2001 TAX	02/15/2012	Serial	Coupon	4.300%	245,000	02/15/2011	100.000%
2001 TAX	02/15/2013	Serial	Coupon	4.450%	255,000	02/15/2011	100.000%
2001 TAX	02/15/2014	Serial	Coupon	4.550%	270,000	02/15/2011	100.000%
Subtotal	-			-	**$770,000**	-	-
	-			-	-	-	-
Dated 8/15/2008 | Delivered 8/15/2008							
2002 TAX	02/15/2013	Serial	Coupon	4.500%	1,315,000	02/15/2012	100.000%
2002 TAX	02/15/2014	Serial	Coupon	4.600%	1,385,000	02/15/2012	100.000%
2002 TAX	02/15/2015	Serial	Coupon	4.700%	1,460,000	02/15/2012	100.000%
2002 TAX	02/15/2016	Serial	Coupon	4.800%	1,535,000	02/15/2012	100.000%
2002 TAX	02/15/2017	Serial	Coupon	4.850%	1,615,000	02/15/2012	100.000%
Subtotal	-			-	**$7,310,000**	-	-
Total	-			-	**$8,080,000**	-	-

Final

$4,975,000

Collin County, Texas

Limited Tax Permanent Improvement Bonds

Series 2001

Debt Service To Maturity And To Call

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Coupon	Interest	Refunded D/S
11/17/2010	-	-	-	-	-	-	-
02/15/2011	770,000.00	17,083.75	787,083.75	-	4.750%	17,083.75	17,083.75
08/15/2011	-	-	-	-	-	17,083.75	17,083.75
02/15/2012	-	-	-	245,000.00	4.300%	17,083.75	262,083.75
08/15/2012	-	-	-	-	-	11,816.25	11,816.25
02/15/2013	-	-	-	255,000.00	4.450%	11,816.25	266,816.25
08/15/2013	-	-	-	-	-	6,142.50	6,142.50
02/15/2014	-	-	-	270,000.00	4.550%	6,142.50	276,142.50
02/15/2015	-	-	-	-	4.650%	-	-
02/15/2016	-	-	-	-	4.750%	-	-
02/15/2017	-	-	-	-	4.800%	-	-
02/15/2018	-	-	-	-	5.000%	-	-
02/15/2019	-	-	-	-	5.000%	-	-
02/15/2020	-	-	-	-	5.000%	-	-
02/15/2021	-	-	-	-	5.000%	-	-
Total	**$770,000.00**	**$17,083.75**	**$787,083.75**	**$770,000.00**	-	**$87,168.75**	**$857,168.75**

Yield Statistics

Average Life	2.405 Years
Weighted Average Maturity (Par Basis)	2.277 Years
Average Coupon	4.4719381%

Refunding Bond Information

Refunding Dated Date	10/01/2010
Refunding Delivery Date	11/17/2010

$26,000,000

Collin County, Texas

Limited Tax Permanent Improvement Bonds

Series 2002

Debt Service To Maturity And To Call

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Coupon	Interest	Refunded D/S
11/17/2010	-	-	-	-	-	-	-
02/15/2011	-	171,756.25	171,756.25	-	4.200%	171,756.25	171,756.25
08/15/2011	-	171,756.25	171,756.25	-	-	171,756.25	171,756.25
02/15/2012	7,310,000.00	171,756.25	7,481,756.25	-	4.300%	171,756.25	171,756.25
08/15/2012	-	-	-	-	-	171,756.25	171,756.25
02/15/2013	-	-	-	1,315,000.00	4.500%	171,756.25	1,486,756.25
08/15/2013	-	-	-	-	-	142,168.75	142,168.75
02/15/2014	-	-	-	1,385,000.00	4.600%	142,168.75	1,527,168.75
08/15/2014	-	-	-	-	-	110,313.75	110,313.75
02/15/2015	-	-	-	1,460,000.00	4.700%	110,313.75	1,570,313.75
08/15/2015	-	-	-	-	-	76,003.75	76,003.75
02/15/2016	-	-	-	1,535,000.00	4.800%	76,003.75	1,611,003.75
08/15/2016	-	-	-	-	-	39,163.75	39,163.75
02/15/2017	-	-	-	1,615,000.00	4.850%	39,163.75	1,654,163.75
02/15/2018	-	-	-	-	5.000%	-	-
02/15/2019	-	-	-	-	5.000%	-	-
02/15/2020	-	-	-	-	5.000%	-	-
02/15/2021	-	-	-	-	5.000%	-	-
02/15/2022	-	-	-	-	5.000%	-	-
Total	**$7,310,000.00**	**$515,268.75**	**$7,825,268.75**	**$7,310,000.00**	-	**$1,594,081.25**	**$8,904,081.25**

Yield Statistics

Average Life	4.475 Years
Weighted Average Maturity (Par Basis)	4.347 Years
Average Coupon	4.7390499%

Refunding Bond Information

Refunding Dated Date	10/01/2010
Refunding Delivery Date	11/17/2010

Final

$8,120,000

Collin County, Texas

Limited Tax Refunding Bonds, Series 2010

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/17/2010	-	-	-	-	-
02/15/2011	110,000.00	2.000%	94,935.28	204,935.28	-
08/15/2011	-	-	126,425.00	126,425.00	-
09/30/2011	-	-	-	-	331,360.28
02/15/2012	285,000.00	2.000%	126,425.00	411,425.00	-
08/15/2012	-	-	123,575.00	123,575.00	-
09/30/2012	-	-	-	-	535,000.00
02/15/2013	1,600,000.00	3.000%	123,575.00	1,723,575.00	-
08/15/2013	-	-	99,575.00	99,575.00	-
09/30/2013	-	-	-	-	1,823,150.00
02/15/2014	1,660,000.00	3.000%	99,575.00	1,759,575.00	-
08/15/2014	-	-	74,675.00	74,675.00	-
09/30/2014	-	-	-	-	1,834,250.00
02/15/2015	1,440,000.00	3.000%	74,675.00	1,514,675.00	-
08/15/2015	-	-	53,075.00	53,075.00	-
09/30/2015	-	-	-	-	1,567,750.00
02/15/2016	1,485,000.00	3.000%	53,075.00	1,538,075.00	-
08/15/2016	-	-	30,800.00	30,800.00	-
09/30/2016	-	-	-	-	1,568,875.00
02/15/2017	1,540,000.00	4.000%	30,800.00	1,570,800.00	-
09/30/2017	-	-	-	-	1,570,800.00
Total	**$8,120,000.00**	**-**	**$1,111,185.28**	**$9,231,185.28**	**-**

Yield Statistics

Accrued Interest from 10/01/2010 to 11/17/2010	32,589.72
Bond Year Dollars	$33,912.44
Average Life	4.176 Years
Average Coupon	3.2766299%
Net Interest Cost (NIC)	1.6664204%
True Interest Cost (TIC)	1.5945822%
Bond Yield for Arbitrage Purposes	1.4223188%
All Inclusive Cost (AIC)	1.7773829%

IRS Form 8038

Net Interest Cost	1.3367806%
Weighted Average Maturity	4.213 Years

$8,120,000

Collin County, Texas

Limited Tax Refunding Bonds, Series 2010

Proof Of Bond Yield @ 1.4223188%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
11/17/2010	-	1.0000000x	-	-
02/15/2011	204,935.28	0.9965415x	204,226.52	204,226.52
08/15/2011	126,425.00	0.9895046x	125,098.11	329,324.63
02/15/2012	411,425.00	0.9825173x	404,232.18	733,556.81
08/15/2012	123,575.00	0.9755794x	120,557.22	854,114.03
02/15/2013	1,723,575.00	0.9686904x	1,669,610.63	2,523,724.66
08/15/2013	99,575.00	0.9618502x	95,776.23	2,619,500.89
02/15/2014	1,759,575.00	0.9550582x	1,680,496.48	4,299,997.37
08/15/2014	74,675.00	0.9483141x	70,815.36	4,370,812.73
02/15/2015	1,514,675.00	0.9416177x	1,426,244.85	5,797,057.59
08/15/2015	53,075.00	0.9349686x	49,623.46	5,846,681.05
02/15/2016	1,538,075.00	0.9283665x	1,427,897.24	7,274,578.29
08/15/2016	30,800.00	0.9218109x	28,391.78	7,302,970.07
02/15/2017	1,570,800.00	0.9153017x	1,437,755.85	8,740,725.92
Total	**$9,231,185.28**	-	**$8,740,725.92**	-

Derivation Of Target Amount

Par Amount of Bonds	$8,120,000.00
Reoffering Premium or (Discount)	588,136.20
Accrued Interest from 10/01/2010 to 11/17/2010	32,589.72
Original Issue Proceeds	$8,740,725.92

Final

$8,120,000

Collin County, Texas

Limited Tax Refunding Bonds, Series 2010

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/15/2011	Serial Coupon	2.000%	0.375%	110,000.00	100.396%	110,435.60
02/15/2012	Serial Coupon	2.000%	0.570%	285,000.00	101.770%	290,044.50
02/15/2013	Serial Coupon	3.000%	0.780%	1,600,000.00	104.929%	1,678,864.00
02/15/2014	Serial Coupon	3.000%	0.980%	1,660,000.00	106.434%	1,766,804.40
02/15/2015	Serial Coupon	3.000%	1.290%	1,440,000.00	107.039%	1,541,361.60
02/15/2016	Serial Coupon	3.000%	1.600%	1,485,000.00	107.014%	1,589,157.90
02/15/2017	Serial Coupon	4.000%	1.880%	1,540,000.00	112.433%	1,731,468.20
Total	-	-	-	**$8,120,000.00**	-	**$8,708,136.20**

Bid Information

Par Amount of Bonds	$8,120,000.00
Reoffering Premium or (Discount)	588,136.20
Gross Production	$8,708,136.20
Total Underwriter's Discount (0.518%)	$(42,074.80)
Bid (106.725%)	8,666,061.40
Accrued Interest from 10/01/2010 to 11/17/2010	32,589.72
Total Purchase Price	$8,698,651.12
Bond Year Dollars	$33,912.44
Average Life	4.176 Years
Average Coupon	3.2766299%
Net Interest Cost (NIC)	1.6664204%
True Interest Cost (TIC)	1.5945822%

GENERAL AND NO-LITIGATION CERTIFICATE

We, the undersigned, County Judge, County Clerk and County Auditor, respectively, of Collin County, Texas (the "County"), hereby certify the following information:

I. General

1.1. This certificate relates to the COLLIN COUNTY, TEXAS, LIMITED TAX REFUNDING BONDS, SERIES 2010 (the "Limited Tax Refunding Bonds"), dated October 1, 2010.

1.2. The County is a duly created and existing county of the State of Texas operating under the Constitution and laws of the State of Texas.

1.3. As of the date hereof, the duly constituted and acting members of the Commissioners Court and certain other officers of the County are as follows:

Keith Self, County Judge
Matt Shaheen, Commissioner, Precinct No. 1
Jerry Hoagland, Commissioner, Precinct No. 2
Joe Jaynes, Commissioner, Precinct No. 3
Kathy Ward, Commissioner, Precinct No. 4
Jeff May, County Auditor
Stacey Kemp, County Clerk
Kenneth L. Maun, Tax Assessor-Collector

1.4. The Limited Tax Refunding Bonds are being issued by the County concurrently with the Collin County, Texas Unlimited Tax Refunding Bonds, Series 2010 (the "Unlimited Tax Refunding Bonds" and together with the Limited Tax Refunding Bonds, the "Bonds"). After giving effect to the issuance of the Bonds and the defeasance of the Refunded Bonds, the total principal amount of presently outstanding indebtedness of the County payable from an ad valorem tax levied pursuant to Article VIII, Section 9, of the Texas Constitution, is $381,765,000.

1.5. According to the tax rolls of the County for the tax year 2010, which are the latest approved tax rolls of the County, the total assessed value of real property and personal property subject to taxation by the County is $71,277,687,478.

1.6. A debt service schedule for the Bonds and all other outstanding indebtedness of the County payable from an ad valorem tax levied pursuant to Article VIII, Section 9, of the Texas Constitution is contained in Table 9 – General Obligation Debt Service Requirements, page 24 in the Official Statement of the County incorporated herein by reference for all purposes.

1.7. None of the Refunded Bonds were ever purchased by or held in the sinking fund created for their payment and redemption; none of said Refunded Bonds are now held in or owned by the sinking fund created for the purpose of paying off or redeeming any of said Refunded Bonds; none of the Refunded Bonds will be taken up and paid for with money in said

sinking fund; and there is no money in said sinking fund with which to pay the principal of any of said Refunded Bonds.

1.8. The County is not in default in the payment of principal or interest on any of its outstanding obligations.

1.9. Neither the corporate existence or boundaries of the County or the title of its present officers to their respective offices is being contested, and no authority or proceedings for the issuance of the Bonds have been repealed, revoked, or rescinded.

II. Official Statement

2.1. The descriptions and statements of or pertaining to the County contained in the Official Statement for the Bonds, and any addenda, supplement or amendment thereto on the date of Official Statement, on the date of sale of the Bonds and the acceptance of the best bid therefor, and on the date hereof, were and are true and correct in all material respects.

2.2. Insofar as the County and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

2.3. Insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the County, and their activities contained in such Official Statement are concerned, said statements and data have been obtained from sources which the County believes to be reliable, and the County has no reason to believe they are untrue in any material respect.

2.4. There has been no material adverse change in the financial condition of the County since the date of the last audited financial statements of the County.

III. Signature Identification and No-Litigation

3.1. The undersigned County Judge and County Clerk officially executed and signed the Bonds, including the initial bond delivered to the purchaser of the Bonds (the "Initial Bond"), by manual signature or by causing facsimiles of our manual signatures to be imprinted or lithographed on each of the Bonds, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of the Bonds; at the time we so executed and signed the Bonds we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein and authorized to execute the same; and we have caused the official seal of the County to be impressed, printed, or lithographed on each of the Bonds, and said seal on the Bonds has been duly adopted as, and is hereby declared to be, the official seal of the County.

3.2. The Bonds, including the Initial Bond, are substantially in the form, and have been duly executed and signed in the manner prescribed in the Order.

3.3. No litigation is pending or, to our knowledge, threatened in any court to restrain or enjoin the issuance or delivery of the Bonds, the levy or the collection of the ad valorem taxes to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity of the Bonds, the order authorizing the issuance of the Bonds (the "Order"), the powers of the County or contesting the authorization of the Bonds or the Order, or contesting in any way the accuracy, completeness or fairness of the Official Statement relating to the Bonds.

[EXECUTION PAGE FOLLOWS]

EXECUTED AND DELIVERED ON November 17, 2010

Manual Signatures	Official Titles
	County Judge, Collin County, Texas
	County Clerk, Collin County, Texas
	County Auditor, Collin County, Texas

STATE OF TEXAS §
§
COUNTY OF COLLIN §

Before me, the undersigned authority, on this day personally appeared Keith Self, Stacy Kemp and Jeff May, the County Judge, County Clerk and County Auditor, respectively, of Collin County, Texas, each known to me to be the person who signed the above and each acknowledged to me that such person executed the above and foregoing Certificate in my presence for the purposes stated therein.

Given under my hand and seal of office this 6th day of October 2010.

GEORGIA S. SHEPHERD
Notary Public
STATE OF TEXAS
My Comm. Exp. 10/25/2012

[NOTARY SEAL]

By: Georgia S. Shepherd
Notary Public, State of Texas

COLLIN COUNTY, TEXAS

October 4, 2010

The Attorney General of Texas
William P. Clements Building
300 West 15th Street, 7th Floor
Austin, Texas 78701
Attention: Public Finance Section

Comptroller of Public Accounts
Thomas Jefferson Rusk Building
208 East 10th Street, Room 448
Austin, Texas 78701
Attention: Melissa Mora
Bond Registration

Re: Collin County, Texas Limited Tax Refunding Bonds, Series 2010

To the Attorney General:

The executed Initial Bond of the captioned series has been or soon will be delivered to you for examination and approval. In this connection, enclosed herewith is a General and No-Litigation Certificate executed and completed except as to date. When the Initial Bond has received your approval and is ready for delivery to the Comptroller of Public Accounts for registration, this letter will serve as your authority to insert the date of your approval in the General and No-Litigation Certificate and deliver the Initial Bond to the Comptroller.

Should litigation in any way affecting such bonds develop the undersigned will notify you at once by telephone and telecommunication. You may be assured, therefore, that there is no such litigation at the time the Initial Bond is finally approved by you, unless you have been advised otherwise.

To the Comptroller:

The approved Initial Bond of the captioned series will be delivered to you by the Attorney General of Texas. You are hereby requested to register the Initial Bond as required by law and by the proceedings authorizing such Initial Bond.

Following registration, you are hereby authorized and directed to notify and deliver the Initial Bond to Vinson & Elkins L.L.P., Dallas, Texas.

Please deliver to Vinson & Elkins L.L.P., Dallas, Texas, five copies of each of the following:

1. Attorney General's approving opinion; and

2. Comptroller's signature certificate.

Very truly yours,

By: _____
County Judge

COLLIN COUNTY, TEXAS

October 4, 2010

The Bank of New York Mellon Trust Company, N.A.
Issuer Administrative Services
2001 Bryan Street, 11th Floor
Dallas, Texas 75201

Re: Collin County, Texas Limited Tax Refunding Bonds, Series 2010

Ladies and Gentlemen:

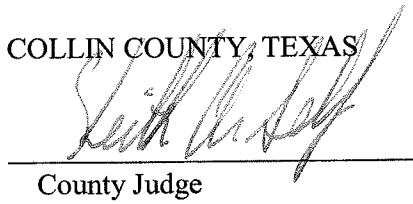
Collin County, Texas (the "Issuer") and the Underwriter of the above-referenced series of Bonds (the "Bonds") have designated your bank as the place, and as their agent, for the delivery and payment of the Bonds. The initial Bond of this series (the "Initial Bond") is being delivered to you and you are hereby authorized and directed to hold the Initial Bond for safekeeping pending said delivery and payment.

Upon your receipt of the final unqualified legal opinion of Vinson & Elkins L.L.P., as to the validity of the Bonds, and upon receipt of payment therefor, you are authorized and directed to cancel the Initial Bond and to deliver the definitive Bonds to DTC on behalf of the Underwriter.

You are further authorized and directed to remit all of the aforesaid proceeds received from the delivery and payment of the Bonds as further directed by First Southwest Company, Financial Advisor to the Issuer.

Sincerely,

COLLIN COUNTY, TEXAS



County Judge

FEDERAL TAX CERTIFICATE

I, the undersigned officer of Collin County, Texas (the "County"), make this certification for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest to be paid on the County's Limited Tax Refunding Bonds, Series 2010 (the "Bonds"), which are being issued in the aggregate principal amount of $8,120,000 and delivered simultaneously with the delivery of this Federal Tax Certificate. I do hereby certify as follows in good faith on the date of hereof:

1. Definitions. Each capitalized term used in this Federal Tax Certificate has the meaning ascribed to such term below or has the meaning or is the amount, as the case may be, specified for such term in this Federal Tax Certificate or in Exhibits to this Federal Tax Certificate and shall for all purposes hereof have the meaning or be the amount therein specified. All such terms defined in the Code or Regulations that are not defined herein shall for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

"***Authorizing Document***" means the order adopted by the County on October 4, 2010 for purposes of authorizing the issuance of the Bonds.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Debt Service Fund***" means the County's "Limited Tax Refunding Bonds, Series 2010 Interest and Sinking Fund" created pursuant to the Authorizing Document.

"***Escrow Agent***" means The Bank of New York Mellon Trust Company, N.A.

"***Escrow Agreement***" means that certain escrow agreement between the Issuer and the Escrow Agent dated as of October 1, 2010.

Escrow Fund" means that certain escrow fund established pursuant to the Escrow Agreement.

"***Favorable Opinion of Bond Counsel***" means an opinion of nationally recognized bond counsel to the effect that an action, or omission of an action, does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds.

"***Gross Proceeds***" means any Proceeds and any Replacement Proceeds of the Bonds.

"***Investment Proceeds***" is defined in Section 1.148-1(b) of the Regulations and generally consists of any amounts actually or constructively received from investing Proceeds of the Bonds.

"***Issuance Costs***" means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds within the meaning of Section 147(g) of the Code. For example, Issuance Costs include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters' spread; counsel fees; financial advisory fees;

rating agency fees; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

"***Issue Date***" means, with respect to the Bonds, the first date on which the County receives the purchase price in exchange for delivery of the evidence of indebtedness representing any Bond.

"***Issue Price***" means the "issue price" as defined in Sections 1273 and 1274 of the Code, unless otherwise provided in Sections 1.148-0 through 1.148-11 of the Regulations and, generally, is the price that, for each maturity of the Bonds, represents the first price (including original issue premium and discount and accrued interest to the Issue Date only) of the Bonds at which a substantial amount (at least 10 percent) of each such maturity was sold to the public.

"***Minor Portion***" means that portion of the Gross Proceeds of the Bonds that does not exceed in the aggregate $100,000.

"***Original Issue Discount***" means the Stated Redemption Price at Maturity over the Issue Price.

"***Original Issue Premium***" means the Issue Price over the Stated Redemption Price at Maturity.

"***Pre-Issuance Accrued Interest***" is defined in Section 1.148-1(b) of the Regulations and, generally, means amounts representing interest that accrued on an obligation for a period not greater than one year before its Issue Date but only if those amounts are paid within one year after the Issue Date.

"***Proceeds***" is defined in Section 1.148-1(b) of the Regulations and generally means any Sale Proceeds and Investment Proceeds of the Bonds.

"***Project***" means the project financed or refinanced with the Prior Bonds.

"***Regulations***" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"***Replacement Proceeds***" has the meaning set forth in Section 1.148-1(c) of the Regulations and generally consists of amounts that have a sufficiently direct nexus to the Bonds or the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

"***Sale Proceeds***" is defined in Section 1.148-1(b) of the Regulations and generally consists of any amounts actually or constructively received from the sale (or other disposition) of any Bond, including amounts used to pay underwriters' discount or compensation and accrued

interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

"***Stated Redemption Price at Maturity***" means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest based on a fixed rate and payable unconditionally at fixed period intervals of one year or less during the entire term of the debt instrument).

"***Transferred Proceeds***" means Transferred Proceeds as defined in Section 1.148-9 of the Regulations and generally consist of amounts that, when proceeds of a refunding issue discharge any of the outstanding principal amount of a prior issue, become transferred proceeds of the refunded issue and cease to be proceeds of the prior issue.

"***Weighted Average Maturity***" has the meaning ascribed to it in the "Weighted Average Maturity" paragraph of this Federal Tax Certificate.

"***Yield***" of (a) an issue of obligations has the meaning set forth in Section 1.148-4 of the Regulations and generally, is the discount rate that when used in computing the present value of all payments of principal and interest to be paid on the obligation produces an amount equal to the Issue Price of such Bond and (b) any investment has the meaning set forth in Section 1.148-5 of the Regulations and generally, is the discount rate that when used in computing the present value of all payments of principal and interest to be paid on the investment produces an amount equal to all payments for the investment.

2. Responsible Officer. I am the duly chosen, qualified and acting officer of the County for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the County. I am the officer of the County charged, along with other officers of the County, with responsibility for issuing the Bonds.

3. Code and Regulations. I am aware of the provisions of sections 141, 148, 149 and 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations (the "Regulations") heretofore promulgated under sections 141, 148, 149 and 150 of the Code. This certificate is being executed and delivered pursuant to sections 1.141-1 through 1.141-15, 1.148-0 through 1.148-11, 1.149(b)-1, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Regulations.

4. Reasonable Expectations. The facts and estimates that are set forth in this Federal Tax Certificate are accurate. The expectations that are set forth in this Federal Tax Certificate are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. In connection with this certificate, the undersigned has to the extent necessary reviewed the certifications set forth herein with other representatives of the County as to such accuracy and reasonableness. The undersigned has also relied, to the extent appropriate, on representations set forth in the Issue Price Certificate of Stifel, Nicolaus & Co., Inc., the representative of the group of underwriters that have purchased the Bonds (the

"Underwriters"), attached hereto as Exhibit A, the certificate of First Southwest Company, the County's financial advisor, attached hereto as Exhibit B, and the report (the "Report") of Grant Thornton LLP, certified public accountants, dated November 17, 2010. The undersigned is aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of such documents.

5. Description of Governmental Purpose. The County is issuing the Bonds pursuant to the Authorizing Document (a) to provide funds that will be used to (i) currently refund and redeem a portion of the County's Limited Tax Permanent Improvement Bonds, Series 2001 (the "Series 2001 Bonds") and (ii) advance refund and defease a portion of the County's Limited Tax Permanent Improvement Bonds, Series 2002 (the "Series 2002 Bonds" and, together with the Series 2001 Bonds, the "Prior Bonds") and (b) to pay the costs of issuance of the Bonds. The Report details all relevant aspects of the application of the Proceeds of the Bonds and the County's program to refund the Prior Bonds. Specifically, all of the Series 2001 Bonds maturing on February 15, 2012 through February 15, 2014, inclusive, in the aggregate amount of $770,000 and all of the Series 2002 Bonds maturing on February 15, 2013 through February 15, 2017, inclusive, in the aggregate amount of $7,310,000 (collectively, the "Refunded Bonds") will be called for redemption and retired with Proceeds of the Bonds. The Refunded Bonds are being redeemed and defeased, as applicable in order to achieve a present-value savings in the debt service payable by the County. On (i) February 15, 2011, the Series 2001 Bonds that are Refunded Bonds and (ii) February 15, 2012, the Series 2002 Bonds that are Refunded Bonds will be called for redemption in advance of their scheduled maturities and retired with Proceeds of the Bonds.

The Bonds are the first advance refunding of the Series 2002 Bonds, all of which are original bonds. The Bonds are a current refunding of the Series 2001 Bonds.

6. The Prior Bonds. No portion of the purchase price of any of the Prior Bonds was provided by the issuance of any other issue of obligations. All of the original and Investment Proceeds allocable to the Prior Bonds have been expended. Other than to the extent Prior Bonds defeased outstanding bonds of the County, no portion of the Proceeds of the Prior Bonds was used to pay the principal of, or interest on, any other issue of governmental obligations. In addition, other than to the extent of preliminary expenditures (i.e., architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction), no portion of the Proceeds of the Prior Bonds was used to reimburse the County for any expenditures made by the County prior to the respective issuance dates of the Prior Bonds or more than 60 days prior to any applicable reimbursement resolution, if any.

The County has maintained a debt service fund for the Prior Bonds (the "Prior Debt Service Fund") and has on hand in such Prior Debt Service Fund certain amounts that were to be used for the payment of debt service on the Prior Bonds. Although the Prior Debt Service Fund will be continued for the payment of debt service on the Prior Bonds that are not Refunded Bonds (the "Unrefunded Bonds"), the County has created the Debt Service Fund under the

Authorizing Document for purposes of the payment of debt service on the Bonds as described in the "Debt Service Fund" paragraph below.

The balance in the County's debt service fund (the "Overall Debt Service Fund") for all of its currently outstanding tax-exempt obligations (the "Outstanding Bonds") as of the date of this certificate is approximately $4,144,036. Not more than $145,610.28 (the "Allocable Cash") of the aforementioned amount in the Overall Debt Service Fund is allocable to the Refunded Bonds, such allocation being based on the relationship of the original principal amounts of the Refunded Bonds and the Outstanding Bonds ($8,080,000/$229,955,000 or 3.51 percent).

None of the balance in the Overall Debt Service Fund would have been used to pay debt service on the Refunded Bonds because prior to the next debt service payment date for the Refunded Bonds, the County expects to receive tax revenues in an amount sufficient to pay such debt service. The Allocable Cash will be retained in the Overall Debt Service Fund and will serve as a reserve for the payment of debt service on the Bonds and the Unrefunded Bonds.

7. Use of Amounts Allocable to Refunded Bonds. Other than amounts described in "The Prior Bonds" paragraph above, there are no amounts on hand that represent Proceeds of the Refunded Bonds, Replacement Proceeds of the Refunded Bonds or accumulated earnings on such Proceeds, except for original and Investment Proceeds of the Series 2001 Bonds in the amount of not more than $1,324,120.96 on deposit in the County's construction or project fund related to the Series 2001 Bonds and original and Investment Proceeds of the Series 2002 Bonds in the amount of not more than $1,757,201.17 on deposit in the County's construction or project fund related to the Series 2002 Bonds (collectively, the "Construction Fund Amount").

The entire Construction Fund Amount plus investment earnings thereon subsequent to the date hereof, is expected to be expended within 11 months of the date hereof for costs of the Project. Until such Construction Fund Amount and investment earnings thereon are expended, the portion of such amounts allocable to the Refunded Bonds will be invested at all times subsequent to the date hereof and prior to the Transfer Dates discussed in the "Transferred Proceeds" paragraph below in obligations the Yield on which does not exceed the Yield on the applicable series of the Refunded Bonds plus one-eighth of one percent. Subsequent to such transfer date, the portions of the Construction Fund Amount which have become Transferred Proceeds will be invested at all times in obligations the Yield on which does not exceed the Yield on the Bonds.

8. Expenditure of Proceeds of the Bonds. The Sale Proceeds from the issuance of the Bonds will be $8,708,136.20. Such amount represents the stated redemption price at maturity (excluding accrued interest for those Bonds the interest on which is paid at least once annually) of the Bonds, equal to $8,120,000, plus net original issue premium in the amount of $588,136.20. No portion of the purchase price of any of the Bonds is provided by the issuance of any other issue of obligations. The Sale Proceeds will be expended as follows:

(a) Escrow. The amount of $8,588,520.00 will be deposited in the Escrow Fund and used on the date hereof to purchase United States Treasury Certificates of Indebtedness and Notes, State and Local Government Series (the "Escrowed Securities"), the Proceeds of

which will be used as described in the Report to pay the principal of, and interest and redemption premium, if any, on, the Refunded Bonds. No portion of the Proceeds of the Bonds is expected to be used to pay any interest on, or principal of, any issue of governmental obligations other than the Bonds and the Refunded Bonds.

(b) Underwriter's Compensation. The amount of $42,074.80 will be allocated on the date of issuance of the Bonds to the Underwriters' discount or compensation.

(c) Issuance Costs. The amount of $75,000 will be disbursed to pay other Issuance Costs on the Bonds.

(d) Rounding Amount. The amount of $2,540.79 represents a rounding amount and will be deposited in the Debt Service Fund and used to pay debt service on the Bonds on the first interest payment date.

(e) Initial Deposit to Escrow. The amount of $0.61 will be deposited as the initial cash balance in the Escrow Fund and disbursed on February 15, 2011, to pay debt service on the Refunded Bonds. Pending disbursement, such amount will not be invested.

9. Pre-issuance Accrued Interest. The County will also receive from the Underwriters on the Issue Date of the Bonds pre-issuance accrued interest from the Dated Date through the Issue Date in the amount of $32,589.72. Such amount will be deposited in the Debt Service Fund, and will be disbursed on the first interest payment date for the Bonds.

10. Investment Proceeds. The amounts described in the "Expenditure of Proceeds of Bonds—Underwriter's Compensation," and "—Initial Deposit to Escrow" subparagraphs above will not be invested. Except for earnings on the amounts described in the "Expenditure of Proceeds of Bonds—Issuance Costs" and "—Rounding Amount" subparagraphs above, and the amount of $0.03 set forth in the Report as the amount expected to be remaining in the Escrow Fund following the final debt service payment with respect to the Refunded Bonds on February 15, 2012, all amounts received by the County, such as interest and dividends, resulting from the investment of any original Proceeds or Investment Proceeds of the Bonds will be deposited in the Escrow Fund for the Refunded Bonds and used to pay the principal of, and interest and redemption premium, if any, on, the Refunded Bonds. Earnings on the amounts described in the "Expenditure of Proceeds of Bonds—Issuance Costs" and "—Rounding Amount" subparagraphs above will be used for one of the purposes described in such subparagraphs.

11. Transferred Proceeds. On the dates that amounts on deposit in the Escrow Fund are used to pay principal of the Refunded Bonds, portions of the Construction Fund Amount that are allocable to the Refunded Bonds will cease to be Proceeds of the Refunded Bonds and will become Transferred Proceeds of the Bonds as described in this paragraph. Such amounts will be invested at a restricted Yield as described in the "Temporary Periods and Yield Restriction—Rounding Amount" subparagraph below. There are no other Transferred Proceeds with respect to the Bonds because all of the other Proceeds of Refunded Bonds have been or will be expended prior to the first dates on which amounts are disbursed from the Escrow Fund to pay principal of the Refunded Bonds.

The portion of the Construction Fund Amount that is allocable to the Prior Bonds of an issue of the Prior Bonds (the "Allocable Construction Fund Amount") is determined by allocating the portion of the Construction Fund Amount representing Proceeds of such issue of the Prior Bonds ratably between the refunded and unrefunded portions of such issue of the Prior Bonds. The refunded portion of each issue of the Prior Bonds is based on a fraction the numerator of which is the principal amount of such issue of the Prior Bonds to be paid with Proceeds of the Bonds and the denominator of which is the outstanding principal amount of such Prior Bonds, each determined as of the date hereof. On each date on which Proceeds of the Bonds on deposit in the Escrow Fund discharge any of the outstanding principal amount of the Prior Bonds (the "transfer dates"), a portion or portions of such Allocable Construction Fund Amount become Transferred Proceeds of the Bonds and cease to be Proceeds of the Prior Bonds. The amount of each Allocable Construction Fund Amount that becomes Transferred Proceeds of the Bonds on each transfer date is an amount equal to the Allocable Construction Fund Amount on hand on the transfer date representing Proceeds of Prior Bonds discharged on the transfer date multiplied by a fraction the numerator of which is the principal amount of the corresponding Prior Bonds discharged with Proceeds of the Bonds on the transfer date, and the denominator of which is the total outstanding principal amount of such Prior Bonds on the date immediately before the transfer date.

Investments of the Allocable Construction Fund Amount are allocated in the manner required for the allocation of investments to Transferred Proceeds under section 1.148-9(c)(1)(ii) of the Regulations. For purposes of this paragraph, principal amount means, in reference to a plain par bond, its stated principal amount, and in reference to any other bond, its present value. Plain par bond means a bond issued with not more than a de minimis amount of original issue discount or premium, issued for a price that does not include accrued interest other than pre-issuance accrued interest, that bears interest from the issue date at a single, stated, fixed rate or that is a variable rate debt instrument under section 1275, in each case with interest unconditionally payable at least annually, and that has a lowest stated redemption price that is not less than its outstanding stated principal amount. De minimis amount means an amount that does not exceed two percent multiplied by the stated redemption price at maturity, plus any original issue premium that is attributable exclusively to reasonable underwriters' compensation. The present value of a bond is computed under the economic accrual method taking into account all the unconditionally payable payments of principal, interest, and fees for a qualified guarantee to be paid on or after that date and using the Yield on the bond as the discount rate.

12. No Replacement Proceeds. Other than amounts described herein, there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purposes of the Bonds, including the expected use of amounts to pay debt service on the Refunded Bonds, that the amounts would have been used for such purpose if the Proceeds of the Bonds were not used or to be used for such purpose.

(a) No Sinking Funds. Other than to the extent of the Debt Service Fund, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds.

(b) No Pledged Funds. Other than amounts in the Debt Service Fund, there is no amount that is directly or indirectly, other than solely by reason of the mere availability or preliminary earmarking, pledged to pay principal or interest on the Bonds, or to a guarantor of part or all of the Bonds, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Bonds if the County encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Bonds.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Bonds because the County reasonably expects that the term of the Bonds will not be longer than is reasonably necessary for the governmental purposes of the Bonds. Furthermore, even if the Bonds were outstanding longer than necessary for the purpose of the Bonds, no Replacement Proceeds will arise because the County reasonably expects that no amounts will become available during the period that the Bonds remain outstanding longer than necessary based on the reasonable expectations of the County as to the amounts and timing of future revenues. The Bonds would be issued to achieve a debt service savings independent of any arbitrage benefit as evidenced by the expectation that the Bonds reasonably would have been issued if the interest on the Bonds were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate).

(d) Weighted Average Calculations. . The weighted average maturity of the Bonds is not greater than 120 percent of the weighted average estimated economic life of the portion of the Project financed or refinanced by the Refunded Bonds, determined in accordance with section 147(b) of the Code. Such weighted average estimated economic life is determined in accordance with the following assumptions: (a) The weighted average was determined by taking into account the respective costs of each of the assets financed or refinanced by the Refunded Bonds; (b) the reasonably expected economic life of an asset was determined as of the later of the date hereof or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); (c) the economic lives used in making this determination are not greater than the reasonably expected economic useful lives of the projects financed or refinanced by the Refunded Bonds allowing for normal wear and tear and assuming prudent and customary maintenance; and (d) land or any interest therein has not been taken into account in determining the average reasonably expected economic life of such Project, unless 25 percent or more of the Investment Proceeds of any issue is to be used to finance land.

13. No Excess Gross Proceeds. Except for the amounts described in the "Expenditure of Proceeds of the Bonds—Rounding Amount" subparagraph above, earnings on the amounts described in the "Expenditure of Proceeds of the Bonds—Issuance Costs" and "—Rounding Amount" subparagraphs above, and the amount of $0.03 described in the "Investment Proceeds" paragraph above, all Gross Proceeds of the Bonds are allocable to:

(a) the payment of principal, interest or call premium on the Refunded Bonds, as described in the "Expenditure of Proceeds of the Bonds—Escrow" subparagraph above;

(b) the payment of pre-issuance accrued interest on the Bonds, as described in the "Pre-issuance Accrued Interest" paragraph above;

(c) a reasonably required reserve or replacement fund for the Bonds or the investment proceeds of such a fund, as described in the "Use of Amounts Allocable to Refunded Bonds" paragraph above and the "Funds" paragraph below;

(d) the payment of costs of issuance of the Bonds, as described in the "Expenditure of Proceeds of the Bonds—Underwriter's Compensation" and "—Issuance Costs" subparagraphs above;

(e) the payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the Bonds or investments of the Bonds;

(f) Transferred Proceeds that will be used or maintained for the governmental purchase of the Refunded Bonds, as described in the "Use of Amounts Allocable to Refunded Bonds" paragraph above; and

(g) Replacement Proceeds in a sinking fund for the Bonds.

Investment earnings on the amounts described in the "Expenditure of Proceeds of the Bonds—Issuance Costs" and "—Rounding Amount" subparagraphs are expected to be de minimis; therefore, the sum of the investment earnings on the amounts described in the "Expenditure of Proceeds of the Bonds—Issuance Costs" and "—Rounding Amount" subparagraphs, the amount described in the "Expenditure of Proceeds of the Bonds—Rounding Amount" subparagraph and the amount described in the "Investment Proceeds" paragraph will be less than one percent of the original Proceeds of the Bonds.

14. Yield on the Bonds. For the purposes of this Federal Tax Certificate, the Yield on the Bonds is the discount rate that, when used in computing the present value as of the Issue Date of the Bonds, of all unconditionally payable payments of principal and interest on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of the Issue Date. For purposes of determining the Yield on the Bonds, the issue price of the Bonds is the sum of the issue prices for each group of substantially identical Bonds, plus Pre-Issuance Accrued Interest.

For each group of substantially identical Bonds, the issue price is the first price at which a substantial amount (i.e., ten percent) is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters and wholesalers). The issue price is based upon the representations of the Underwriters set forth in Exhibit A hereto. No Underwriters' discount, issuance costs, or costs of carrying or repaying the Bonds is taken into account for purposes of computing the Yield on the Bonds.

Yield on the Bonds is calculated on the basis of the final maturity date because no Bond is subject to optional or mandatory redemption prior to maturity.

As set forth in the Certificate of Financial Advisor attached to this Federal Tax Certificate as Exhibit B, as verified in the Report, the Yield on the Bonds, calculated in the manner set forth above, is 1.422319.

The County has not entered into a hedging transaction with respect to the Bonds. The County will not enter into a hedging transaction with respect to the Bonds unless there is first received a Favorable Opinion of Bond Counsel.

15. Temporary Periods and Yield Restriction.

(a) Pre-issuance Accrued Interest. The amount described in the "Pre-Issuance Accrued Interest" paragraph above represents accrued interest on the Bonds for a period not in excess of one year and will be expended within one year; therefore, such amount may be invested at an unrestricted Yield.

(b) Uninvested Amounts. The amounts described in the "Expenditure of Proceeds of Bonds—Underwriter's Compensation," and "—Initial Deposit to Escrow" subparagraphs will not be invested and, therefore, are not subject to Yield restriction.

(c) Rounding Amount. The amount described in the "Expenditure of Proceeds of Bonds—Rounding Amount" subparagraph will be invested at a Yield that is not higher than the Yield on the Bonds.

(d) Yield on the Escrowed Securities. The Yield on the Escrowed Securities is computed using the same compounding interval and financial conventions used to compute the Yield on the Bonds. The Yield on the Escrowed Securities is the discount rate that, when used in computing the present value as of the date the Escrowed Securities were first allocated to the Bonds of all unconditionally payable receipts to be actually or constructively received from the Escrowed Securities, produces an amount equal to the amounts to be actually or constructively paid for the Escrowed Securities. The Escrowed Securities are all Yield-restricted nonpurpose investments that are a single class of investments and that are treated as a single investment because all of the Escrowed Securities were purchased with Bond Proceeds and held in a refunding escrow as described in the "Expenditure of Proceeds of Bonds—Escrow" subparagraph above. The County has allocated Gross Proceeds of the Bonds in the amount described in section 1.148-6(c) of the Regulations. Such purchase price is equal to the price paid by the County to the United States for the Escrowed Securities. As shown in the Report, the Yield on the Escrowed Securities determined in this manner is 0.2469 percent, a Yield that is not higher than the Yield on the Bonds.

Pursuant to section 1.148-9(g) of the Regulations, the County hereby elects to waive the temporary period available with respect to those Proceeds of the Bonds deposited in the Escrow Fund as described in the "Expenditure of Proceeds of Bonds—Escrow" subparagraph above to the extent such Proceeds are used to purchase investments the Proceeds of which are to be used to pay debt service on the Refunded Bonds.

The County has covenanted in the Authorizing Document to comply with, among other things, the requirements of section 148(f) of the Code and, if required, the County will satisfy this requirement with respect to earnings on the Escrowed Securities out of funds other than those in the Escrow Fund.

(e) Waiver of 30-Day Temporary Period. Pursuant to section 1.148-9(g) of the Regulations, the City hereby elects to waive the 30-day temporary period available under section 1.148-9(d)(2)(i) of the Regulations.

16. Debt Service Fund. Pursuant to the Authorizing Document, the County has created a new Debt Service Fund and the Proceeds from all taxes levied, assessed and collected for and on account of the Bonds are to be deposited in such Debt Service Fund. The County expects that taxes levied, assessed and collected for and on account of the Bonds will be sufficient each year to pay such debt service. All amounts which will be depleted at least once each bond year, except for a reasonable carryover amount not in excess of the greater of the earnings on such portion of the Debt Service Fund for the immediately preceding bond year or one-twelfth of the principal and interest payments on the Bonds for the immediately preceding bond year, will constitute a bona fide debt service fund component of the Debt Service Fund (the "Bona Fide Portion"). Such Bona Fide Portion of the Debt Service Fund will be used primarily to achieve a proper matching of revenues and principal and interest payments on the Bonds within each bond year. Amounts held in the Bona Fide Portion of the Debt Service Fund will be invested at an unrestricted Yield because such amounts will be expended within 13 months of the date such amounts are received. The remaining portion of the Debt Service Fund (the "Reserve Portion"), if any, will be treated separately for purposes of this certificate. Amounts on deposit from time to time in the Bona Fide Portion and the Reserve Portion are allocable between the Bonds and any other obligations of the County secured by the Debt Service Fund on the basis of one of the methods set forth in section 1.148-6(e)(6) of the Regulations. The portion of the Reserve Portion allocable to the Bonds will not exceed at any time the least of (a) ten percent of the stated principal amount of the Bonds (or Sale Proceeds in the event that the amount of original issue discount exceeds two percent multiplied by the stated redemption price at maturity of the Bonds), (b) the maximum annual principal and interest requirements of the Bonds, and (c) 125 percent of average annual principal and interest requirements of the Bonds. Therefore, all amounts therein may be invested at an unrestricted Yield. Any amounts held in the Bona Fide Portion for longer than 13 months or held in the Reserve Portion in excess of the least of the amounts described above, will be invested in obligations the Yield on which is not in excess of the Yield on the Bonds, except as set forth in the "Minor Portion and Yield Reduction Payments" paragraph below.

17. Minor Portion and Yield Reduction Payments. Pursuant to section 1.148-9(g) of the Regulations, the County hereby elects to waive the minor portion available under section 1.148-9(f) of the Regulations.

18. Issue. There are no other obligations which (a) are sold at substantially the same time as the Bonds (i.e., less than 15 days apart), (b) are sold pursuant to the same plan of financing with the Bonds, and (c) will be paid out of substantially the same source of funds as the Bonds.

19. Compliance With Rebate Requirements. The County has covenanted in the Authorizing Document that it will take all necessary steps to comply with the requirement that "rebatable arbitrage earnings" on the investment of the Gross Proceeds of the Bonds, within the meaning of section 148(f) of the Code be rebated to the federal government. Specifically, the County will (a) maintain records regarding the investment of the Gross Proceeds of the Bonds as may be required to calculate such "rebatable arbitrage earnings" separately from records of amounts on deposit in the funds and accounts of the County which are allocable to other bond issues of the County or moneys which do not represent Gross Proceeds of any bonds of the County, (b) calculate at such intervals as may be required by applicable Regulations, the amount of "rebatable arbitrage earnings," if any, earned from the investment of the Gross Proceeds of the Bonds and (c) pay, not less often than every fifth anniversary date of the delivery of the Bonds and within 60 days following the final maturity of the Bonds, or on such other dates required or permitted by applicable Regulations, all amounts required to be rebated to the federal government. Further, the County will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's-length and had the Yield on the issue not been relevant to either party.

20. Not an Abusive Transaction.

(a) General. No action taken in connection with the issuance of the Bonds is or will have the effect of (a) enabling the County to exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the Gross Proceeds of the Bonds over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Bonds are not invested in higher Yielding investments over the term of the Bonds), and (b) overburdening the tax-exempt bond market by issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds, based on all the facts and circumstances. Specifically, (i) the primary purpose of each transaction undertaken in connection with the issuance of the Bonds is a bona fide governmental purpose; (ii) each action taken in connection with the issuance of the Bonds would reasonably be taken to accomplish the governmental purposes of the Bonds if the interest on the Bonds were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Bonds); (iii) the Proceeds of the Bonds will not exceed by more than a minor portion the amount necessary to accomplish the governmental purposes of the Bonds and will in fact not be substantially in excess of the amount of Proceeds allocated to expenditures for the governmental purposes of the Bonds.

(b) No Re-refunding. No portion of the Refunded Bonds has been refunded or defeased other than by reason of the issuance of the Bonds.

(c) No Sinking Fund. No portion of the Bonds has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Bonds and thereby eliminating significant amounts of negative arbitrage in the Escrow Fund.

(d) No Noncallable Bonds. The Refunded Bonds do not include any noncallable Refunded Bonds that have been refunded in order to invest Proceeds in the Escrow Fund allocable to the noncallable Refunded Bonds at a Yield that is higher than the Yield on the Bonds and thereby eliminate significant amounts of negative arbitrage in the Escrow Fund.

(e) No Window Refunding. No portion of the Bonds has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the County to avoid Transferred Proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

(f) No Sale of Conduit Loan. No portion of the Gross Proceeds of the Refunded Bonds or the Bonds has been or will be used to acquire, finance, or refinance any conduit loan.

21. No Arbitrage. On the basis of the foregoing facts, estimates and circumstances, it is expected that the Gross Proceeds of the Bonds will not be used in a manner that would cause any of the Bonds to be an "arbitrage bond" within the meaning of section 148 of the Code and the Regulations. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change such expectations.

22. No Private Use, Payments or Loan Financing.

(a) General. The County reasonably expects, as of the date hereof, that no action or event during the entire stated term of the Bonds will cause either the "private business tests" or the "private loan financing test," as such terms are defined in the Regulations, to be met.

(i) Based on the reasonable belief of the County, no portion of the Proceeds of the Bonds will be used and no portion of the Proceeds of the Refunded Bonds has been used in a trade or business of a nongovernmental person. For purposes of determining use, the County will apply rules set forth in applicable Regulations and Revenue Procedures promulgated by the Internal Revenue Service, including, among others, the following rules: (A) Any activity carried on by a person other than a natural person or a state or local governmental unit will be treated as a trade or business of a nongovernmental person, provided that, such use will be treated as general public use (and not use in a trade or business) if the property is intended to be available, and is in fact reasonably available, for use on the same basis by natural persons not engaged in a trade or business; (B) the use of all or any portion of the Project financed by the Refunded Bonds is treated as the direct use of Proceeds; (C) a nongovernmental person will be treated as a private business user of Proceeds of the Bonds or the Refunded Bonds as a result of ownership, actual or beneficial use of the Proceeds pursuant to a lease, or a management or incentive payment contract, or certain other arrangements such as a take-or-pay or other output-type contract; and (D) the private business use test is met if a nongovernmental person has special legal entitlements to use directly or indirectly the Project.

(ii) The County has not taken and will not take any deliberate action that would cause or permit the use of any portion of the Project to change such that such portion will be deemed to be used in the trade or business of a nongovernmental person for so long as any of the Bonds remains outstanding (or until the County receives a Favorable Opinion of Bond Counsel). For this purpose any action within the control of the County is treated as a deliberate action. A deliberate action occurs on the date the County enters into a binding contract with a nongovernmental person for use of the Project that is not subject to any material contingencies.

(iii) All payments of the debt service on the Bonds will be paid from and secured by a generally applicable tax. For this purpose, a generally applicable tax is a tax (A) which is an enforced contribution exacted pursuant to legislative authority in the exercise of the taxing power that is imposed and collected for the purpose of raising revenue to be used for governmental purposes and (B) which has a uniform tax rate that is applied to all persons of the same classification in the appropriate jurisdiction using a generally applicable manner of determination and collection. No portion of the payment of the debt service on the Bonds will be directly or indirectly derived from payments (whether or not to the County or any related party) in respect of property, or borrowed money, used or to be used for a private business use. Furthermore, no portion of the payment of the debt service on the Bonds will be directly or indirectly secured by any interest in property used or to be used for a private business use or payments in respect of property used or to be used for a private business use.

(iv) No portion of the Proceeds of the Bonds will be directly or indirectly used to make or finance a loan to any person other than a state or local governmental unit. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the County shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be "loaned" to a person or entity if (A) property acquired, constructed or improved with Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (B) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (C) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or such property are otherwise transferred in a transaction which is the economic equivalent of a loan.

(b) Dispositions of Personal Property in the Ordinary Course. The County does not reasonably expect that it will sell or otherwise dispose of personal property components of the Project other than in the ordinary course of an established governmental program that satisfies the following requirements:

(i) The weighted average maturity of the portion of the Bonds financing personal property is not greater than 120 percent of the reasonably expected actual use of such personal property for governmental purposes;

(ii) The reasonably expected fair market value of such personal property on the date of disposition will be not greater than 25 percent of its cost;

(iii) Such personal property will no longer be suitable for its governmental purposes on the date of disposition; and

(iv) The County is required to deposit amounts received from such disposition in a commingled fund with substantial tax or other governmental revenues and the County reasonably expects to spend such amounts on governmental programs within 6 months from the date of commingling.

Furthermore, the County will not sell or otherwise dispose of all or any portion of the Project in circumstances in which the foregoing requirements are not satisfied unless it has received a Favorable Opinion of Bond Counsel.

(c) Other Agreements. The County will not enter into any agreement with any nongovernmental person regarding the use of all or any portion of the Project during the stated term of the Bonds unless it has received in each and every case a Favorable Opinion of Bond Counsel; provided that, the County will not be required to obtain a Favorable Opinion of Bond Counsel with respect to (i) any contracts for services that are solely incidental to the primary governmental function or functions of the Project (e.g., contracts for janitorial or similar services), (ii) any contract for services if the only compensation is the reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties; or (iii) any contract related to use of the Project by a member of the general public, so long as the term of such contract is not greater than 200 days.

23. Weighted Average Maturity. The Weighted Average Maturity of the Refunded Bonds set forth on Exhibit B attached to this Certificate is the sum of the products of the Issue Price of each group of identical Refunded Bonds and the number of years to maturity (determined separately for each group of identical Refunded Bonds and taking into account mandatory redemptions), divided by the aggregate Sale Proceeds of the Refunded Bonds. The Weighted Average Maturity of the Bonds set forth on Exhibit B attached to this Certificate is the sum of the products of the Issue Price of each group of identical Bonds and the number of years to maturity (determined separately for each group of identical Bonds and taking into account mandatory redemptions), divided by the aggregate Sale Proceeds of the Bonds.

24. Record Retention. The County will retain all pertinent and material records relating to the use and expenditure of the Proceeds of the Refunded Bonds and the Bonds and the calculation of or qualification of an exception from rebate until six years after the date the last Refunded Bond or Bond, as applicable, is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the County to retrieve and reproduce such books and records in the event of an examination of the Refunded Bonds or the Bonds by the Internal Revenue Service.

25. Registration. The Bonds will be issued in registered form.

26. Bonds are not Hedge Bonds. Not more than 50 percent of the Proceeds of each issue of which the Refunded Bonds are a part was invested in nonpurpose investments (as defined in section 148(f)(6)(A) of the Code) having a substantially guaranteed Yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code, and the County reasonably expected at the time each issue of which the Refunded Bonds are a part was issued that at least 85 percent of the spendable Proceeds of each such issue would be used to carry out the governmental purposes of such issues within the corresponding three-year period beginning on the respective dates of issue of such Refunded Bonds. Furthermore, not more than 50 percent of the Proceeds of the Bonds will be invested in nonpurpose investments (as defined in section 148(f)(6)(A) of the Code) having a substantially guaranteed Yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code, and the County reasonably expects that at least 85 percent of the spendable Proceeds of the Bonds will be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the date the Bonds are issued.

[EXECUTION PAGE FOLLOWS]

WITNESS MY HAND, this 17th day of November, 2010.

COLLIN COUNTY, TEXAS

By: _____

Title: County Auditor

Signature Page to Federal Tax Certificate

EXHIBIT A

ISSUE PRICE CERTIFICATE

I, the undersigned officer of the representative (the "Representative") of the group of Underwriters, make this certification for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest on the Bonds. Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Federal Tax Certificate to which this Exhibit A is attached (the "Federal Tax Certificate"). I hereby certify as follows in good faith as of the Issue Date:

1. I am the duly chosen, qualified and acting officer of the Representative for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this Issue Price Certificate on behalf of the Underwriters. I am the officer of the Underwriters charged, along with other officers of the Underwriters, with responsibility for the Bonds.

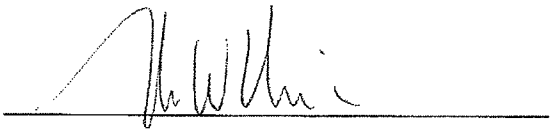
2. The Underwriters have made a bona fide public offering to the public of all Bonds at the applicable initial offering prices for each maturity set out on the cover of the Official Statement dated October 4, 2010, prepared in connection with the offering of the Bonds (the "Official Statement"). The initial offering prices set forth on the cover of the Official Statement (the "Initial Offering Prices") represent (i) the Underwriters' reasonable determination of the fair market value of each maturity of the Bonds on the sale date, (ii) the prices at which the Underwriters, based on market conditions on the sale date, reasonably expected to sell the Bonds, and (iii) the first prices at which a substantial amount (at least 10 percent) of each such maturity was, in fact, sold to the public. The aggregate of such Initial Offering Prices of all of the Bonds is $8,708,136.20. The Bonds were sold with Pre-Issuance Accrued Interest in the amount of $32,589.72. The sum of these two amounts is $8,740,725.92. The term "public," as used herein, does not include bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers. The term "sale date," as used herein, means the first day on which there is a binding contract in writing for the sale or exchange of the bond.

The County may rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. Vinson & Elkins L.L.P. also may rely on this Issue Price Certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes and the preparation of the Internal Revenue Service Form 8038-G.

[EXECUTION PAGE FOLLOWS]

EXECUTED as of this 17th day of November, 2010.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: 

Title: Managing Director

EXHIBIT B

CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of the Financial Advisor, make this certificate for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest on the Bonds. Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Federal Tax Certificate to which this Exhibit B is attached (the "Federal Tax Certificate"). I hereby certify as follows as of the Issue Date to the best of my knowledge, information and belief based upon the facts available at this time and current market conditions:

1. I am the duly chosen, qualified and acting officer of the Financial Advisor for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Financial Advisor. I am the officer of the Financial Advisor who has worked with representatives of the County in structuring the financial terms of the Bonds.

2. Based upon the scheduled debt service on the Bonds, the County's Unlimited Tax Refunding Bonds, Series 2010, and the Outstanding Bonds that are not Refunded Bonds, an amount of not less than $1,463,299 should be maintained as of the end of the current fiscal year as a balance in the County's Debt Service Fund consistent with accepted standards of prudent fiscal management for similar governmental issuers and in order to provide a reserve against periodic fluctuations in the amount and timing of ad valorem tax collections by the County for debt service purposes. Furthermore, neither the portion of such balance allocable to the Bonds nor the portion allocable to the Unrefunded Bonds exceeds the lesser of 100 percent of maximum annual debt service and 125 percent of average debt service on the Bonds and the Unrefunded Bonds, respectively.

3. The Issue Price (including Pre-Issuance Accrued Interest) of the Bonds, based on the representations set forth in Exhibit A to the Certificate to which this Exhibit is attached, is not more than $8,740,725.92. The Yield on the Bonds, based on such Issue Price is not less than 1.4223188 percent. For purposes of this certificate, the term "yield" means that yield which is computed as described in the "Yield on the Bonds" paragraph of the Federal Tax Certificate. The purchase price of the Bonds used in computing Yield on the Bonds is based solely on the Issue Price Certificate of the Underwriters attached as Exhibit A to the Federal Tax Certificate.

3. The Financial Advisor computed the Weighted Average Maturity of the Refunded Bonds to be advance refunded to be 4.347 years, Weighted Average Maturity of the Refunded Bonds to be currently refunded to be 2.277 years and the Weighted Average Maturity of the Bonds to be 4.213 years, each as set forth in the "Weighted Average Maturity" paragraph of the Federal Tax Certificate.

4. I have worked closely with representatives of the County in structuring the financial terms of the Bonds and the refunding of the Refunded Bonds. The Financial

Advisor has also performed certain computations that are the subject of the Report. I hereby confirm that the assumptions that are described in the Report as provided by the Financial Advisor are true, accurate and complete. I further hereby represent that to the best of my knowledge the statements set forth in the "Not an Abusive Transaction" paragraph of the Federal Tax Certificate to which this certificate is attached, are true.

The Financial Advisor hereby authorizes the County to rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate to which this certificate is attached and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. The Financial Advisor hereby authorizes Vinson & Elkins L.L.P. to rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes and the preparation of the Internal Revenue Service Form 8038-G. Capitalized terms used herein and not otherwise defined have the meaning ascribed to such terms in the Federal Tax Certificate to which this certificate is attached.

[EXECUTION PAGE FOLLOWS]

EXECUTED as of this 17th day of November, 2010.

FIRST SOUTHWEST COMPANY

By: _____

Title: Vice President

Signature Page of Certificate of Financial Advisor

Vinson&Elkins

Wendy Trahan Salinas wsalinas@velaw.com
Tel 214.220.7801 **Fax** 214.999.7801

January 7, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
7002 2410 0001 7393 7176

District Director
Internal Revenue Service
Ogden, UT 84201

Re: $8,120,000 Collin County, Texas Limited Tax Refunding Bonds, Series 2010

Dear Sir:

Enclosed please find an originally executed Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) for the above-captioned bond issue.

Please acknowledge receipt of the Form 8038-G by stamping and returning the copy of the Form 8038-G attached to the self-addressed, postage-paid envelope that we have provided.

Very truly yours,

Wendy Salinas

Wendy Trahan Salinas

cc: Tabitha Reyna
Shana Hight

Form **8038-G**
(Rev. May 2010)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: Collin County, Texas	2 Issuer's employer identification number (EIN): 75-6000873
3 Number and street (or P.O. box if mail is not delivered to street address): 2300 Bloomdale Road; Room/suite: 3100	4 Report number (For IRS Use Only): 3
5 City, town, or post office, state, and ZIP code: McKinney, Texas 75071	6 Date of issue: November 17, 2010
7 Name of issue: Limited Tax Refunding Bonds, Series 2010	8 CUSIP number: 1947385K2
9 Name and title of officer of the issuer or other person whom the IRS may call for more information: Keith Self; County Judge	10 Telephone number of officer or other person: (972) 548-4640

Part II Type of Issue (enter the issue price) See instructions and attach schedule

11	Education	11	
12	Health and hospital	12	
13	Transportation	13	
14	Public safety	14	
15	Environment (including sewage bonds)	15	
16	Housing	16	
17	Utilities	17	
18	Other. Describe ▶ park; courthouse; criminal justice center	18	8,708,136
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	2/15/2017	$ 8,708,136	$ 8,120,000	4.213 years	1.4223 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	32,590
23	Issue price of entire issue (enter amount from line 21, column (b))			23	8,708,136.00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	117,075		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27	Proceeds used to currently refund prior issues	27	953,942		
28	Proceeds used to advance refund prior issues	28	7,634,578		
29	Total (add lines 24 through 28)			29	8,705,595.00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	2,541.00

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	2.277 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	4.347 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	February 15, 2012
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	9/18/2001; 6/18/2002

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	0
b	Enter the final maturity date of the GIC ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	0

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . ▶ ☒

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . ▶ ☐

40 If the issuer has identified a hedge, check box . . . . ▶ ☐

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative	Date	Type or print name and title
[signature]	11/17/2010	Jeff May, County Auditor

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed	Preparer's SSN or PTIN
[signature]	11/17/2010	☐	P01067187

Firm's name (or yours if self-employed), address, and ZIP code	EIN	Phone no.
Vinson & Elkins L.L.P.; 2001 Ross Ave. Suite 3700, Dallas, Texas 75201	74-1183015	214-220-7700

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

District Director
Internal Revenue Service
Ogden, UT 84201

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X ☐ Agent ☐ Addressee

B. Received by *(Printed Name)* | C. Date of Delivery

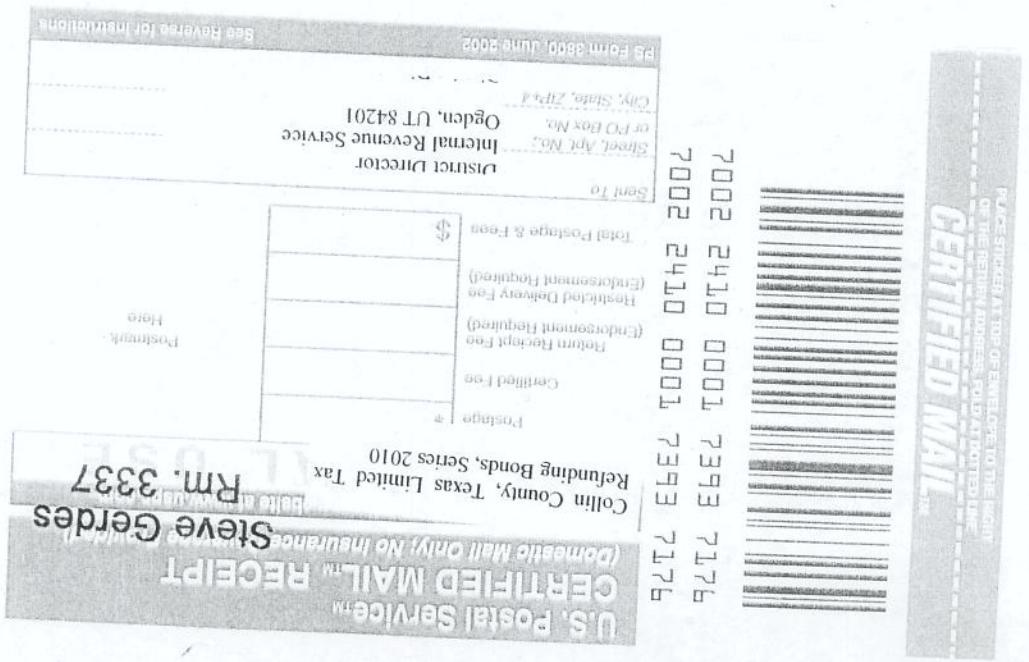
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☑ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number
(Transfer from service label) 7002 2410 0001 7393 7176

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1540



RECEIPT OF PAYING/AGENT REGISTRAR AND ESCROW AGENT
AND CERTIFICATE OF DELIVERY

The undersigned, authorized representative of The Bank of New York Mellon Trust Company, N.A. as Paying Agent/Registrar and Escrow Agent, hereby makes the following acknowledgments and certifications in connection with the issuance and delivery of $14,810,000 principal amount of Collin County, Texas Unlimited Tax Refunding Bonds, Series 2010 (the "Unlimited Tax Bonds") and the Collin County, Texas Limited Tax Refunding Bonds, Series 2010 (the "Limited Tax Bonds) in the principal amount of $8,120,000 (collectively, the "Bonds"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in the respective Orders authorizing the issuance thereof adopted by the governing body of Collin County, Texas (the "County"). The undersigned hereby:

Unlimited Tax Refunding Bonds, Series 2010

1. Acknowledges receipt of $16,599,573.84 from Stifel Nicolaus. as representative of the underwriters (the "Underwriters"), representing the principal amount of the Unlimited Tax Bonds plus premium of $1,796,950.55 and accrued interest of $72,884.44 less the underwriting discount of $80,261.15.

Limited Tax Refunding Bonds, Series 2010

2. Acknowledges receipt of $8,698,651.12 from the Underwriters, representing the principal amount of the Limited Tax Bonds plus premium of $588,136.20 and accrued interest of $32,589.72 less the underwriting discount of $42,074.80.

3. Acknowledges and certifies the application of amounts described in paragraphs 1 and 2 hereof as required by and in accordance with the Closing Memorandum (the "Closing Memorandum"), prepared by the City's Financial Advisor, First Southwest Company and attached hereto as Exhibit A.

4. Certifies that the Initial Bonds for the Bonds, registered by the Comptroller of Public Accounts of the State of Texas and representing the aggregate principal amount of the Bonds, were delivered to or upon order of the Underwriters and were duly canceled this date upon delivery of the definitive Bonds to the Underwriters through The Depository Trust Company.

DATED: November 17, 2010.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Paying Agent/Registrar and Escrow Agent

By: _____
Title: Senior Associate

Exhibit A

FirstSouthwest
A PlainsCapital Company

777 Main Street
Suite 1200
Fort Worth, Texas 76102

817-332-9710 Direct
877-999-3792 Toll Free
817-336-5572 Fax

Laura Alexander
Senior Vice President

laura.alexander@firstsw.com

November 12, 2010

Ms. Monika Arris
Collin County
2300 Bloomdale Rd., Suite 4100
McKinney, Texas 75071

Mr. Jeff May
Collin County
2300 Bloomdale Rd., Suite 3100
McKinney, Texas 75071

Mr. Rob Collins
Vinson & Elkins L.L.P.
3700 Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201-2975

Ms. Nora Chavez
Stifel, Nicolaus & Company, Inc.
70 NE Loop 410, Suite 295
San Antonio, Texas 78216

Mr. Bob Dransfield
Fulbright & Jaworski
2200 Ross Avenue, Suite 2800
Dallas, TX 75201

Mr. Shannon Straty
The Bank of New York Trust Company
2001 Bryan Street,8th Floor
Dallas, TX 75201

RE: $14,810,000 Collin County, Texas Unlimited Tax Refunding Bonds, Series 2010 ("Unlimited Tax Bonds"), and
$8,120,000 Collin County, Texas Limited Tax Refunding Bonds, Series 2010 ("Limited Tax Bonds)

Ladies and Gentlemen:

Payment for the above referenced Unlimited Tax Bonds and Limited Tax Bonds is scheduled to occur at or prior to 10:00 AM, CST, on November 17, 2010 (the "Closing Date") and funds for the payment of the Unlimited Tax Bonds and the Limited Tax Bonds are to be cleared through The Bank of New York Mellon Trust Company as follows:

(A) On the Closing Date, The Bank of New York Mellon Trust Company, ABA: 021000018, GLA #211065, TAS #428489, Attention: Shannon Straty, will receive from Stifel Nicolaus (the "Underwriter") in immediately available funds in payment as follows:

(1) **Unlimited Tax Bonds**

Principal Amount	$14,810,000.00
Plus: Premium	1,796,950.55
Less: Underwriting Discount	(80,261.15)
Plus: Accrued Interest	72,884.44
Total to be Received from the Underwriter of the Unlimited Tax Bonds	$16,599,573.84

(2) **Limited Tax Bonds**

Principal Amount	$ 8,120,000.00
Plus: Premium	588,136.20
Less: Underwriting Discount	(42,074.80)
Plus: Accrued Interest	32,589.72
Total to be Received from the Underwriter of the Limited Tax Bonds	$ 8,698,651.12

Total to be Received by The Bank of New York Mellon Trust Company for the Unlimited Tax Bonds and the Limited Tax Bonds $25,298,224.96

(B) On the Closing Date, The Bank of New York Mellon Trust Company is instructed to disburse and expend funds described in (A) as follows:

(1) **Unlimited Tax Bonds**

(a) Deposit to Escrow account for payment to the Bureau of Public Debt for the purchase of certain U.S. State and Local Government Series (SLGS) ..	$16,412,157.00
(b) Deposit to Escrow Account as beginning cash balance	$ 0.33
(d) Retain in payment of services rendered as Paying Agent/Registrar, Escrow Agent and Settlement Fees for the Unlimited Tax Bonds	$ 3,650.00

(2) **Limited Tax Bonds**

(a) Deposit to Escrow account for payment to the Bureau of Public Debt for the purchase of certain U.S. State and Local Government Series (SLGS) ..	$ 8,588,520.00
(b) Deposit to Escrow Account as beginning cash balance	$ 0.61
(d) Retain in payment of services rendered as Paying Agent/Registrar, Escrow Agent and Settlement Fees for the Limited Tax Bonds	$ 1,850.00

(3) Transmit by wire funds, less costs of issuance, to State Street Bank and Trust Company, BNF = Attn: TexPool #67573774, RFB: Location ID #77272, OBI: 449-0431400, Participant Name: Collin County, ABA #(3400) 011000028, to be disbursed as follows:..... $ 105,474.16

Deposit to the Unlimited Tax Refunding 2011 DS – Acct.#144 in the amount of..... $72,884.44

Deposit to the Limited Tax Refunding 2011 DS – Acct.#145 in the amount of..... $32,589.72

(4) Transmit by wire transfer to The Bank of New York, ABA : #021000018, Beneficiary: First Southwest Company, Account #890 0271 779, Client Account #0054034, Client Name: Collin County, Texas for payment of costs of issuance..... $ 186,572.86

Total Disbursement of Funds..... $25,298,224.96

FUNDS WILL NOT BE DISBURSED INTO ANY ACCOUNTS UNTIL THE BOND ISSUES ARE CLOSED. THE BANK OF NEW YORK AND STIFEL NICOLAUS ARE PARTIES TO THE CONVERSATION WITH DTC TO RELEASE THE BONDS AND ONLY AFTER THAT TIME, THE BANK OF NEW YORK CAN DISBURSE FUNDS.

Upon release of the Unlimited Tax Bonds and Limited Tax Bonds to the Underwriter all closing documents shall be dated the date of the closing.

Upon receipt of funds into the account of the County, the County shall endorse the Good Faith Checks and return them via overnight guaranteed mail to the contact as listed below.

Ms. Nora Chavez
Stifel, Nicolaus & Company, Inc.
70 NE Loop 410, Suite 295
San Antonio, Texas 78216
(210) 525-8048

Your cooperation regarding the wiring, receipt and disbursement of funds in accordance with this letter is greatly appreciated. Should you have any further questions, please advise me at (817) 332-9710.

Very truly yours,

Laura Alexander

Laura B. Alexander

cc: Mr. Jack Addams
Mr. Joe Brawner
First Southwest Company

CERTIFICATE PURSUANT TO BOND PURCHASE CONTRACT

We the undersigned, officers of Collin County, Texas (the "Issuer"), execute and deliver this certificate pursuant to paragraph 6(i)(6) of the Bond Purchase Contract (the "Purchase Contract"), dated as of October 4, 2010, between the underwriters named therein, (the "Underwriters"), in connection with the issuance and sale of the Issuer's Collin County, Texas Limited Tax Refunding Bonds, Series 2010; (the "Bonds") in the aggregate original principal amount of $8,120,000. Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in the Purchase Contract. It is hereby certified that:

1. The representations and warranties of the Issuer contained in the Purchase Contract are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing.

2. No litigation or proceeding or tax challenge against the Issuer is pending or, to our knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents, (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and/or levying and/or collecting ad valorem taxes and making payments on the Bonds, pursuant to the Order, and the levy and/or collection of the taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, (e) contest the accuracy, completeness or the fairness of the Preliminary Official Statement or the Official Statement, or (f) contest the redemption of the Limited Tax Refunded Bonds.

3. The Order has been duly adopted by the Issuer and the Purchase Contract has been duly executed by an authorized official of the Issuer, and the Order and the Purchase Contract are in full force and effect and have not been modified, amended or repealed.

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

5. There has not been any materially adverse change in the financial condition of the Issuer since September 30, 2009, the latest date as of which audited financial information is available.

[Execution Page Follows]

DATED: November 17, 2010.

County Judge
Collin County, Texas

County Auditor
Collin County, Texas

STANDARD
&POOR'S

500 North Akard Street
Lincoln Plaza, Suite 3200
Dallas, TX 75201
tel 214 871-1402
reference no.: 1142929

September 22, 2010

Collin County
2300 Bloomingdale Road, Suite 3100
McKinney, TX 75071
Attention: Mr. Bill Bilyeu, County Administrator

Re: ***US$7,910,000 Collin County, Texas, Limited Tax Refunding Bonds, Series 2010, dated: October 1, 2010, due: February 15, 2017***

Dear Mr. Bilyeu:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions,* have assigned a rating of "AAA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on

CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business

th
enclosures
cc: Mr. David K. Medanich
Mr. Jeff May
Ms. Laura B. Alexander

MOODY'S
INVESTORS SERVICE

New Issue: MOODY'S ASSIGNS Aaa RATING TO COLLIN COUNTY'S (TX) UPCOMING UNLIMITED TAX AND LIMITED TAX REFUNDING BONDS, SERIES 2010

Global Credit Research - 24 Sep 2010

RATING AFFECTS $223.8 MILLION IN OUTSTANDING UNLIMITED TAX DEBT AND $159.8 MILLION IN OUTSTANDING LIMITED TAX DEBT, INCLUSIVE OF CURRENT REFUNDING

County
TX

Moody's Rating

ISSUE	RATING
Unlimited Tax Refunding Bonds, Series 2010	Aaa
Sale Amount $16,885,000	
Expected Sale Date 10/01/10	
Rating Description General Obligation	
Unlimited Tax Refunding Bonds, Series 2010	Aaa
Sale Amount $7,910,000	
Expected Sale Date 10/01/10	
Rating Description General Obligation Limited Tax	

Opinion

NEW YORK, Sep 24, 2010 -- Moody's Investors Service has assigned a Aaa underlying rating to Collin County's (TX) upcoming sales of $16,885,000 Unlimited Tax Refunding Bonds, Series 2010 and $7,910,000 Limited Tax Refunding Bonds, Series 2010. Concurrently, Moody's has affirmed the Aaa rating on the County's $223.8 million in outstanding unlimited tax (ULT) debt and $159.8 million in outstanding limited tax (LT) debt, inclusive of the current refundings. The obligations constitute direct obligations of the County, payable from the levy and collection of a direct annual ad valorem tax; however, the ULT bonds carry the County's unlimited taxing authority while the LT bonds are limited as to rate or amount. The bonds are being sold to refund a portion of the County's outstanding debt for a net present value savings.

RATING RATIONALE

Assignment of Moody's highest credit rating reflects the County's expansive tax base supported by a strong socio-economic profile, historically stable financial operations and manageable debt burdens.

AFFLUENT SUBURBAN COUNTY IN DFW METROPLEX

Collin County comprises 836 square miles in northeast Texas, situated in the northern portion of the Dallas-Fort Worth Metroplex. Cities within the County include the county seat, McKinney (Aa1 general obligation rating); Plano (Aaa); Allen (Aa1), Frisco (Aa1), and Wylie (Aa3). The County's population increased 86.2% between the 1990 and 2000 U.S. Census years and has subsequently grown an additional 52.1% to an estimated 748,050 residents in 2009. The County's wealth indices are indicative of an affluent suburban community with a per capita income (from 2000 U.S. Census) of $33,345; 170.0% of the State and 154.5% of the U.S. The county-wide June 2010 unemployment rate of 7.9% is below both the State (8.5%) and the U.S. (9.16) for the same time period.

The County's tax base is diverse with the top ten taxpayers comprising a modest 2.4% of the total fiscal 2010 assessed value (AV). After a decade of strong taxable value growth, base values were flat in fiscal 2010 and declined by a slight 1.5% in fiscal 2011 to $71.3 billion. The value loss is attributable to a slump in commercial values. Over the past five years the County's AV has experienced a healthy average annual growth rate of 4.8%. Officials report that commercial value growth within a mixed use development along I-75 in Allen will likely offset a possible recurrence of value loss in fiscal 2012, although a significant increase in values is not anticipated. With more than 60% of the County's land still available for development, Moody's believes the County's tax base trends will return to positive as economic conditions improve.

AMPLE RESERVES WITH PLANS TO STEADILY DRAW DOWN EXCESS BALANCE

The County has built up strong reserves to provide ample protection against unforeseen contingencies. Despite budgeting annual draws on General Fund reserves for one-time capital expenditures, conservative budgeting has actually supported annual surpluses for at least the last seven years. Property taxes comprised 76.8% of fiscal 2009 General Fund revenues. In that same year, the County levied a combined tax rate of $2.42 per $1,000 of assessed valuation, notably below the $8.00 statutory limit for Texas counties. Officials indicate there are no plans to increase the overall tax rate in the near term. The County posted a $3.9 million surplus at FYE 2009, bringing the unreserved General Fund balance to $133.6 million, or a strong 90.7% of General Fund revenues. Officials anticipate a slight increase in General Fund reserves for fiscal 2010 of approximately $3 million. The County views the fund balance to be in excess and has a five year plan to draw reserves down to 120 days which is an approximate 32% fund balance. Fiscal 2011 is the first year of the five year reduction plan and includes a $10 million use of fund balance to reduce the County's unfunded liabilities related to the State's retirement fund and the County's OPEB liability. The actuarial accrued OPEB liability is reported as $37.5 million at the end of fiscal 2009 (about 28% of the County's total fund balance). The County is taking a pay-go funding approach and $5 million of fiscal 2011 fund balance will be set aside in an irrevocable trust to help offset this liability. $4 million was set aside in fiscal 2009. The County contributes to the Texas County and District Retirement System (TCDRS) and will use $5 million of fund balance to offset annual retirement requirements. Future year draws will be determined as needed but may include contributions for capital improvements. Despite the planned draws on fund balance, given the County's policy to maintain a minimum of four months of operating

expenses in reserves, Moody's expects the County's financial flexibility to remain within the Aaa rating category.

MANAGEABLE DEBT PROFILE EXPECTED TO CONTINUE DESPITE PLANS FOR ADDITIONAL BORROWING

Inclusive of the current offerings, the County's direct debt burden is favorable at 0.5% of fiscal 2011 AV. The overall debt burden is significantly higher at 8.4% due to the large number of overlapping cities and school districts that have issued debt for infrastructure and facilities to accommodate the population growth. The County's rate of amortization is average with 66.1% of principal retired in ten years. Following the current sales, the County will have $255 million remaining in authorized but unissued debt. The authorization is to match city's within the County transportation projects. Officials report the remaining authorization will likely be utilized over the next five years depending on the city' construction plans. The County has no exposure to variable rate debt or interest rate swaps. Moody's believes the County will prudently manage future debt issuance to maintain a debt profile consistent with the Aaa rating.

KEY STATISTICS

2009 Estimated Population: 748,050

FY 2011Full Value: $71.3 billion

Full Value per Capita: $95,285

Per Capita Income (2000 U.S. Census): $33,345 (170.0% of State; 154.5% of U.S.)

Median Family Income (2000 U.S. Census): $81,856 (178.5% of State; 163.6% of U.S.)

Direct Debt Ratio: 0.5%

Overall Debt Ratio: 8.4%

Payout of Principal (10 years): 66.1%

FY 2009 Unreserved General Fund Balance: $133.6 million (90.7% of General Fund Revenues)

Post-sale Unlimited Tax Debt Outstanding: $223.8 million

Post-sale Limited Tax Debt Outstanding: $159.8 million

WHAT COULD CHANGE THE RATING - UP

-Not applicable

WHAT COULD CHANGE THE RATING - DOWN

-Draw on reserves below the County's policy of 4months

-Significant change in County's socio demographic composition

The principal methodology used in rating the county of Collin was General Obligation Bonds Issued by U.S. Local Governments rating methodology published in October 2009. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

REGULATORY DISCLOSURES

Information sources used to prepare the credit rating are the following: parties involved in the ratings, public information and confidential and proprietary Moody's Investors Service's information.

Moody's Investors Service considers the quality of information available on the credit satisfactory for the purposes of assigning a credit rating.

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Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

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Please see the Credit Policy page on Moodys.com for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

Analysts

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Backup Analyst

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MOODY'S
INVESTORS SERVICE

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SIGNATURE IDENTIFICATION AND AUTHORITY
CERTIFICATE OF ESCROW AGENT

I, the undersigned officer of THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the "Bank"), which is the Escrow Agent appointed by COLLIN COUNTY, TEXAS (the "Issuer"), in connection with the issuance, sale, execution and delivery of the Issuer's Limited Tax Refunding Bonds, Series 2010 (the "Bonds"), and the execution and delivery of an Escrow Agreement, dated as of October 1, 2010 (the "Escrow Agreement") between the Issuer and the Bank, hereby certify as follows:

1. The Bank is a national banking association authorized to do business in the State of Texas with trust powers and has full power and authority to enter into and perform the obligations of Escrow Agent under the Escrow Agreement.

2. The Escrow Agreement has been duly executed and attested on behalf of the Escrow Agent by one of the following persons who is a duly elected or appointed officer of the Bank holding the office set forth opposite his or her name and specimen of his or her genuine signature:

Name	Office	Signature
Shannon Straty	Senior Associate	Shannon Straty

3. The foregoing officers of the Escrow Agent by virtue of the authority delegated to them as set forth in Exhibit A are each authorized to execute and deliver on behalf of the Escrow Agent the Escrow Agreement and such other and further documents as may be necessary or incidental to the performance of the Escrow Agreement.

IN WITNESS WHEREOF, the undersigned Bank has caused this certificate to be executed and its seal affixed on this November 3, 2010.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: Elizabeth H. Pierce
Title: Vice President

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

I, the undersigned, Barbara J. Parrish, Assistant Secretary of The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States (the "Association") and located in the State of California, with a trust office located at 2001 Bryan Street, Dallas, Texas, DO HEREBY CERTIFY that the following individuals are duly appointed and qualified Officers of the Association:

Officer	Title	Signing Authority
Deborah A. Bennett	Vice President	A, C2, J, P1
Susan Brookshire	Vice President	P6
Michael K. Herberger	Vice President	A, C2, J, N, P1
Charles Hicks	Vice President & Assistant Secretary	A, C2, J, N, P1
Robert L. Patterson	Vice President	A, C2, J, N, P1
Elizabeth Power	Vice President	A, C5, J, N, P2
Cathleen M. Sokolowski	Vice President	A, C2, J, N, P1
Rick Adler	Senior Associate	A, C5, J, N, P2
Michelle L. Baldwin	Senior Associate	A, C5, J, N, P2
Rosalyn Y. Davis	Senior Associate	A, C5, J, N, P2
Gulnaar Murthy	Senior Associate	A, C5, J, N, P2
Jason Stephens	Senior Associate	A, C2, J, N, P1
Shannon Straty	Senior Associate	A, C5, J, N, P2
Deirdre A. Wilson	Senior Associate	A, C5, J, P2
Caresse L. Tankersley	Associate	A, C4, J, N

I further certify that as of this date they have been authorized to sign on behalf of the Association in discharging or performing their duties in accordance with the senior and limited signing powers provided under Article V, Sections 5.2 and 5.3 of the By-Laws of the Association and the paragraphs indicated above of the signing authority resolution of the Board of Directors of the Association.

Attached hereto are true and correct copies of excerpts of the By-Laws of the Association and the signing authority resolution, which have not been amended or revised since October 15, 2009 and are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The Bank of New York Mellon Trust Company, N.A. this 27th day September 2010.

Barbara J. Parrish

Barbara J. Parrish, Assistant Secretary

Extracts from By-Laws

of

The Bank of New York Mellon Trust Company, N.A.

As Amended through October 15, 2009

ARTICLE V
SIGNING AUTHORITIES

Section 5.1 Real Property. Real property owned by the Association in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Association in its own right with such maximum values as the Board may fix in its authorizing resolution.

Section 5.2. Senior Signing Powers. Subject to the exception provided in Section 5.1, the President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Association in all transactions arising out of, or in connection with, the normal course of the Association's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Association thereto. In such instances as in the judgment of the President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Association authorized in or pursuant to Section 5.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 5.2, is authorized to attest to the seal of the Association on any documents requiring such seal.

Section 5.3. Limited Signing Powers. Subject to the exception provided in Section 5.1, in such instances as in the judgment of the President or any Executive Vice President, may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Association to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

Section 5.4. Powers of Attorney. All powers of attorney on behalf of the Association shall be executed by any officer of the Association jointly with the President, any Executive Vice President, or any Managing Director, provided that the execution by such Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of said officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors.

Section 5.5. Auditor. The Auditor or any officer designated by the Auditor is authorized to certify in the name of, or on behalf of the Association, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

SIGNING AUTHORITY RESOLUTION

Pursuant to Article V, Section 5.3 of the By-Laws
Adopted October 15, 2009

RESOLVED that, pursuant to Section 5.3 of the By-Laws of the Association, authority be, and hereby is, granted to the President or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

(A) All signing authority set forth in paragraphs (B) through (I) below except Level C which must be specifically designated.

(B1) Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Association; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Association's business.

(B2) Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

(C1) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $500,000,000 with single authorization for all transactions.

(C2) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $500,000,000*.

(C3) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $500,000,000.

(C4) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount $in excess of $100,000,000 but not to exceed $500,000,000*.

(C5) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt;

certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $100,000,000.

(C6) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $10,000,000.

(C7) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000,000.

(C8) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $1,000,000.

(C9) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $250,000.

(C10) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $50,000.

(C11) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000.

*Dual authorization is required by any combination of senior officer and/or Sector Head approved designee for non-exempt transactions. Single authorization required for exempt transactions.

(D1) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to $1,000,000.

(D2) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to $250,000.

(D3) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to $50,000.

(D4) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to $5,000.

(E) Authority to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments; certification required for transfers and deliveries of stocks, bonds or other instruments; and document, instrument or paper of any type required in connection with any Individual Retirement Account or Keogh Plan or similar plan.

(F) Authority to accept, endorse, execute or sign any certificate of authentication as bond, unit investment trust or debenture trustee and on behalf of the Association as registrar and transfer agent.

(G) Authority to accept, endorse, execute or sign any bankers acceptance; letter of credit; and bill of lading.

(H) Authority to accept, endorse, execute or sign any document, instrument or paper of any type required in connection with the ownership, management or transfer of real or personal property held by the Association in trust or in connection with any transaction with respect to which the Association is acting in any fiduciary, representative or agency capacity, including the acceptance of such fiduciary, representative or agency account.

(I1) Authority to effect the external movement of free delivery of securities and internal transfers resulting in changes of beneficial ownership.

(I2) Authority to effect the movement of securities versus payment at market or contract value.

(J) Authority to either sign on behalf of the Association or to affix the seal of the Association to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Association in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Association products or services.

(N) Individuals authorized to accept, endorse, execute or sign internal transactions only, (i.e., general ledger tickets); does not include the authority to authorize external money movements, internal money movements or internal free deliveries that result in changes of beneficial ownership.

(P1) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in excess of $10,000,000.

(P2) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to $10,000,000.

(P3) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to $5,000,000.

(P4) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to $1,000,000.

(P5) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to $250,000.

(P6) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to $100,000.

(P7) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to $50,000.

(P8) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to $25,000.

(P9) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to $10,000.

(P10) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to $5,000.

(P11) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to $3,000.

RESOLVED, that any signing authority granted pursuant to this resolution may be rescinded by the President or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Association.

ATTORNEY GENERAL OF TEXAS

GREG ABBOTT

November 15, 2010

THIS IS TO CERTIFY that Collin County, Texas (the "Issuer") has submitted to me Collin County, Texas Limited Tax Refunding Bond, Series 2010 (the "Bond"), in the principal amount of $8,120,000, for approval. The Bond is dated October 1, 2010, numbered T-1, and was authorized by an Order of the Issuer passed on October 4, 2010, as ratified and confirmed by an Order of the Issuer passed on October 11, 2010.

I have examined the law and such certified proceedings and other papers as I deem necessary to render this opinion.

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

I express no opinion relating to the official statement or any other offering material relating to the Bond.

Based on my examination, I am of the opinion, as of the date hereof and under existing law, as follows:

(1) The Bond has been issued in accordance with law and is a valid and binding obligation of the Issuer.

(2) In accordance with the provisions of the law, including an Escrow Agreement dated as of October 1, 2010, firm banking arrangements have been made for the discharge and final payment or redemption of the obligations being refunded upon deposit of an amount sufficient to pay said obligations when due.

(3) The Bond is payable from the proceeds of a direct and continuing ad valorem tax levied, within the limit prescribed by law, against all taxable property in the Issuer.

Therefore, the Bond is approved.

The Comptroller is instructed that she may register the Bond without the cancellation of the underlying securities being refunded thereby.

Attorney General of the State of Texas

No. 51439
Book No. 2010-D
GAW

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, Melissa Mora, ☐ Bond Clerk ☒ Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 15th day of November 2010, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Collin County, Texas Limited Tax Refunding Bond, Series 2010,

numbered T-1, dated October 1, 2010, and that in signing the certificate of registration I used the following signature:

Susan Combs

IN WITNESS WHEREOF I have executed this certificate this the 15th day of November 2010.

Melissa Mora

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 77822.

GIVEN under my hand and seal of office at Austin, Texas, this the 15th day of November 2010.

Susan Combs

Susan Combs
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

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

Collin County, Texas Limited Tax Refunding Bond, Series 2010

numbered T-1, of the denomination of $ 8,120,000, dated October 1, 2010, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 15th day of November 2010, under Registration Number 77822.

Given under my hand and seal of office, at Austin, Texas, the 15th day of November 2010.

SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

Vinson&Elkins

November 17, 2010

$8,120,000
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS,
SERIES 2010

WE HAVE represented Collin County, Texas (the "Issuer"), as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

> COLLIN COUNTY, TEXAS LIMITED TAX REFUNDING BONDS, SERIES 2010, dated October 1, 2010.
>
> The Bonds mature, bear interest and may be transferred and exchanged as set out in the Bonds and in the order adopted by the Commissioners Court of the Issuer authorizing their issuance (the "Order").

WE HAVE represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, which contains certified copies of certain proceedings of the Issuer; an escrow agreement (the "Escrow Agreement") between the Issuer and The Bank of New York Mellon Trust Company, N. A., as escrow agent (the "Escrow Agent"), the report (the "Report") of Grant Thornton LLP, Certified Public Accountants (the "Verification Agent"), verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the obligations being refunded and

the mathematical accuracy of certain computations of the yield on the Bonds and obligations acquired with the proceeds of the Bonds; customary certificates of officers, agents and representatives of the Escrow Agent, the Issuer, and other public officials, and other certified showings relating to the authorization and issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the obligations being refunded. We have further examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of Treasury regulations, and rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer;

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the bonds being refunded pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent on the date of delivery of the Bonds, and, therefore, such bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such Escrow Agreement; and

(C) A continuing ad valorem tax upon all taxable property within Collin County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitations.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT or a REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the Issuer, the Issuer's financial advisors and the Underwriters of the Bonds with respect to matters solely within the knowledge of the Issuer, the Issuer's financial advisors and the Underwriters, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Order pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. We have further relied on the Report of the Verification Agent, regarding the mathematical accuracy of certain computations. If such Report or representations are determined to be inaccurate or incomplete or the Issuer fails to comply with the foregoing provisions of the Order, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we 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.

Owners 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 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).

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to

update or supplement these opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. 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. We observe that the Issuer has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Vinson & Elkins L.L.P.

Vinson&Elkins

November 17, 2010

Stifel Nicolaus & Company, Incorporated
Citigroup Global Markets Inc.
c/o Stifel Nicolaus & Company, Incorporated,
70 NE Loop, 410 Suite 295
San Antonio, Texas 78216

Re: $8,120,000 Collin County, Texas Limited Tax Refunding Bonds, Series 2010

Ladies and Gentlemen:

We have served as Bond Counsel to Collin County, Texas (the "Issuer") in connection with the issuance of its $8,120,000 Collin County, Texas Limited Tax Refunding Bonds, Series 2010 (the "Bonds"), issued pursuant to the provisions of the orders duly adopted by the Commissioners Court of the Issuer on October 4, 2010 and October 11, 2010 (collectively, "Orders"). This opinion is delivered pursuant to the provisions of Section 6(i)(4) of the Purchase Contract (hereinafter defined). Capitalized terms not otherwise defined in this opinion have the meanings assigned in the hereinafter defined Purchase Contract.

In our capacity as Bond Counsel to the Issuer, we have reviewed the following:

(a) certified copies of the Orders;

(b) an executed counterpart of the Bond Purchase Contract dated October 4, 2010 (the "Purchase Contract") between the Issuer and the Underwriters named in such Purchase Contract;

(c) a copy of the Official Statement dated October 4, 2010;

(d) an executed counterpart of the Escrow Agreement dated as of October 1, 2010 (the "Escrow Agreement") between the Issuer and The Bank of New York Mellon Trust Company, N.A.; and

(e) such other agreements, documents, certificates, opinions, letters, and other papers as we have deemed necessary or appropriate in rendering the opinions set forth below.

In making our review, we have assumed the authenticity of all documents and agreements submitted to us as originals, conformity to the originals of all documents and agreements submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and agreements, and the accuracy of the statements contained in such documents.

Based upon the foregoing, and subject to the qualifications and exceptions hereinafter set forth, we are of the opinion that under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Orders have been duly adopted and are in full force and effect.

2. The Bonds are exempted securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Orders under the Trust Indenture Act.

3. We were not requested to participate, and did not take part, in the preparation of the Official Statement, and have not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in our capacity as Bond Counsel, we have reviewed the information under the captions "PLAN OF FINANCING" (excluding the information under the subcaption "Sources and Uses of Proceeds"), "THE BONDS" (excluding the information under the subcaptions "Book-Entry-Only System" and "Bondholder's Remedies"), "TAX MATTERS", and "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Bonds for Sale", "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Matters" under the caption "OTHER INFORMATION" in the Official Statement, and we are of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions and in Appendix C is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Orders.

The addressees may rely on our opinion, dated as of the date hereof, delivered in connection with the issuance of the Bonds to the same extent as if such opinions were specifically addressed to them.

This opinion is furnished solely for your benefit and may be relied upon only by the addressees hereof or anyone to whom specific permission is given in writing by us.

Very truly yours,

Vinson & Elkins L.L.P.

FULBRIGHT
& Jaworski L.L.P.
Attorneys at Law

2200 Ross Avenue, Suite 2800 • Dallas, Texas 75201-2784
Telephone: 214 855 8000 • Facsimile: 214 855 8200

November 17, 2010

Stifel, Nicolaus & Company, Incorporated
Citigroup Global Markets Inc.
c/o Stifel, Nicolaus & Company, Incorporated
70 NE Loop 410 Suite 295
San Antonio, Texas 78216

Re: $8,120,000 "Collin County, Texas, Limited Tax Refunding Bonds, Series 2010", dated October 1, 2010

Ladies and Gentlemen:

As the underwriters of the Collin County, Texas, Limited Tax Refunding Bonds, Series 2010 (the "Bonds"), you have requested our review of certain documents and proceedings relating to your purchase of the Bonds from Collin County, Texas (the "County").

In that connection, we have examined the Official Statement of the County relating to the Bonds, dated October 4, 2010 (the "Official Statement"), the Purchase Contract, dated October 4, 2010, between the County and you, and the Order (as defined in the Purchase Contract) authorizing the issuance of the Bonds adopted by the County Commissioners Court on October 4, 2010. We have also examined mechanically reproduced or certified copies of certificates of public officials, certificates of officers or representatives of the County and such other instruments and documents as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of copies of such documents submitted to us as certified or mechanically reproduced copies. As to questions of fact material to the opinions hereinafter expressed, where such facts have not been independently established, and as to the content and form of documents or writings, we have relied in part and to the extent we deem reasonably appropriate upon the representations and warranties of the County contained in the Purchase Contract and certificates of officers and representatives of the County and public officials.

Based upon the foregoing, and having due regard for such legal considerations as we deem relevant, we are of the opinion that the Bonds are exempted securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act and the Order need not be qualified under the Trust Indenture Act.

In addition, we have participated in conferences with officers and other representatives of the County, Bond Counsel, the financial advisor to the County and your representatives at which the contents of the Official Statement and related matters were discussed and, although we are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, on the basis of the foregoing (relying as to materiality to a large extent upon the opinions of officers and other representatives of the County), no facts have come to our attention to lead us to believe that the Official Statement, as of its date, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding The Depository Trust Company and its book-entry system, in each case as to which no view is expressed).

The opinions expressed above are specifically limited to the laws of the State of Texas and of the United States of America in effect on the date hereof.

The opinions expressed herein are for the sole benefit of you, and may only be relied upon by you in connection with your purchase of the Bonds from the County. In no manner is our opinion to be relied upon for any reason or purpose other than the purpose for which it is expressly furnished hereunder, nor is our opinion to be relied upon by any other person or persons other than for whom it is expressly intended.

Very truly yours,

Fulbright + Jaworski L.L.P.