

**TRANSCRIPT OF PROCEEDINGS
RELATING TO**

**COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS,
TAX-EXEMPT SERIES 2013A**

Dated: June 1, 2013

**BRACEWELL
& GIULIANI**

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UNLIMITED TAX ROAD AND REFUNDING BONDS,
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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 June 3, 2013, at 424 East FM 6 Nevada, Texas, 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
Cheryl Williams, Commissioner, Precinct No. 2
Chris Hill, Commissioner, Precinct No. 3
Duncan Webb, Commissioner, Precinct No. 4

and all of the members of the Commissioners Court were present except Duncan Webb, 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, UNLIMITED TAX ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$40,295,000; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, 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: 4

NOES: 0

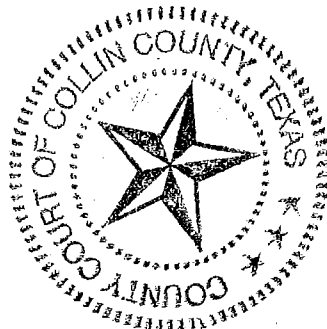
ABSTENTIONS: 0

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 June 3, 2013.

Stacy Kemp
County Clerk, Collin County, Texas

[COUNTY SEAL]



ORDER
AUTHORIZING THE ISSUANCE OF

\$40,295,000
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS
TAX-EXEMPT SERIES 2013A

Dated: June 1, 2013

Adopted: June 3, 2013

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AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, UNLIMITED TAX ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$40,295,000; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, PAYING AGENT/REGISTRAR 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 road bonds of the County, secured by a pledge of ad valorem taxes, without limit as to rate or amount; 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 net present value savings of approximately \$693,268.13 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 in obligations authorized by Chapter 1207 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, in addition to the refunding bonds, the Commissioners Court (the "Commissioners Court") of Collin County, Texas (the "County") intends to issue road bonds to finance improvements within the County which the Commissioners Court determines are necessary; and

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 the County, on November 6, 2007; 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	Election Date	Amount Voted	Amount Previously Issued	Amount Being Issued	Unissued Balance
Road Improvement Projects Including Joint State Highway and Joint City Projects	11/06/07	\$235,600,000	\$105,845,000	\$28,000,000 ⁽¹⁾	\$101,755,000

⁽¹⁾ Includes \$2,335,000 of premium on the Bonds allocated to voted authorization.

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 and refunding 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, Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A” 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(b)

“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., or its successors or assigns.

"Escrow Agreement" means the escrow agreement, dated as of June 1, 2013, 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 Initial Bond authorized by Section 3.04(d) of this Order.

"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 or prior redemption of the Bonds, such dates being February 15 and August 15 of each year commencing February 15, 2014.

"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 date designated as the date of the Bonds by Section 3.02(a) of this Order.

"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, National Association, 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 Citigroup Global Markets, Inc. and Estrada Hinojosa & Company, 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, without legal limit as to rate or amount, 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 Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly Article III, Section 52 of the Texas Constitution, as amended, and Chapters 1471 and 1207, Texas Government Code, as amended. The Bonds shall be issued in the aggregate principal amount of \$40,295,000, for the purpose of providing funds for: (i) the construction, maintenance and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including participating in the cost of joint State Highway and joint city projects, (ii) the refunding of the Refunded Bonds and (iii) paying certain costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest. (a) The Bonds shall be dated June 1, 2013, 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:

Serial Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2014	\$ 655,000	1.000%	2023	\$2,200,000	5.000%
2015	3,490,000	3.000%	2024	2,310,000	5.000%
2016	2,680,000	3.000%	2025	2,430,000	5.000%
2017	2,760,000	3.000%	2026	2,550,000	5.000%
2018	1,750,000	4.000%	2027	1,480,000	3.125%
2019	1,820,000	4.000%	2028	1,535,000	4.000%
2020	1,895,000	4.000%	2029	1,595,000	4.000%
2021	1,990,000	5.000%	2030	1,660,000	4.000%
2022	2,095,000	5.000%	2031	1,730,000	4.000%

Term Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2033	\$3,670,000	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, 2014 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 Representative 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 Representative 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 Representative 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 on the Bonds 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, 2024, 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, 2023, 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. Mandatory Sinking Fund Redemption.

(a) The Bonds maturing on February 15, 2033 (the "Term Bonds"), are subject to scheduled mandatory redemption and will be redeemed by the County, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

\$3,670,000 Term Bonds Maturing February 15, 2033

<u>Year</u>	<u>Amount</u>
February 15, 2032	\$1,800,000
February 15, 2033 (maturity)	1,870,000

(b) At least forty five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) In lieu of calling the Term Bonds described in subsection (b), above, for mandatory redemption, the County reserves the right to purchase such Term Bonds at a price not exceeding the principal amount thereof, plus accrued interest, with moneys on deposit in the Interest and Sinking Fund which are available for the mandatory redemption of such Term Bonds or other lawfully available funds.

(d) Upon any such purchase in lieu of redemption, not less than forty five (45) days prior to a mandatory redemption date, the County shall deliver such Term Bonds to the Paying Agent/Registrar prior to the selection of the Term Bonds for redemption and the principal amount so delivered shall be credited against the amount required to be called for redemption in that year.

(e) To the extent that the Term Bonds have been previously redeemed other than from such scheduled mandatory redemption payments, the amount of each scheduled mandatory redemption payment set forth above shall be reduced, as nearly as practicable, on a pro rata basis.

Section 4.04. 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 4.05. 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 4.06. 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 4.07. Effect of Redemption. (a) Notice of redemption having been given as provided in Section 4.04 of this Order, and subject, in the case of optional redemption under Section 4.02, to any conditions or rights reserved by the County under Section 4.07, 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.

Section 4.08. Conditional Notice of Redemption.

The County reserves the right, in the case of an optional redemption pursuant to Section 4.02 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the

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

Section 4.09. Lapse of Payment. Money set aside for the redemption of the Bonds and remaining unclaimed by Owners thereof shall be subject to the provisions of Section 3.03(f) hereof.

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

No. R-_____

REGISTERED

\$_____

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

ORIGINAL ISSUE

INTEREST RATE:

MATURITY DATE:

DATE:

CUSIP NUMBER:

_____%

February 15, ____

June 1, 2013

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, 2014.

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 \$40,295,000 (herein referred to as the "Bonds"), issued pursuant to a certain order of the Commissioners Court of the County (the "Order") for the purposes of (i) providing funds for certain County road improvements, (ii) providing funds to refund certain outstanding unlimited tax obligations of the County, and (iii) for paying the costs of issuing the Bonds.

The Bonds and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, without legal limit as to rate or amount, against all taxable property in the County as described and provided in the Order. The portion of the Bonds issued to fund County road improvements is issued under Section 52, Article III, Texas Constitution, and laws enacted under the Constitution. The portion of the Bonds issued to refund certain outstanding unlimited tax obligations of the County is issued pursuant to Chapter 1207, Texas Government Code, as amended.

The County has reserved the option to redeem the Bonds maturing on or after February 15, 2024, in whole or in part, before their respective scheduled maturity dates, on February 15, 2023, 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.

The Bonds maturing on February 15, 2033 (the "Term Bonds"), are subject to scheduled mandatory redemption and will be redeemed by the County, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

\$3,670,000 Term Bonds Maturing February 15, 2033

<u>Year</u>	<u>Amount</u>
February 15, 2032	\$1,800,000
February 15, 2033 (maturity)	1,870,000

The Paying Agent/Registrar will select by lot the specific Term Bonds (or with respect to Term Bonds having a denomination in excess of \$5,000, each \$5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the County, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the County at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund 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.

The County reserves the right, in the case of an optional redemption pursuant to the Order, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to

rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the County to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

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.

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.

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.

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
OF THE STATE OF TEXAS

§
§
§

REGISTER NO. _____

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

[SEAL]

(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:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
(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 Bracewell & Giuliani LLP, 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 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 Citigroup Capital Markets, Inc. (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 (the "Official Statement") presented to and considered at this meeting, are hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, by the Commissioners Court. The County Judge is hereby authorized and directed to execute the Official Statement and deliver appropriate numbers of copies thereof to the Representative. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the County Judge, County Administrator or County Auditor and the Representative, may be used by the Underwriters 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 Underwriters 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 Bracewell & Giuliani LLP, 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. 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 Underwriters 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. The County hereby establishes the following special funds or accounts which shall be maintained at an official depository of the County and in accordance with Chapter 1471, Texas Government Code:

(i) Collin County, Texas, Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A, Interest and Sinking Fund; and

(ii) Collin County, Texas, Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A, Construction Fund.

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 thereon, 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 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 8.05. Deposit of Proceeds.

(a) On the Closing Date, an amount equal to all accrued interest on the Bonds from the Original Issue Date to the Closing Date shall be deposited to the credit of the Interest and Sinking Fund.

(b) \$16,448,342.37 of Bond proceeds, together with \$355,437.50 of other lawfully available funds of the County, shall be deposited to the Escrow Fund, which sum shall be applied as described in the Escrow Agreement.

(c) \$28,000,000 of Bond proceeds representing principal in the amount of \$25,665,000 and premium generated on the Bonds in the amount of \$2,335,000 and allocated to voted authorization shall be deposited to the Construction Fund, such moneys to be dedicated and used for the purposes specified in Section 3.01(i).

(d) \$159,537.30 of premium generated on the Bonds shall be deposited as directed by the County Judge and 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 8.06. Investments. (a) Money in the Interest and Sinking Fund and the Construction Fund created by this Order, 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.

Section 8.07. 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 for the Bonds, 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 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 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 (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or (ii) 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.

Section 9.04. No Private Use or Payment and No Private Loan Financing. The County will 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.

Section 9.05. 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.

Section 9.06. 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.

Section 9.07. No Arbitrage. The County will certify, through an authorized officer, employee or agent, 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 "arbitrage bonds" within the meaning of section 148(a) 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 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.

Section 9.08. 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) determine 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.

Section 9.09. 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.

Section 9.10. 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 9.11. 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 Authority to retrieve and reproduce such books and records in the event of an examination of the Bonds by the Internal Revenue Service.

Section 9.12. Registration. The Bonds will be issued in registered form.

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 not in excess of ten (10) Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

- (ii) Non-payment related defaults, if material;
- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the County;¹
- (xiii) The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

¹ For the purposes of the event identified in (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

(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 XII 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 13.02 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 Securities referenced in the Escrow Agreement as may be necessary for the Escrow Fund and the application for the acquisition of the 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.

ARTICLE XIV MISCELLANEOUS

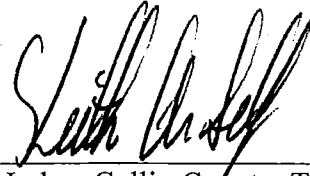
Section 14.01. Changes to Order. The County Judge and Director of Administrative Services, in consultation with Bond Counsel, is hereby authorized to make changes to the terms of this Order if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

Section 14.02. Partial Invalidity. If any section, paragraph, clause or provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or

unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Order.

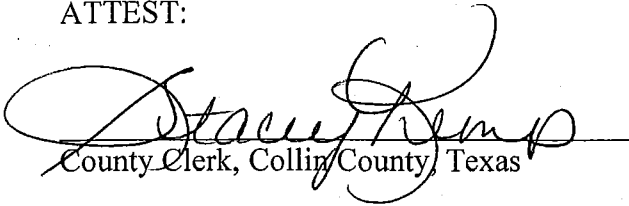
Section 14.03. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Order, against any official or employee of the County or any person executing any Bonds.

APPROVED AND ADOPTED this June 3, 2013.



County Judge, Collin County, Texas

ATTEST:



County Clerk, Collin County, Texas

[SEAL]



SCHEDULE I

SCHEDULE OF REFUNDED BONDS

Unlimited Tax Road and Refunding Bonds, Series 2004

Original Dated			Principal Amount
<u>Date</u>	<u>Stated Maturity</u>	<u>Interest Rate</u>	<u>Refunded</u>
3/15/2004	2/15/2015	5.000%	\$2,560,000
			<u>\$2,560,000</u>

The 2015 maturity will be redeemed prior to their original maturity on February 15, 2014, at a price of par.

Unlimited Tax Road and Refunding Bonds, Series 2005

Original Dated			Principal Amount
<u>Date</u>	<u>Stated Maturity</u>	<u>Interest Rate</u>	<u>Refunded</u>
3/1/2005	2/15/2016	5.000%	\$ 1,765,000
	2/15/2017	5.000%	<u>1,860,000</u>
			\$ 3,625,000

The 2016 and 2017 maturities will be redeemed prior to their original maturity on February 15, 2015, at a price of par.

Unlimited Tax Road Bonds, Series 2006

Original Dated			Principal Amount
<u>Date</u>	<u>Stated Maturity</u>	<u>Interest Rate</u>	<u>Refunded</u>
3/1/2006	2/15/2018	4.250%	\$ 835,000
	2/15/2019	4.250%	870,000
	2/15/2020	4.375%	910,000
	2/15/2021	4.500%	955,000
	2/15/2022	4.500%	1,000,000
	2/15/2023	4.500%	1,045,000
	2/15/2024	4.500%	1,090,000
	2/15/2025	4.500%	1,145,000
	2/15/2026	4.500%	<u>1,195,000</u>
			\$9,045,000

The 2018 thru 2026 maturities will be redeemed prior to their original maturity on February 15, 2016, at a price of par.

EXHIBIT A

DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XIII 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.

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 June 24, 2013, 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
Cheryl Williams, Commissioner, Precinct No. 2
Chris Hill, Commissioner, Precinct No. 3
Duncan Webb, Commissioner, Precinct No. 4

and all of the members of the Commissioners Court were present, 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, RATIFYING AND CONFIRMING THE ADOPTION OF COURT ORDER NO. 2013-385-06-03 RELATING TO UNLIMITED TAX ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A; COURT ORDER NO. 2013-386-06-03 RELATING TO LIMITED TAX PERMANENT IMPROVEMENT BONDS, TAX-EXEMPT SERIES 2013A; COURT ORDER NO. 2013-387-06-03 RELATING TO UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B; AND COURT ORDER NO. 2013-388-06-03 RELATING TO LIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B, AUTHORIZING THE ISSUANCE OF SAID BONDS AND THE LEVY OF A TAX IN PAYMENT THEREOF; 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: 5

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 June 24, 2013.

[Signature]
County Clerk, Collin County, Texas



AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, RATIFYING AND CONFIRMING THE ADOPTION OF COURT ORDER NO. 2013-385-06-03 RELATING TO UNLIMITED TAX ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A; COURT ORDER NO. 2013-386-06-03 RELATING TO LIMITED TAX PERMANENT IMPROVEMENT BONDS, TAX-EXEMPT SERIES 2013A; COURT ORDER NO. 2013-387-06-03 RELATING TO UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B; AND COURT ORDER NO. 2013-388-06-03 RELATING TO LIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B, AUTHORIZING THE ISSUANCE OF SAID BONDS AND THE LEVY OF A TAX IN PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, on June 3, 2013, the Commissioners Court (the "Commissioners Court") of Collin County, Texas (the "County"), authorized the issuance of the County's bonds and levied ad valorem taxes in payment thereof, pursuant to the terms and conditions of certain orders of the Commissioners Court, such orders bearing the following respective captions:

"AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, LIMITED TAX PERMANENT IMPROVEMENT BONDS, TAX-EXEMPT SERIES 2013A, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,200,000; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, AND PAYING AGENT/REGISTRAR AGREEMENT; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT" (the "Permanent Improvement Tax-Exempt 2013A Order");

"AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, UNLIMITED TAX ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$40,295,000; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, PAYING AGENT/REGISTRAR 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" (the "Unlimited Tax Tax-Exempt Series 2013A Order");

"AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, LIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$15,720,000; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, PAYING AGENT/REGISTRAR 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" (the "Limited Tax Taxable Series 2013B Order"); and

"AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$15,970,000; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, PAYING AGENT/REGISTRAR 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" (the "Unlimited Tax Taxable Series 2013B Order");

and;

WHEREAS, the Commissioners Court has found and determined to further approve, ratify and confirm the authorization of the bonds and the levy of the taxes in payment thereof, and the terms and conditions relating thereto, each as set forth in the Permanent Improvement Tax-Exempt 2013A Bond Order, the Unlimited Tax Tax-Exempt Series 2013A Bond Order, the Limited Tax Taxable Series 2013B Bond Order, and the Unlimited Tax Taxable Series 2013B Bond Order (each, a Bond Order, and, collectively, the "Bond Orders"); and

WHEREAS, the Commissioners Court has found and determined that it is necessary and in the best interests of the County and its citizens that it ratify and confirm the Bond Orders, the issuance of the bonds therein authorized and the levy of the tax levied in payment of such 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. Definitions. Unless otherwise specified herein, capitalized terms used herein and not otherwise identified shall have the meaning assigned thereto in the respective Bond Orders.

Section 2. 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.

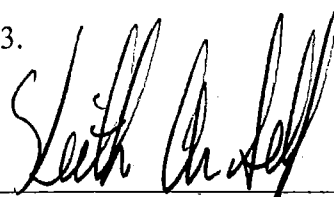
Section 3. Further Approval, Ratification and Confirmation. The adoption and approval of the Bond Orders, the authorization of the County's Permanent Improvement Bonds, Tax-Exempt Series 2013A; Unlimited Tax Tax-Exempt Bonds, Series 2013A; Limited Tax Refunding Bonds, Taxable Series 2013B; and Unlimited Tax Refunding Bonds, Taxable Series 2013B (collectively, the "Bonds"), and the levy of a tax in payment thereof, in each case as set forth in the respective Bond Order authorizing such series of Bonds, are hereby further approved, ratified and confirmed, and the terms and provisions of each Bond Order and of the Bonds

therein authorized, in each and every particular, are hereby further approved, ratified and confirmed.

Section 4. Change to Order. The County Judge and Director of Administrative Services, in consultation with Bond Counsel, is hereby authorized to make 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.

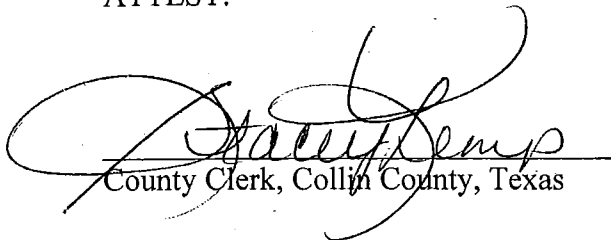
Section 5. Partial Invalidity. If any section, paragraph, clause or provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provisions shall not affect any of the remaining provisions of this Order.

APPROVED AND ADOPTED THIS JUNE 24, 2013.



County Judge, Collin County, Texas

ATTEST:



County Clerk, Collin County, Texas



ORDER
AUTHORIZING THE ISSUANCE OF

\$54,910,000

COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS
SERIES 2004

Adopted
March 23, 2004

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Schedule I – Refunded Bonds

AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2004, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$54,910,000; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT AND ESCROW AGREEMENT 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, Collin County, Texas (the "County"), has previously issued and there presently are outstanding road bonds of the County, secured by a pledge of ad valorem taxes, without limit as to rate or amount; 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 \$1,203,018.87 and a net present value savings of approximately \$643,367.35 for the County; 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 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; and

WHEREAS, in addition to the Refunding Bonds, the County intends to issue road bonds (the "New Money Bonds") to finance improvements within the County which the Commissioners Court determines are necessary; and

WHEREAS, the New Money 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 the County, on November 4, 2003; 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:

<u>Purpose</u>	<u>Amount Voted</u>	<u>Amount Previously Issued</u>	<u>Amount Being Issued</u>	<u>Unissued Balance</u>
Unlimited Tax Road Bonds Including Joint State Highway and Joint City Projects	\$142,000,000	\$-0-	\$44,550,000*	\$97,450,000

*Includes a premium of \$2,670,000 generated with respect to the New Money Bonds.

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 \$54,910,000 of 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, Unlimited Tax Road and Refunding Bonds, Series 2004" 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(b)

"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 JPMorgan Chase Bank, or its successors or assigns.

"Escrow Agreement" means the escrow agreement, dated as of March 15, 2004, 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 Initial Bond authorized by Section 3.04(d) of this Order.

"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 or prior redemption of the Bonds, such dates being February 15 and August 15 of each year commencing February 15, 2005.

"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 date designated as the date of the Bonds by Section 3.02(a) of this Order.

"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, 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 RBC Dain Rauscher Inc., UBS Financial Services Inc., SAMCO Capital Markets and Banc of America Securities LLC, 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, without legal limit as to rate or amount, 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 Unlimited Tax Road and Refunding Bonds, Series 2004," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly Article III, Section 52 of the Texas Constitution, as amended, and Chapters 1207 and 1471, Texas Government Code, as amended. The Bonds shall be issued in the aggregate principal amount of \$54,910,000, for (i) the purpose of providing funds for permanent

public improvements, to-wit: construction, maintenance and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including participating in the cost of joint State Highway and joint city projects, (ii) refunding the Refunded Bonds and (ii) paying certain costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest. (a) The Bonds shall be dated March 15, 2004, 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:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2005	\$4,050,000	2.000%	2015	\$3,120,000	5.000%
2006	2,690,000	3.500%	2016	3,210,000	5.000%
2007	1,440,000	3.500%	2017	3,305,000	4.750%
2008	1,495,000	3.500%	2018	2,435,000	4.750%
2009	1,560,000	5.000%	2019	2,555,000	4.750%
2010	2,705,000	5.000%	2020	2,675,000	4.750%
2011	2,775,000	5.000%	2021	2,805,000	4.750%
2012	2,860,000	5.000%	2022	2,945,000	4.750%
2013	2,940,000	5.000%	2023	3,085,000	4.750%
2014	3,025,000	5.000%	2024	3,235,000	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, 2005 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 Representative 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 Representative 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 Representative 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 on the Bonds 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, 2015, 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, 2014, 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
County of Collin

COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
SERIES 2004

INTEREST RATE: MATURITY DATE: ORIGINAL ISSUE DATE: CUSIP NUMBER:

_____% _____, _____ March 15, 2004 _____

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, 2005.

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 \$54,910,000 (herein referred to as the "Bonds"), issued pursuant to a certain order of the Commissioners Court of the County (the "Order") for the purposes of (i) providing funds for certain County road improvements, (ii) refunding certain obligations of the County, and (iii) for paying the costs of issuing the Bonds.

The Bonds and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, without legal limit as to rate or amount, against all taxable property in the County as described and provided in the Order. The portion of the Bonds issued to fund County road improvements is issued under Section 52, Article III, Texas Constitution, and laws enacted under the Constitution.

The County has reserved the option to redeem the Bonds maturing on or after February 15, 2015, in whole or in part, before their respective scheduled maturity dates, on February 15, 2014, 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.

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.

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.

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:

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.

Authorized Signatory

(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:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates"</u>

(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.

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 shall be delivered to RBC Dain Rauscher Inc., UBS Financial Services Inc., SAMCO Capital Markets and Banc of America Securities LLC (collectively, 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 RBC Dain Rauscher Inc. (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 (the "Official Statement") presented to and considered at this meeting, are hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, by the Commissioners Court. The County Judge is hereby authorized and directed to execute the Official Statement and deliver appropriate numbers of copies thereof to the Underwriters. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the County Judge and the Underwriters, may be used by the Underwriters 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 Underwriters are 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.

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 Underwriters 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; APPROVAL OF ESCROW AGREEMENT; PURCHASE OF SECURITIES; REDEMPTION OF REFUNDED BONDS

Section 8.01. Creation of Funds. The County hereby establishes the following special funds or accounts which shall be maintained at an official depository of the County and in accordance with Chapter 1471, Texas Government Code:

(i) Collin County, Texas, Unlimited Tax Road and Refunding Bonds, Series 2004, Interest and Sinking Fund; and

(ii) Collin County, Texas, Unlimited Tax Road and Refunding Bonds, Series 2004, Construction Fund.

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 thereon, shall be used for the purposes specified in Section 3.01(i) 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 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 8.05. 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, shall be deposited to the Interest and Sinking Fund.

(b) \$44,550,000 of Bond proceeds (representing \$41,880,000 principal amount of the Bonds plus a premium of \$2,670,000) shall be deposited to the Construction Fund, such moneys to be dedicated and used for the purposes specified in Section 3.01(i).

(c) \$13,988,502.50 of Bond proceeds (representing \$13,030,000 principal amount of the Bonds plus a premium of \$958,502.50), together with an amount equal to \$644,183.66 which shall be transferred from the interest and sinking fund for the Refunded Bonds shall be deposited to the Escrow Fund, which sum shall be applied as provided in the Escrow Agreement.

(d) \$196,302.54 of Bond proceeds (representing \$148,858.57 of premium generated with respect to the New Money Bonds and \$47,443.97 of premium generated with respect to the Refunding Bonds) shall be deposited as directed by the County Judge and used to pay the costs and expenses pertaining to the issuance of the Bonds. To the extent any of such sums is not used for such purposes, such excess shall be deposited to the Interest and Sinking Fund.

Section 8.06. Investments. (a) Money in the Interest and Sinking Fund and the Construction Fund created by this Order, 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 8.06(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 8.07. 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

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

Section 9.01. 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 9.02. 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 9.03. Redemption of Refunded Bonds. (a) The Refunded Bonds described on Schedule I are hereby called for redemption prior to their maturity on the date 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.

ARTICLE X

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 10.01. Payment of the Bonds. On or before each Interest Payment Date for the Bonds, 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 10.02. 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 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 10.03. 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 10.03; provided, however, that the County shall not be required to comply with any particular requirement of this Section 10.03 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 10.03 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 10.03.

(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. 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 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 10.03 shall survive the defeasance and discharge of the Bonds.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.01. 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 11.02. 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 11.03. 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 XII

DISCHARGE

Section 12.01. Discharge by Payment. The Bonds may be defeased, refunded and discharged in any manner permitted by applicable law.

ARTICLE XIII

CONTINUING DISCLOSURE UNDERTAKING

Section 13.01. 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 13.02. 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, 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 13.03. 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 13.02 of this Order by the time required by such Section.

Section 13.04. 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.

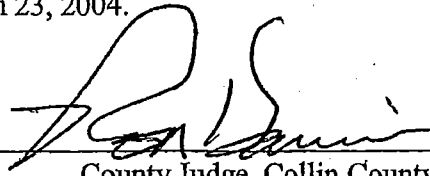
(c) No default by the County in observing or performing its obligations under this Article shall comprise a breach of or default under the Order for purposes of any other provisions of this Order.

(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 13.02 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.

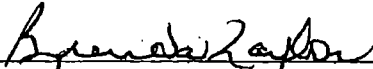
(f) Any obligation of the County to expend funds pursuant to the provisions of this Article shall be subject to the appropriation of said funds by the Commissioners Court from sources of funds legally available for such purpose.

APPROVED AND ADOPTED this March 23, 2004.



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 9-14, 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.

SCHEDULE I

COLLIN COUNTY, TEXAS UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2004

SCHEDULE OF BONDS TO BE REFUNDED

<u>Bonds to be Refunded</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>	<u>Maturities to be Refunded</u>	<u>Principal Amount Refunded</u>	<u>Redemption Date/Price</u>
Unlimited Tax Refunding Bonds, Series 1993	\$14,999,988	\$2,900,000	03/01/05 03/01/06	\$1,465,000 <u>1,435,000</u> \$2,900,000	May 27, 2004 @ par
Unlimited Tax Road Bonds, Series 1995	\$21,000,000	\$1,100,000	02/15/05	\$1,100,000	May 27, 2004 @ par
Unlimited Tax Road Bonds, Series 1997	\$24,400,000	\$15,860,000	02/15/10 02/15/11 02/15/12 02/15/13 02/15/14 02/15/15 02/15/16 02/15/17	\$1,220,000 1,220,000 1,220,000 1,220,000 1,220,000 1,220,000 <u>1,220,000</u> \$9,760,000	February 15, 2007 @ par

ORDER
AUTHORIZING THE ISSUANCE OF

\$43,175,000
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS
SERIES 2005

Adopted
March 8, 2005

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Schedule I – Refunded Bonds

AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2005, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$43,175,000; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT AND ESCROW AGREEMENT 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, Collin County, Texas (the "County"), has previously issued and there presently are outstanding road bonds of the County, secured by a pledge of ad valorem taxes, without limit as to rate or amount; 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 \$1,750,695.66 and a net present value savings of approximately \$1,260,998.11 for the County; 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 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; and

WHEREAS, in addition to the Refunding Bonds, the County intends to issue road bonds (the "New Money Bonds") to finance improvements within the County which the Commissioners Court determines are necessary; and

WHEREAS, the New Money 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 the County, on November 4, 2003; and

<u>Purpose</u>	<u>Amount Voted</u>	<u>Amount Previously Issued</u>	<u>Amount Being Issued</u>	<u>Unissued Balance</u>
Unlimited Tax Road Bonds Including Joint State Highway and Joint City Projects	\$142,000,000	\$44,550,000*	\$17,360,000**	\$80,090,000

*Includes a premium of \$2,670,000 generated with respect to the Series 2004 Bonds.

**Includes a premium of \$800,000 generated with respect to the Bonds.

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 \$43,175,000 of 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, Unlimited Tax Road and Refunding Bonds, Series 2005" 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(b)

"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 JPMorgan Chase Bank, National Association, or its successors or assigns.

"Escrow Agreement" means the escrow agreement, dated as of March 1, 2005, 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 Initial Bond authorized by Section 3.04(d) of this Order.

"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 or prior redemption of the Bonds, such dates being February 15 and August 15 of each year commencing February 15, 2006.

"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 date designated as the date of the Bonds by Section 3.02(a) of this Order.

"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, National Association, 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 A.G. Edwards & Sons, Inc., Morgan Keegan & Company, SAMCO Capital Markets, Banc of America Securities LLC, 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, without legal limit as to rate or amount, 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 Unlimited Tax Road and Refunding Bonds, Series 2005," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly Article III, Section 52 of the Texas Constitution, as amended, and Chapters

1207 and 1471, Texas Government Code, as amended. The Bonds shall be issued in the aggregate principal amount of \$43,175,000, for (i) the purpose of providing funds for permanent public improvements, to-wit: construction, maintenance and operation of macadamized, graveled or paved roads and highways, or in aid thereof, throughout the County, (ii) refunding the Refunded Bonds and (ii) paying certain costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest. (a) The Bonds shall be dated March 1, 2005, 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:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2006	\$ 200,000	3.000%	2016	\$3,315,000	5.000%
2007	590,000	3.000%	2017	3,490,000	5.000%
2008	1,225,000	3.000%	2018	3,670,000	5.000%
2008	600,000	4.000%	2019	3,850,000	5.000%
2009	1,820,000	3.000%	2020	3,095,000	5.000%
2010	1,175,000	3.500%	2021	1,060,000	5.000%
2011	2,570,000	5.000%	2022	1,115,000	5.000%
2012	2,700,000	5.000%	2023	1,170,000	5.000%
2013	2,850,000	5.000%	2024	1,230,000	5.000%
2014	3,000,000	5.000%	2025	1,290,000	4.375%
2015	3,160,000	5.000%			

(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, 2006 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 Representative 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 Representative 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 Representative 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 on the Bonds 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, 2016, 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, 2015, 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, National Association, 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
County of Collin

COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
SERIES 2005

INTEREST RATE: MATURITY DATE: ORIGINAL ISSUE DATE: CUSIP NUMBER:

_____%

_____, _____

March 1, 2005

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, 2006.

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, National Association (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 \$43,175,000 (herein referred to as the "Bonds"), issued pursuant to a certain order of the Commissioners Court of the County (the "Order") for the purposes of (i) providing funds for certain County road improvements, (ii) refunding certain obligations of the County, and (iii) for paying the costs of issuing the Bonds.

The Bonds and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, without legal limit as to rate or amount, against all taxable property in the County as described and provided in the Order. The portion of the Bonds issued to fund County road improvements is issued under Section 52, Article III, Texas Constitution, and laws enacted under the Constitution.

The County has reserved the option to redeem the Bonds maturing on or after February 15, 2016, in whole or in part, before their respective scheduled maturity dates, on February 15, 2015, 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.

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.

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.

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,
NATIONAL ASSOCIATION
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:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates"</u>

(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.

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 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 A.G. Edwards & Sons, Inc. (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 (the "Official Statement") presented to and considered at this meeting, are hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, by the Commissioners Court. The County Judge is hereby authorized and directed to execute the Official Statement and deliver appropriate numbers of copies thereof to the Underwriters. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the County Judge and the Underwriters, may be used by the Underwriters 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 Underwriters are 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.

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 Underwriters 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; APPROVAL OF ESCROW AGREEMENT; PURCHASE OF SECURITIES; REDEMPTION OF REFUNDED BONDS

Section 8.01. Creation of Funds. The County hereby establishes the following special funds or accounts which shall be maintained at an official depository of the County and in accordance with Chapter 1471, Texas Government Code:

(i) Collin County, Texas, Unlimited Tax Road and Refunding Bonds, Series 2005, Interest and Sinking Fund; and

(ii) Collin County, Texas, Unlimited Tax Road and Refunding Bonds, Series 2005, Construction Fund.

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 thereon, shall be used for the purposes specified in Section 3.01(i) 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 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 8.05. 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, shall be deposited to the Interest and Sinking Fund.

(b) \$17,360,000.00 of Bond proceeds (representing \$16,560,000.00 principal amount of the Bonds plus a premium of \$800,000.00) shall be deposited to the Construction Fund, such moneys to be dedicated and used for the purposes specified in Section 3.01(i).

(c) \$28,397,932.11 of Bond proceeds (representing \$26,615,000.00 principal amount of the Bonds plus a premium of \$1,782,932.11), together with an amount equal to \$412,000.00 which shall be transferred from the interest and sinking fund for the Refunded Bonds, shall be deposited to the Escrow Fund, which sum shall be applied as provided in the Escrow Agreement.

(d) \$161,820.68 of Bond proceeds (representing \$59,845.58 of premium generated with respect to the New Money Bonds and \$101,975.10 of premium generated with respect to the Refunding Bonds) shall be deposited as directed by the County Judge and used to pay the costs and expenses pertaining to the issuance of the Bonds. To the extent any of such sums is not used for such purposes, such excess shall be deposited to the Interest and Sinking Fund.

Section 8.06. Investments. (a) Money in the Interest and Sinking Fund and the Construction Fund created by this Order, 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 8.06(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 8.07. 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

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

Section 9.01. 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 9.02. 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 9.03. Redemption of Refunded Bonds. (a) The Refunded Bonds described on Schedule I are hereby called for redemption prior to their maturity on the date 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.

ARTICLE X

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 10.01. Payment of the Bonds. On or before each Interest Payment Date for the Bonds, 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 10.02. 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 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 10.03. 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 10.03; provided, however, that the County shall not be required to comply with any particular requirement of this Section 10.03 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 10.03 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 10.03.

(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. 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 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 10.03 shall survive the defeasance and discharge of the Bonds.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.01. 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 11.02. 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 11.03. 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 XII

DISCHARGE

Section 12.01. Discharge by Payment. The Bonds may be defeased, refunded and discharged in any manner permitted by applicable law.

ARTICLE XIII

CONTINUING DISCLOSURE UNDERTAKING

Section 13.01. 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 13.02. 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, 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 13.03. 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 13.02 of this Order by the time required by such Section.

Section 13.04. 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 13.02 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.

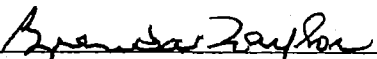
(f) Any obligation of the County to expend funds pursuant to the provisions of this Article shall be subject to the appropriation of said funds by the Commissioners Court from sources of funds legally available for such purpose.

APPROVED AND ADOPTED this March 8, 2005.



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 9-14, 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.

SCHEDULE I

COLLIN COUNTY, TEXAS UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2005

SCHEDULE OF BONDS TO BE REFUNDED

<u>Bonds to be Refunded</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>	<u>Maturities to be Refunded</u>	<u>Principal Amount Refunded</u>	<u>Redemption Date/Price</u>
Unlimited Tax Road Bonds, Series 1997	\$24,400,000	\$6,100,000	02/15/2008 02/15/2009	\$1,220,000 <u>1,220,000</u> \$2,440,000	February 15, 2007 @ par
Unlimited Tax Road Bonds, Series 1999A	\$11,580,000	\$9,715,000	02/15/2010 02/15/2011 02/15/2012 02/15/2013 02/15/2014 02/15/2015 02/15/2016 02/16/2017 02/16/2018 02/16/2019	\$570,000 600,000 630,000 665,000 700,000 740,000 775,000 820,000 865,000 <u>910,000</u> \$7,275,000	February 15, 2009 @ par
Unlimited Tax Road Bonds, Series 2000	\$28,435,000	\$24,045,000	02/15/2011 02/15/2012 02/15/2013 02/15/2014 02/15/2015 02/15/2016 02/15/2017 02/15/2018 02/15/2019 02/15/2020	\$1,340,000 1,415,000 1,495,000 1,580,000 1,670,000 1,765,000 1,865,000 1,970,000 2,080,000 <u>2,200,000</u> \$17,380,000	February 15, 2010 @ par

ORDER
AUTHORIZING THE ISSUANCE OF

\$15,920,000
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD BONDS
SERIES 2006

Adopted
March 28, 2005

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AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, UNLIMITED TAX ROAD BONDS, SERIES 2006, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$15,920,000; APPROVING THE OFFICIAL STATEMENT; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Commissioners Court (the "Commissioners Court") of Collin County (the "County") intends to issue road bonds (the "Bonds") to finance improvements within the County which the Commissioners Court determines are necessary; and

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 the County, on November 4, 2003; and

<u>Purpose</u>	<u>Amount Voted</u>	<u>Amount Previously Issued</u>	<u>Amount Being Issued</u>	<u>Unissued Balance</u>
Unlimited Tax Road Bonds Including Joint State Highway and Joint City Projects	\$142,000,000	\$61,910,000*	\$15,920,000	\$64,170,000

*Includes a premium of \$2,670,000 generated with respect to the Series 2004 Bonds and a premium of \$800,000 generated with respect to the Series 2005 Bonds and allocated to voted authorization.

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 \$15,920,000 of 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, Unlimited Tax Road Bonds, Series 2006" 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(b)

"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 11.01.

"Initial Bond" means the Initial Bond authorized by Section 3.04(d) of this Order.

"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 or prior redemption of the Bonds, such dates being February 15 and August 15 of each year commencing February 15, 2007.

"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 date designated as the date of the Bonds by Section 3.02(a) of this Order.

"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, National Association, 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.

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, without legal limit as to rate or amount, 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 Unlimited Tax Road Bonds, Series 2006," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly Article III, Section 52 of the Texas Constitution, as amended, and Chapter 1471, Texas Government Code, as amended. The Bonds shall be issued in the aggregate principal amount of \$15,920,000, for (i) the purpose of providing funds for permanent public improvements, to-wit: construction, maintenance and operation of macadamized, graveled or paved roads and highways, or in aid thereof, throughout the County, and (ii) paying certain costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest. (a) The Bonds shall be dated March 15, 2006, 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:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2007	\$ 320,000	4.000%	2017	\$ 795,000	4.000%
2008	530,000	4.000%	2018	835,000	4.250%
2009	555,000	4.000%	2019	870,000	4.250%
2010	580,000	4.000%	2020	910,000	4.375%
2011	610,000	4.000%	2021	955,000	4.500%
2012	635,000	5.000%	2022	1,000,000	4.500%
2013	665,000	5.000%	2023	1,045,000	4.500%
2014	695,000	4.000%	2024	1,090,000	4.500%
2015	730,000	5.000%	2025	1,145,000	4.500%
2016	760,000	5.000%	2026	1,195,000	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, 2007 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 on the Bonds 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

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, 2017, 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, 2016, 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, National Association, 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
County of Collin

COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD BOND
SERIES 2006

INTEREST RATE: MATURITY DATE: ORIGINAL ISSUE DATE: CUSIP NUMBER:

_____% February 15, _____ March 15, 2006 _____

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, 2007.

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, National Association (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 \$15,920,000 (herein referred to as the "Bonds"), issued pursuant to a certain order of the Commissioners Court of the County (the "Order") for the purposes of (i) providing funds for certain County road improvements, and (ii) for paying the costs of issuing the Bonds.

The Bonds and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, without legal limit as to rate or amount, against all taxable property in the County as described and provided in the Order. The portion of the Bonds issued to fund County road improvements is issued under Section 52, Article III, Texas Constitution, and laws enacted under the Constitution.

The County has reserved the option to redeem the Bonds maturing on or after February 15, 2017, in whole or in part, before their respective scheduled maturity dates, on February 15, 2016, 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.

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.

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.

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,
NATIONAL ASSOCIATION
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: _____

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.

Authorized Signatory

(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:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates"</u>

(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.

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 Prager, Sealy & Co., LLC (the "Purchaser") at a price equal to the principal amount thereof plus accrual interest and plus a premium of \$129,953.31. 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 (the "Official Statement") presented to and considered at this meeting, are hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby deemed final as of its date (except for the omission of pricing and related information) 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 Judge is hereby authorized and directed to execute the Official Statement and deliver appropriate numbers of 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, 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 are 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. 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).

(d) The obligation of the Purchasers to accept delivery of the Bonds is subject to the Purchasers 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 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 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. The County hereby establishes the following special funds or accounts which shall be maintained at an official depository of the County and in accordance with Chapter 1471, Texas Government Code:

(i) Collin County, Texas, Unlimited Tax Road Bonds, Series 2006, Interest and Sinking Fund; and

(ii) Collin County, Texas, Unlimited Tax Road Bonds, Series 2006, Construction Fund.

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 thereon, shall be used for the purposes specified in Section 3.01(i) 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 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 8.05. 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, together with premium in the amount of \$53,537.31, shall be deposited to the Interest and Sinking Fund.

(b) The remaining balance received on the Closing Date (including premium in the amount of \$76,416 to pay costs of issuance on the Bonds) shall be deposited to the Construction Fund, such moneys to be dedicated and used for the purposes specified in Section 3.01(i) and for paying the cost of issuance of the Bonds.

Section 8.06. Investments. (a) Money in the Interest and Sinking Fund and the Construction Fund created by this Order, 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 8.06(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.

Section 8.07. 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 for the Bonds, 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 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. 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 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, 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 13.02 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 13.02 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.

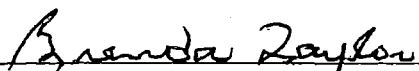
(f) Any obligation of the County to expend funds pursuant to the provisions of this Article shall be subject to the appropriation of said funds by the Commissioners Court from sources of funds legally available for such purpose.

APPROVED AND ADOPTED this March 28, 2006.



County Judge, Collin County, Texas

ATTEST:



County Clerk, Collin County, Texas

[SEAL]

Signature Page to Bond Order

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.

PURCHASE CONTRACT

RELATING TO

\$40,295,000

COLLIN COUNTY, TEXAS

UNLIMITED TAX ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A

\$15,970,000

COLLIN COUNTY, TEXAS

UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B

June 3, 2013

Collin County, Texas
2300 Bloomdale Rd., Suite 4100
McKinney, Texas 75071

Dear Judge Self and Members of the Commissioners Court:

CITIGROUP GLOBAL MARKETS INC. (the "Representative") and **ESTRADA HINOJOSA & COMPANY, INC.** (collectively, the "Underwriters"), offer to enter into this Purchase Contract (the "Purchase Contract") with **COLLIN COUNTY, TEXAS** (the "County") for the purchase by the Underwriters of the County's *Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A* (the "Tax-Exempt Bonds") and *Unlimited Tax Refunding Bonds, Taxable Series 2013B* (the "Taxable Bonds", and together with the Tax-Exempt Bonds, the "Securities"). This offer is made subject to the County's acceptance of this Purchase Contract on or before 10:00 p.m. Central Time on June 3, 2013.

1. **Purchase and Sale of the Securities.** (a) Upon the terms and conditions and upon the basis of the representations set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the County, and the County hereby agrees to sell and deliver to the Underwriters the Tax-Exempt Bonds in an aggregate principal amount of **\$40,295,000.00** (representing the original aggregate principal amount of the Tax-Exempt Bonds). The Tax-Exempt Bonds shall have the maturities, interest rates and be subject to redemption in accordance with the provisions of Exhibit A hereto and shall be issued and secured under the provisions of the Tax-Exempt Bond Order (as defined below).

(b) The purchase price for the Tax-Exempt Bonds shall be **\$44,607,879.67** (representing the principal amount of the Tax-Exempt Bonds, plus a net original issue premium on the Tax-Exempt Bonds in the amount of **\$4,516,686.15**, and less an Underwriters' discount on the Tax-Exempt Bonds

of \$203,806.48) plus accrued interest from their dated date to the date of the payment for and delivery of the Tax-Exempt Bonds.

(c) Upon the terms and conditions and upon the basis of the representations set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the County, and the County hereby agrees to sell and deliver to the Underwriters the Taxable Bonds in an aggregate principal amount of \$15,970,000.00 (representing the original aggregate principal amount of the Taxable Bonds). The Taxable Bonds shall have the maturities, interest rates and be subject to redemption in accordance with the provisions of Exhibit A hereto and shall be issued and secured under the provisions of the Taxable Bond Order (as defined below).

(d) The purchase price for the Taxable Bonds shall be \$17,175,995.70 (representing the principal amount of the Taxable Bonds, plus an original issue premium on the Taxable Bonds in the amount of \$1,281,053.55, and less an Underwriters' discount on the Taxable Bonds of \$75,057.85) plus accrued interest from their dated date to the date of the payment for and delivery of the Taxable Bonds.

(g) *CITIGROUP GLOBAL MARKETS INC.*, as the Representative, represents that it has been duly authorized to execute this Purchase Contract and has been duly authorized to act hereunder as the Representative. All actions that may be taken by the Underwriters hereunder may be taken by the Representative alone.

2. **Orders.** The Tax-Exempt Bonds shall be as described in and shall be issued and secured under the provisions of an order adopted by the County on June 3, 2013, authorizing the issuance and sale of the Tax-Exempt Bonds (the "Tax-Exempt Bond Order"). The Taxable Bonds shall be as described in and shall be issued and secured under the provisions of an order adopted by the County on June 3, 2013, authorizing the issuance and sale of the Taxable Bonds (the "Taxable Bond Order", and together with the Tax-Exempt Bond Order, the "Orders"). The respective series of Securities shall be secured and payable as provided in the Order authorizing their issuance.

3. **Public Offering.** It shall be a condition of the obligations of the County to sell and deliver the Securities to the Underwriters, and of the obligations of the Underwriters to purchase and accept delivery of the Securities, that the entire principal amount of the Securities set forth in the Orders shall be sold and delivered by the County and accepted and paid for by the Underwriters at the Closing. The Underwriters agree to make a bona fide public offering of all of the Securities, at prices not in excess of the initial public offering prices, as set forth in the Official Statement; provided however at least ten percent (10%) of the principal amount of the Securities of each maturity thereof shall be sold to the "public" (exclusive of dealers, brokers and investment bankers, etc.) at the initial offering price set forth in the Official Statement. On or before the Closing (as hereinafter defined), the Representative shall execute and deliver to Bond Counsel an issue price certificate for the Securities 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 Securities to the public.

4. **Security Deposit.** Delivered to the County herewith as a good faith deposit is a corporate check of the Representative payable to the order of the County in the amount of \$562,650.00. Such check is a common "Good Faith" check for the Tax-Exempt Bonds and the Taxable Bonds, and an amount of such check that is proportionate to the principal amount of that the respective series of Securities bears to the combined principal amount of the Securities may be applied toward any obligation of the Underwriters owing as a result of the failure of the Underwriters to accept delivery of a series of the Securities, as provided herein. In the event the County accepts this Purchase Contract, such check shall be held by the County as security for the performance of the Underwriters of their obligation to purchase, accept delivery of and pay for the Securities under this Purchase Contract. Such check shall be held uncashed by the County until the time of Closing, at which time such check shall be returned uncashed to the Representative. In the event that the County does not accept this Purchase Contract, such check will be immediately returned to the Representative. Should the County fail to deliver the Securities at the Closing, or should the County be unable to satisfy the conditions of the Securities of the Underwriters to purchase, accept delivery of, and pay for the Securities, as set forth in this Purchase Contract (unless waived by the Representative), or should such Securities of the Underwriters be terminated for any reason permitted by this Purchase 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 Securities at the Closing as herein provided, such check shall be cashed and the amount thereof as relates to the proportionate amount of the Securities of each series offered with respect to which the Underwriters fail to perform (other than for a reason permitted hereunder) shall be retained by the County as and for fully liquidated damages, and not as a penalty for such failure of the Underwriters and for any defaults hereunder on the part of the Underwriters. Acceptance of such check by the County shall constitute a full release and discharge of all claims and damages for such failure and/or any and all such defaults, and the County shall have no further action for damages, specific performance, or any other legal or equitable relief against the Underwriters. The Underwriters and the County understand that in such event the County's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the County's actual damages are less than such amount, and the County's acceptance of this Purchase Contract shall constitute a waiver of any right the County may have to additional damages from the Underwriters. The Representative hereby agrees not to stop or cause payment on the check to be stopped unless the County has breached any of the terms of this Purchase Contract.

5. **Official Statement.** The Official Statement, including the cover pages and Appendices thereto, of the County, dated June 3, 2012, with respect to the Securities, as further amended only in the manner herein provided, is hereinafter called the "Official Statement". The County hereby authorizes the Orders and the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and sale of the Securities. The County confirms its consent to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement, relative to the Securities, dated May 24, 2013 (the "Preliminary Official Statement"), in connection with the preliminary public offering and sale of the Securities, and it is "deemed final" as of its date, within the meaning, and for the purposes, of Rule 15c2-12 promulgated under authority granted by the federal Securities and Exchange Act of 1934

(the "Rule"). The County agrees to cooperate with the Underwriters to provide the Official Statement, within seven business days of the date hereof, in a "designated electronic format", as defined in and specified by Rule G-32 of the Municipal Securities Rulemaking Board (the "MSRB") and in sufficient quantities for the Underwriters to satisfy the requirements of Rule G-32 of the MSRB obligating the Underwriters to deliver a copy of the Official Statement to a purchaser of the Securities not later than the date of Closing, as defined herein, upon an Underwriters' receipt from the purchaser of a request therefor. The Underwriters will use their best efforts to assist the County in the preparation of the final Official Statement in order to ensure compliance with the aforementioned rules.

If at any time after the date of this Purchase Contract but before the first to occur of (i) the date upon which the Underwriters notify the County that the period of the initial public offering of the Securities has expired or (ii) the date that is 90 days after the date hereof, any event shall occur that might or would cause the Official Statement 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, in the light of the circumstances under which they were made, not misleading, the County shall notify the Representative, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County will at its expense supplement or amend the Official Statement (in a manner approved by the Representative) and furnish to the Underwriters, in a "designated electronic format", so that the statements in the Official Statement as so amended and supplemented will not, in light of the circumstances when the Official Statement is delivered to a purchaser, be misleading or so that the Official Statement will comply with law.

To the best knowledge and belief of the County, the Official Statement contains information, including financial information or operating data, as required by the Rule. Except as disclosed in the Official Statement, the County has not failed to comply with any undertaking specified in paragraph (b)(5)(i) of the Rule within the last five years.

6. Representations, Warranties and Agreements of the County. On the date hereof, the County represents, warrants and agrees as follows:

(a) The County is a political subdivision of the State of Texas and a body politic and corporate, and has full legal right, power and authority to enter into this Purchase Contract, to adopt the Orders, to sell the Securities, and to issue and deliver the Securities to the Underwriters as provided herein and to carry out and consummate all other transactions contemplated by the Orders (including the Undertaking defined below in Section 8(e)(2)), the Escrow Agreements (as defined below) and this Purchase Contract and all documents required hereunder and thereunder to be executed and delivered by the County (this Purchase Contract, the Orders, the Undertaking and the Escrow Agreements and the other documents referred to in this clause are hereinafter referred to as the "County Documents");

(b) By official action of the County prior to or concurrently with the acceptance hereof, the County has duly adopted the Orders, has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations contained in the Securities, the Escrow Agreements and this Purchase Contract and has duly authorized and approved the performance by the County of its obligations contained in the Orders, including, without limitation, the submission of a transcript of proceedings to the Public Finance Division of the Office of the Attorney General of Texas (the "Attorney General") for the approval of the Securities; and the County Documents each constitute legal, valid and binding agreements of the County, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights or by general principles of equity which permit the exercise of judicial discretion;

(c) The County is not in breach of or default under any law or administrative regulation of the State of Texas or the United States (including regulations of their respective agencies) applicable to the issuance of the Securities or any applicable judgment or decree or any loan agreement, note, order, agreement or other instrument, except as may be disclosed in the Official Statement, to which the County is a party or to the knowledge of the County it is otherwise subject, that would have a material and adverse effect upon the business or financial condition of the County; and the execution and delivery of the Securities and this Purchase Contract by the County and the adoption of the Orders by the County and compliance with the provisions thereof will not violate or constitute a material breach of or default under any existing law or administrative regulation, or any judgment, decree or agreement or other instrument to which the County is a party or, to the knowledge of the County, is otherwise subject;

(d) All approvals, consents and orders of any governmental authority or agency having jurisdiction of any matter that would constitute a condition precedent to the performance by the County of its obligations to sell and deliver the Securities hereunder will have been obtained, except for the approval of the Securities by the Attorney General and registration of the Securities by the Office of the Comptroller of the State (the "Comptroller"). The County represents that a transcript of proceedings will be filed with the Attorney General in form and substance consistent with the administrative rules of the Public Finance Division of the Attorney General, which will permit the review of such transcript and the approval of the Securities by the Attorney General, and the registration of the Securities by the Comptroller on or before the Closing, as required by Section 8(e)(7) hereof, but subject to the discretion of the Attorney General with respect to the issuance of his approving opinion;

(e) At the time of the County's acceptance hereof and at the time of the Closing, the Official Statement does not and 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, in the light of the circumstances under which they were made, not misleading;

(f) Between the date of this Purchase Contract and the Closing, the County will not, without the prior written consent of the Underwriters, sell or issue any additional bonds, notes or other obligations for borrowed money payable in whole or in part from ad valorem taxes, other than the "Limited Tax Bonds" described in the Official Statement, and the County will not incur any material liabilities (except in the ordinary course of business), direct or contingent, nor will there be any adverse change of a material nature in the financial position of the County;

(g) Except as described in the Official Statement, no litigation is pending or, to the knowledge of the County, threatened in any court affecting the corporate existence of the County, the title of its officers to their respective offices, or seeking to restrain or enjoin the issuance or delivery of the Securities, affecting or seeking to prohibit, restrain or enjoin the collection of ad valorem taxes pledged to the payment of the principal of and interest on the Securities, or in any way contesting or affecting the issuance, execution, delivery, payment, security or validity of the Securities, or in any way contesting or affecting the validity or enforceability of the Orders, or contesting the powers of the County, or any authority for the Securities, the Orders, the Escrow Agreements or this Purchase Contract or contesting in any way the completeness, accuracy or fairness of the Preliminary Official Statement or the Official Statement;

(h) The County will cooperate with the Underwriters in arranging for the qualification of the Securities for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Representative designates, and will use its best efforts to continue such qualifications in effect so long as required for distribution of the Securities; provided, however, that the County will not be required to execute a consent to service of process or to qualify to do business in connection with any such qualification in any jurisdiction;

(i) The descriptions of the Securities and the Orders contained in the Official Statement accurately summarize certain provisions of such instruments, and the Securities, when validly executed, authenticated and delivered in accordance with the Orders and sold to the Underwriters as provided herein, will be validly issued and outstanding obligations of the County entitled to the benefits of, and subject to the limitations contained in, the Orders;

(j) If prior to the Closing an event occurs affecting the County that is materially adverse for the purpose for which the Official Statement is to be used and is not disclosed in the Official Statement, the County shall notify the Representative, and if in the opinion of the County and the Representative such event requires a supplement or amendment to the Official Statement, the County will supplement or amend the Official Statement in a form and in a manner approved by the Representative;

(k) The financial statements contained in the Official Statement present fairly the financial position of the County as of the date and for the period covered thereby and are stated on a basis substantially consistent with that of the prior year's audited financial statements;

(l) Any certificate signed by any official of the County and delivered to the Underwriters shall be deemed a representation and warranty by the County to the Underwriters as to the truth of the statements therein contained;

(m) The County will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Tax-Exempt Bonds to be applied in a manner other than as provided in the Tax-Exempt Bond Order or that would cause the interest of the Tax-Exempt Bonds to be includable in gross income of the holders thereof for federal income tax purposes; and

(n) The County maintains internal controls and procedures designed to ensure that material information relating to the County is made known to the appropriate officials of the County responsible for the County's compliance with the disclosure obligations of the County under federal securities laws including, without limitation, the County's compliance with the Undertaking.

7. **Closing.** By 10:00 A.M., Central Time, on July 9, 2013 (the "Closing"), the County will deliver the initial securities certificates of the Securities of each series (as provided for in the Orders) to the Underwriters and the County shall take appropriate steps to provide The Depository Trust Company ("DTC") with one definitive securities certificate for each year of maturity of the Securities, and to provide the Underwriters with the other documents hereinafter mentioned. On or prior to the date of Closing, the Underwriters shall make arrangements with DTC for the Securities to be immobilized and thereafter traded as book-entry only securities and on the date of Closing the Underwriters will accept such delivery and pay the purchase price of the Securities as set forth in Section 1 hereof in immediately available funds. Concurrently with the payment for the Securities by the Underwriters, the County shall return to the Representative the check referred to in Section 4 hereof. Delivery and payment as aforesaid shall be made at the office of the paying agent/registrar for the Securities, as identified in the Official Statement, or such other place as shall have been mutually agreed upon by the County and the Representative.

In addition, the County and the Underwriters agree that there shall be a preliminary closing held at such place as the County and the Underwriters shall mutually agree, commencing at least 24 hours prior to the Closing; provided, however, in lieu of this preliminary closing Bond Counsel, as defined below, may provide the counsel to the Underwriters with a complete Transcript of Proceedings on the business day preceding the Closing. Drafts of all documents to be delivered at the Closing shall be prepared and distributed to all parties and their counsel for review at least three business days prior to the Closing.

8. **Conditions.** The Underwriters have entered into this Purchase Contract in reliance upon the representations and warranties of the County contained herein and to be contained in the documents and instruments to be delivered at the Closing, and upon the performance by the County of its obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase and pay for the Securities shall be subject to the performance by the County 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 conditions:

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

(b) At the time of the Closing, (i) the Orders shall be in full force and effect, and the Orders shall not have been amended, modified or supplemented and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Representative; and (ii) the net proceeds of the sale of the Securities shall be deposited and applied as described in the Official Statement and in the Orders;

(c) At the time of the Closing, all official action of the County related to the Orders shall be in full force and effect and shall not have been amended, modified or supplemented;

(d) The County shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

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

(1) The Official Statement of the County executed on behalf of the County by the County Judge and County Clerk, or a conformed copy thereof;

(2) The Orders, certified by the County Clerk under the seal of the County as having been duly adopted by the County and as being in effect, with such changes or amendments as may have been agreed to by the Underwriters. The Orders shall contain the agreement of the County, in form satisfactory to the Underwriters, that is described under the caption "CONTINUING DISCLOSURE OF INFORMATION" in the Preliminary Official Statement (the "Undertaking");

(3) Reserved;

(4) The Paying Agent/Registrar Agreement (with respect to each or all series of the Securities), having been duly executed on behalf of the County and The

Bank of New York Mellon Trust Company, National Association, as Paying Agent/Registrar;

(5) The two escrow agreements relating to each of the Tax-Exempt Bonds and the Taxable Bonds and the obligations to be refunded with the proceeds of the Tax-Exempt Bonds and the Taxable Bonds, respectively (the "Escrow Agreements") having been duly executed on behalf of the County and The Bank of New York Mellon Trust Company, National Association, as Escrow Agent, evidencing that all respective "Escrowed Securities" and cash to be deposited with the Escrow Agent on the date of Closing have been purchased by or delivered to the Escrow Agent, all as described in the Official Statement, together with certificates, dated as of the date of Closing, executed by an appropriate official of the Escrow Agent, to the effect that the Escrow Agreements have been duly authorized, executed and entered into by the Escrow Agent;

(6) The opinions pertaining to the issuance of the Securities, dated the date of Closing, of Bracewell & Giuliani LLP ("Bond Counsel") in substantially the forms and substance set forth in Appendix C to the Official Statement;

(7) Opinions with respect to the Securities, dated on or prior to the date of Closing, of the Attorney General, approving the Securities as required by law and the registration certificates of the Comptroller;

(8) The supplemental opinion, dated the date of Closing, of Bond Counsel, addressed to the County and the Underwriters, which provides that the Underwriters may rely upon the opinions of Bond Counsel delivered in accordance with the provisions of Section 8(e)(6) hereof, and opining to the effect that (a) the Purchase Contract has been duly authorized, executed and delivered by the County and (assuming due authorization by the Underwriters) constitutes a binding and enforceable agreement of the County in accordance with its terms; (b) in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions or subcaptions "PLAN OF FINANCING" (except for the subcaption "Sources and Uses of Proceeds"), "THE OBLIGATIONS" (except for the subcaptions "Book-Entry-Only System" and "Remedies of Owners of Obligations"), "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance with Prior Undertakings"), "OTHER INFORMATION - Registration and Qualification of Obligations for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas", "OTHER INFORMATION - Legal Matters", and "APPENDIX C - FORMS OF BOND COUNSEL'S OPINIONS", and such firm is of the opinion that such descriptions present a fair and accurate summary of the provisions of the laws and instruments therein described and such information conforms to the Orders; and (c) the Securities are exempt from registration pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and the Orders are exempt from qualification as an

indenture pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act");

(9) The opinion of McCall, Parkhurst & Horton L.L.P., Underwriters' Counsel, addressed to the Underwriters, and dated the date of Closing in substantially the form attached hereto as Exhibit B;

(10) A certificate, dated the date of Closing, signed by an appropriate officer of the County, to the effect that (i) the representations and warranties of the County 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) except to the extent disclosed in the Official Statement, no litigation is pending or, to the knowledge of such persons, threatened in any court to restrain or enjoin the issuance or delivery of the Securities, or the collection or application of the ad valorem taxes pledged or to be pledged to pay the principal of and interest on the Securities, or the pledge thereof, or in any way contesting or affecting the validity of the Securities or the County Documents, or contesting the powers of the County or the authorization of the Securities or the County Documents, or contesting in any way the accuracy, completeness or fairness of the Official Statement (but in lieu of or in conjunction with such certificate, the Underwriters may, in their sole discretion, accept certificates or opinions of the County Attorney that, in the opinion thereof, the issues raised in any such pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit); (iii) to the best of their knowledge, no event affecting the County has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iv) that there has not been any material and adverse change in the affairs or financial condition of the County since September 30, 2012, the latest date as to which audited financial information is available;

(11) A certificate, dated the date of the Closing, of an appropriate officer of the County to the effect that, on the basis of the facts, estimates and circumstances in effect on the date of delivery of the Tax-Exempt Bonds, it is not expected that the proceeds of the Tax-Exempt Bonds will be used in a manner that would cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

(12) The delivery by Grant Thornton LLP of two reports (the "Verification Reports") verifying the mathematical accuracy of the schedules that demonstrate that the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the respective escrow fund, will be sufficient to pay when due, the principal of and interest on the obligations to be refunded with the proceeds of the Tax-Exempt Bonds and the Taxable Bonds, respectively;

(13) Evidence of the rating on the Securities, which shall be "Aaa" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") shall be delivered in a form acceptable to the Underwriters; and

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

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

If the County shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Securities as set forth in this Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Securities shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate, the security deposit referred to in Section 4 of this Purchase Contract shall be returned to the Representative and neither the Underwriters nor the County shall be under further obligation hereunder, except that the respective obligations of the County and the Underwriters set forth in Sections 10 and 12 hereof shall continue in full force and effect.

9. **Termination.** The Underwriters may terminate their obligation to purchase at any time before the Closing if any of the following should occur:

(a) An event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and requires an amendment of or supplement to the Official Statement and the effect of which is, in the judgment of the Representative, reasonably exercised, would materially adversely affect the market for the Securities or the sale, at the contemplated offering prices, by the Underwriters of the Securities.

(b) (i) Legislation shall have been enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States or favorably reported for passage to either House of the Congress by any Committee of such House; or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court; or (iii) an order,

ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or any other agency of the United States; or (iv) a release or official statement shall have been issued by the President of the United States or by the Treasury Department of the United States or by the Internal Revenue Service, the effect of which, in any such case described in clause (i), (ii), (iii), or (iv), would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Tax-Exempt Bonds or upon income of the general character to be derived by the County, other than any imposition of federal income taxes upon interest received on obligations of the general character as the Tax-Exempt Bonds on the date hereof and other than as disclosed in the Official Statement, in such a manner as in the judgment of the Representative, reasonably exercised, would materially adversely affect the market for the Tax-Exempt Bonds or the sale, at the contemplated offering prices, by the Underwriters of the Tax-Exempt Bonds.

(c) (i) Legislation shall have been introduced in or enacted (or resolution passed) by the Congress of the United States; (ii) an order, decree, ruling, regulation (final, temporary, or proposed), press release, or other form of notice issued or made by or on behalf of the United States Securities and Exchange Commission (the "SEC"); or (iii) an order or injunction issued by any court of competent jurisdiction; the effect of which, in any such case described in clause (i), (ii), or (iii) would be to require registration of any security under the Securities Act, or qualification of any document under the Trust Indenture Act, in connection with the public offering of the Securities, or that the issuance, offering, or sale of obligations of the general character of the Securities, including any or all underlying arrangements, as contemplated by this Purchase Contract or by the Official Statement or otherwise, is or would be in violation of the federal securities laws as amended and then in effect, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority.

(d) (i) The Constitution of the State of Texas shall be amended or an amendment shall be proposed, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of Texas law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State of Texas by an official, agency or department thereof, affecting the tax status of the County, its property or income, its securities (including the Securities) or the interest thereon, that in the judgment of the Representative, reasonably exercised, would materially adversely affect the market for the Securities or the sale, at the contemplated offering prices, by the Underwriters of the Securities.

(e) There shall have occurred any (i) material outbreak of hostilities (including, without limitation, an escalation of hostilities that existed prior to the date hereof or an act of terrorism) or (ii) material other national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, the effect of which on U.S. financial markets of such an event described in clauses (i) or (ii) shall make it, in the reasonable judgment of the Representative, impractical or inadvisable

to proceed with the offering or delivery of the Securities as contemplated by the final Official Statement (exclusive of any amendment or supplement thereto).

(f) There shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the SEC or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Securities or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers such as to make it, in the judgment of the Underwriters, reasonably exercised, impractical or inadvisable to proceed with the offering of the Securities as contemplated in the Official Statement.

(g) An event described in Section 6(j) hereof occurs that, in the reasonable judgment of the Representative, requires a supplement or amendment to the Official Statement that is deemed by them, in their reasonable discretion, to materially adversely affect the market for the Securities or the sale, at the contemplated offering prices, by the Underwriters of the Securities.

(h) A general banking moratorium shall have been declared by authorities of the United States, the State of New York or the State of Texas, or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Securities as contemplated by the Official Statement.

(i) (i) A lowering of the ratings (without regard to credit enhancement) initially assigned to the Securities by Moody's and S&P, respectively, set forth in Section 8(e)(13) hereof shall occur prior to the Closing, or (ii) there shall have been any official declaration as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by Moody's or S&P on any debt securities issued by the County and secured in a like manner as the Securities, including any series of the Securities.

10. **Expenses.** (a) The County shall pay all expenses incident to the issuance of the Securities, including but not limited to: (i) the cost of the preparation, printing and distribution of the Preliminary Official Statement and the Official Statement; (ii) the cost of the preparation and printing of the Securities; (iii) the fees and expenses of Bond Counsel to the County; (iv) the fees and disbursements of the County's accountants, advisors, and of any other experts or consultants retained by the County; (v) the fees for the bond ratings and any travel or other expenses incurred

incident thereto; and (vi) the premium, if any, for municipal bond insurance policy pertaining to the Securities.

(b) The Underwriters shall pay (i) all advertising expenses in connection with the offering of the Securities; (ii) the cost of the preparation and printing of all the underwriting documents; and (iii) the fee of McCall, Parkhurst & Horton L.L.P., Underwriters' Counsel, for such firm's opinion required by Section 8(e)(9) hereof.

The County acknowledges that the Underwriters will pay from the Underwriters' expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Counsel of Texas.

11. **Notices.** Any notice or other communication to be given to the County under this Purchase Contract may be given by delivering the same in writing at the address for the County set forth above, and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to **CITIGROUP GLOBAL MARKETS INC.**, 300 Crescent Court, Suite 940, Dallas, Texas 75201, Attention: Mario Carrasco.

12. **Parties in Interest.** This Purchase Contract is made solely for the benefit of the County and the Underwriters (including the successors or assigns of any Underwriter) and no other person shall acquire or have any right under this contract. The County's representations, warranties and agreements contained in this Purchase Contract that exist as of the Closing, and without regard to any change in fact or circumstance occurring subsequent to the Closing, shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters, and (ii) delivery of any payment for the Securities hereunder; and the County's representations and warranties contained in Section 6 of this Purchase Contract shall remain operative and in full force and effect, regardless of any termination of this Purchase Contract.

13. **Status of the Underwriters.** The County acknowledges and agrees that (i) the purchase and sale of the Securities pursuant to this Purchase Contract is an arms' length commercial transaction between the County and the Underwriters, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriters are and have been acting solely as a principal and not as the agent or fiduciary of the County, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the County with respect to the offering contemplated hereby or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriters have provided other services or are currently providing other services to the County on other matters) and the Underwriters have no obligation to the County with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, and (iv) the County has consulted with its own legal, financial, and other advisors to the extent it deemed appropriate in connection with the offering of the Securities.

14. **Choice of Law.** This Purchase Contract shall be governed by and construed in accordance with the laws of the State of Texas.

15. **Execution in Counterparts.** This Purchase Contract may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Purchase Contract by signing any such counterpart. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by electronic mail with a copy in portable document format or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

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

17. **Severability.** If any provision of this Purchase 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 circumstances, or of rendering any other provision inoperative or unenforceable to any extent whatever.

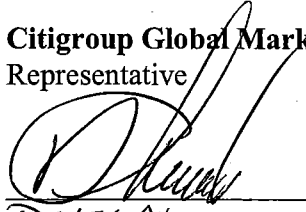
[The remainder of this page intentionally left blank.]

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

Very truly yours,

Citigroup Global Markets Inc.
Estrada Hinojosa & Company, Inc.

By: **Citigroup Global Markets Inc.**
Representative

By: 
Name: DEVER PHILLIPS
Title: DIRECTOR

ACCEPTANCE

ACCEPTED at 6:30 [a.m./p.m.], Central Time this 3rd day of June, 2013.

By: _____

County Judge
Collin County, Texas

[Signature Page to the Unlimited Tax Series 2013 Purchase Contract]

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

Very truly yours,

Citigroup Global Markets Inc.
Estrada Hinojosa & Company, Inc.

By: **Citigroup Global Markets Inc.**
Representative

By: _____
Name: _____
Title: _____

ACCEPTANCE

ACCEPTED at 6:30 [a.m.] (p.m.) Central Time this 3rd day of June, 2013.

By: _____

County Judge
Collin County, Texas

[Signature Page to the Unlimited Tax Series 2013 Purchase Contract]

EXHIBIT A

Schedule of Maturities, Interest Rates, Yields and Redemption Provisions

\$40,295,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A

<u>Maturity (2/15)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>
2014	655,000	1.000	0.250
2015	3,490,000	3.000	0.440
2016	2,680,000	3.000	0.620
2017	2,760,000	3.000	0.860
2018	1,750,000	4.000	1.140
2019	1,820,000	4.000	1.440
2020	1,895,000	4.000	1.690
2021	1,990,000	5.000	1.980
2022	2,095,000	5.000	2.210
2023	2,200,000	5.000	2.360
2024	2,310,000	5.000	2.510*
2025	2,430,000	5.000	2.630*
2026	2,550,000	5.000	2.730*
2027	1,480,000	3.125	3.320
2028	1,535,000	4.000	3.240*
2029	1,595,000	4.000	3.360*
2030	1,660,000	4.000	3.420*
2031	1,730,000	4.000	3.480*
2033	3,670,000	4.000	3.590*

* Yield calculated based on the assumption that the Tax-Exempt Bonds denoted and sold at a premium will be redeemed on February 15, 2023, the first optional call date for the Tax-Exempt Bonds, at a redemption price of par plus accrued interest to the redemption date.

Optional Redemption. The County reserves the right, at its option, to redeem Tax-Exempt Bonds having a stated maturity on February 15, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Tax-Exempt Bonds maturing on February 15, 2033 (the "Term Bonds") are also subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on February 15 in the respective years and principal amounts shown below:

Term Bonds Maturing February 15, 2033

<u>Redemption Date</u>	<u>Redemption Amount(\$)</u>
February 15, 2032	1,800,000
February 15, 2033*	1,870,000

*Final Maturity

\$15,970,000
Collin County, Texas
Unlimited Tax Refunding Bonds, Taxable Series 2013B

Maturity (2/15)	Principal Amount (\$)	Interest Rate (%)	Yield (%)
2015	670,000	0.650	0.650
2016	2,205,000	3.000	0.887
2017	2,260,000	3.000	1.214
2018	2,160,000	4.000	1.464
2019	2,245,000	4.000	1.792
2020	1,900,000	4.000	2.142
2021	950,000	4.000	2.469
2022	990,000	4.000	2.669
2023	1,030,000	4.000	2.869
2024	1,065,000	3.019	3.019
2025	495,000	3.169	3.169

Optional Redemption. The County reserves the right, at its option, to redeem Taxable Bonds having a stated maturity on and after February 15, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

EXHIBIT B

Proposed Form of Underwriters' Counsel Opinion of McCall, Parkhurst & Horton L.L.P.

July 9, 2013

Citigroup Global Markets Inc.
Estrada Hinojosa & Company, Inc.
c/o Citigroup Global Markets Inc.
300 Crescent Court, Suite 940
Dallas, Texas 75201

**Re: \$40,295,000 Collin County, Texas Unlimited Tax Road and Refunding Bonds,
Tax-Exempt Series 2013A**

**\$15,970,000 Collin County, Texas Unlimited Tax Refunding Bonds,
Taxable Series 2013B**

Ladies and Gentlemen:

We have acted as counsel for you as the underwriters of the securities described above (the "Securities"), issued under and pursuant to orders (the "Orders") of the Collin County, Texas (the "County"), authorizing the issuance of the Securities, which Securities you are purchasing pursuant to a Purchase Contract, dated June 3, 2013. All capitalized undefined terms used herein shall have the meaning set forth in the Purchase Contract.

In connection with this opinion letter, we have considered such matters of law and of fact, and have relied upon such certificates and other information furnished to us, as we have deemed appropriate as a basis for our opinion set forth below. We are not expressing any opinion or views herein on the authorization, issuance, delivery, validity of the Securities and we have assumed, but not independently verified, that the signatures on all documents and Securities that we have examined are genuine.

Based on and subject to the foregoing, we are of the opinion that, under existing laws, the Securities are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Orders are not required to be qualified under the Trust Indenture Act of 1939, as amended.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters, and because of the wholly or partially nonlegal character of many of the determinations involved in the preparation of the Official Statement dated June 3, 2013 (the "Official Statement") and because the information in the Official Statement under the headings "THE OBLIGATIONS - Book-Entry-Only System," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" and Appendices A, B and C thereto were prepared by others who have been engaged to review or provide such information, we are not passing on and do not assume any responsibility for, except as set forth in the last sentence of this paragraph, the accuracy, completeness or fairness of the statements contained in the Official Statement (including any appendices, schedules and exhibits thereto) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. In the course of our review of the Official Statement, we had discussions with representatives of the County regarding the contents of the Official Statement. In the course of our participation in the preparation of the Official Statement as your counsel, we had discussions with representatives of the County, Bond Counsel and Financial Advisor, regarding the contents of the Official Statement. In the course of such activities, no facts came to our attention that would lead us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein, the information set forth under the headings "THE OBLIGATIONS - Book-Entry-Only System," "TAX MATTERS," "CONTINUING

DISCLOSURE OF INFORMATION – Compliance with Prior Undertakings" and Appendices A, B and C thereto, as to which we express no opinion), as of its date contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This opinion letter may be relied upon by only you and only in connection with the transaction to which reference is made above and may not be used or relied upon by any other person for any purposes whatsoever without our prior written consent.

Respectfully,

ESCROW AGREEMENT

Between

COLLIN COUNTY, TEXAS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Pertaining to

Collin County, Texas
Unlimited Tax Road and Refunding Bonds
Tax-Exempt Series 2013A

Dated as of June 1, 2013

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- 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

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of June 1, 2013 (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").

WITNESSETH:

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, Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (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 AUTHORIZED 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, Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A 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. Notice of any 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 AUTHORIZED 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 \$1,500 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 sale and delivery of the Bonds, the Issuer shall pay to the Escrow Agent, the sum of \$600, the sufficiency of which is hereby acknowledged by the Escrow Agent for future fees for paying agency services relating to the Refunded Bonds. The Escrow Agent and the Issuer agree that any amounts payable with respect to the Refunded Bonds will be paid pursuant to the paying agent/registrar agreement pertaining to the Refunded Bonds and the Escrow Agent agrees that the sole remedy for nonpayment will be an action under such agreement.

(c) Upon receipt of the aforesaid specific sum stated in subsection (a) and (b) 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

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 Order authorizing the issuance of the Bonds, the receipt of such Order 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 orders 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:

Erin L. Fitzpatrick
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

Unlimited Tax Road & Refunding Bonds, Series 2004

Original Dated			Principal Amount
<u>Date</u>	<u>Stated Maturity</u>	<u>Interest Rate</u>	<u>Refunded</u>
3/15/2004	2/15/2015	5.000%	\$2,560,000
			\$2,560,000

The 2015 maturity will be redeemed prior to their original maturity on February 15, 2014, at a price of par.

Unlimited Tax Road & Refunding Bonds, Series 2005

Original Dated			Principal Amount
<u>Date</u>	<u>Stated Maturity</u>	<u>Interest Rate</u>	<u>Refunded</u>
3/1/2005	2/15/2016	5.000%	\$ 1,765,000
	2/15/2017	5.000%	1,860,000
			\$ 3,625,000

The 2016 and 2017 maturities will be redeemed prior to their original maturity on February 15, 2015, at a price of par.

Unlimited Tax Road Bonds, Series 2006

Original Dated			Principal Amount
<u>Date</u>	<u>Stated Maturity</u>	<u>Interest Rate</u>	<u>Refunded</u>
3/1/2006	2/15/2018	4.250%	\$ 835,000
	2/15/2019	4.250%	870,000
	2/15/2020	4.375%	910,000
	2/15/2021	4.500%	955,000
	2/15/2022	4.500%	1,000,000
	2/15/2023	4.500%	1,045,000
	2/15/2024	4.500%	1,090,000
	2/15/2025	4.500%	1,145,000
	2/15/2026	4.500%	1,195,000
			\$9,045,000

The 2018 thru 2026 maturities will be redeemed prior to their original maturity on February 15, 2016, at a price of par.

EXHIBIT B

SCHEDULE OF DEBT SERVICE ON REFUNDED BONDS

(See Attached Schedules)

Final

\$54,910,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds

Series 2004

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
08/15/2013	-	64,000.00	64,000.00	-	-	64,000.00	64,000.00
02/15/2014	2,560,000.00	64,000.00	2,624,000.00	-	5.000%	64,000.00	64,000.00
08/15/2014	-	-	-	-	-	64,000.00	64,000.00
02/15/2015	-	-	-	2,560,000.00	5.000%	64,000.00	2,624,000.00
02/15/2016	-	-	-	-	5.000%	-	-
02/15/2017	-	-	-	-	4.750%	-	-
02/15/2018	-	-	-	-	4.750%	-	-
02/15/2019	-	-	-	-	4.750%	-	-
02/15/2020	-	-	-	-	4.750%	-	-
02/15/2021	-	-	-	-	4.750%	-	-
02/15/2022	-	-	-	-	4.750%	-	-
02/15/2023	-	-	-	-	4.750%	-	-
02/15/2024	-	-	-	-	4.500%	-	-
Total	\$2,560,000.00	\$128,000.00	\$2,688,000.00	\$2,560,000.00	-	\$256,000.00	\$2,816,000.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/01/2013
Average Life	1.706 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	1.600 Years

Refunding Bond Information

Refunding Dated Date	6/01/2013
Refunding Delivery Date	7/09/2013

Final

\$43,175,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds

Series 2005

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
08/15/2013	-	90,625.00	90,625.00	-	-	90,625.00	90,625.00
02/15/2014	-	90,625.00	90,625.00	-	5.000%	90,625.00	90,625.00
08/15/2014	-	90,625.00	90,625.00	-	-	90,625.00	90,625.00
02/15/2015	3,625,000.00	90,625.00	3,715,625.00	-	5.000%	90,625.00	90,625.00
08/15/2015	-	-	-	-	-	90,625.00	90,625.00
02/15/2016	-	-	-	1,765,000.00	5.000%	90,625.00	1,855,625.00
08/15/2016	-	-	-	-	-	46,500.00	46,500.00
02/15/2017	-	-	-	1,860,000.00	5.000%	46,500.00	1,906,500.00
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%	-	-
02/15/2023	-	-	-	-	5.000%	-	-
02/15/2024	-	-	-	-	5.000%	-	-
02/15/2025	-	-	-	-	4.375%	-	-
Total	\$3,625,000.00	\$362,500.00	\$3,987,500.00	\$3,625,000.00	-	\$636,750.00	\$4,261,750.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/01/2013
Average Life	3.219 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	3.113 Years

Refunding Bond Information

Refunding Dated Date	6/01/2013
Refunding Delivery Date	7/09/2013

Final

\$15,920,000

Collin County, Texas

Unlimited Tax Road Bonds

Series 2006

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
08/15/2013	-	200,812.50	200,812.50	-	-	200,812.50	200,812.50
02/15/2014	-	200,812.50	200,812.50	-	4.000%	200,812.50	200,812.50
08/15/2014	-	200,812.50	200,812.50	-	-	200,812.50	200,812.50
02/15/2015	-	200,812.50	200,812.50	-	5.000%	200,812.50	200,812.50
08/15/2015	-	200,812.50	200,812.50	-	-	200,812.50	200,812.50
02/15/2016	9,045,000.00	200,812.50	9,245,812.50	-	5.000%	200,812.50	200,812.50
08/15/2016	-	-	-	-	-	200,812.50	200,812.50
02/15/2017	-	-	-	-	4.000%	200,812.50	200,812.50
08/15/2017	-	-	-	-	-	200,812.50	200,812.50
02/15/2018	-	-	-	835,000.00	4.250%	200,812.50	1,035,812.50
08/15/2018	-	-	-	-	-	183,068.75	183,068.75
02/15/2019	-	-	-	870,000.00	4.250%	183,068.75	1,053,068.75
08/15/2019	-	-	-	-	-	164,581.25	164,581.25
02/15/2020	-	-	-	910,000.00	4.375%	164,581.25	1,074,581.25
08/15/2020	-	-	-	-	-	144,675.00	144,675.00
02/15/2021	-	-	-	955,000.00	4.500%	144,675.00	1,099,675.00
08/15/2021	-	-	-	-	-	123,187.50	123,187.50
02/15/2022	-	-	-	1,000,000.00	4.500%	123,187.50	1,123,187.50
08/15/2022	-	-	-	-	-	100,687.50	100,687.50
02/15/2023	-	-	-	1,045,000.00	4.500%	100,687.50	1,145,687.50
08/15/2023	-	-	-	-	-	77,175.00	77,175.00
02/15/2024	-	-	-	1,090,000.00	4.500%	77,175.00	1,167,175.00
08/15/2024	-	-	-	-	-	52,650.00	52,650.00
02/15/2025	-	-	-	1,145,000.00	4.500%	52,650.00	1,197,650.00
08/15/2025	-	-	-	-	-	26,887.50	26,887.50
02/15/2026	-	-	-	1,195,000.00	4.500%	26,887.50	1,221,887.50
Total	\$9,045,000.00	\$1,204,875.00	\$10,249,875.00	\$9,045,000.00	-	\$3,753,950.00	\$12,798,950.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/01/2013
Average Life	9.006 Years
Average Coupon	4.4633425%
Weighted Average Maturity (Par Basis)	8.900 Years

Refunding Bond Information

Refunding Dated Date	6/01/2013
Refunding Delivery Date	7/09/2013

EXHIBIT C

DESCRIPTION OF BEGINNING CASH BALANCE AND AUTHORIZED SECURITIES

I. Cash

\$109.67

II. State and Local Government Series Obligations

\$.00

III. Open Market Securities

\$16,448,232.70

(See Attached Schedules)

Final

\$14,630,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds,

Refunding

Escrow Summary Cost

Maturity	Type	Coupon	Yield	\$ Price	Par Amount	Principal Cost	+Accrued Interest	= Total Cost
Bond Proceeds Account								
02/15/2014	T-NOTE	1.250%	0.108%	100.6875000%	2,867,000	2,886,710.63	14,255.80	2,900,966.43
08/15/2014	STRIPS-P	-	0.180%	99.8020000%	284,000	283,437.68	-	283,437.68
02/15/2015	STRIPS	-	0.260%	99.5850000%	3,910,000	3,893,773.50	-	3,893,773.50
07/17/2015	FHLMC	4.375%	0.362%	108.0784601%	194,000	209,672.21	4,055.14	213,727.35
01/29/2016	FFCB	0.430%	0.461%	99.9218750%	1,170,000	1,169,085.94	1,914.58	1,171,000.52
02/15/2016	STRIPS	-	0.420%	98.9140000%	8,073,000	7,985,327.22	-	7,985,327.22
Subtotal		-	-	-	\$16,498,000	\$16,428,007.18	\$20,225.52	\$16,448,232.70
Total		-	-	-	\$16,498,000	\$16,428,007.18	\$20,225.52	\$16,448,232.70

Bond Proceeds Account

Cash Deposit	109.67
Cost of Investments Purchased with Bond Proceeds	16,448,232.70
Total Cost of Investments	\$16,448,342.37

Delivery Date

7/09/2013

DES

FED FARM CREDIT FFCB 0.43 01/16 99.899/99.990 (0.468/0.434) BVAL

FFCB 0.43 01/29/16 Corp

99 Feedback

Page 1/11

Description: Bond

Data not provided by Bloomberg

99 Notes

95 Buy

90 Sell

97 Settings

21 Bond Description 22 Issuer Description

Pages	Issuer Information	Identifiers
1) Bond Info	Name FEDERAL FARM CREDIT BANK	BB Number EJ5546274
2) Addtl Info	Industry Government Agencies	CUSIP 3133ECFV1
3) Covenants	Security Information	ISIN US3133ECFV10
4) Guarantors	Mkt of Issue US Domestic	Bond Ratings
5) Bond Ratings	Country US Currency USD	Moody's Aaa
6) Identifiers	Rank Unsecured Series	S&P AA+
7) Exchanges	Coupon 0.43 Type Fixed	Fitch AAA
8) Inv Parties	Cpn Freq S/A	Composite AA+
9) Fees, Restrict	Day Cnt 30/360 Iss Price 100.00000	Issuance & Trading
10) Schedules	Maturity 01/29/2016	Amt Issued/Outstanding
11) Coupons	BULLET	USD 550,000.00 (M) /
Quick Links	Issue Spread	USD 550,000.00 (M)
32) ALLQ Pricing	Calc Type (1) STREET CONVENTION	Min Piece/Increment
33) QRD Quote Reca	Announcement Date 02/12/2013	1,000.00 / 1,000.00
34) TDH Trade Hist	Interest Accrual Date 02/22/2013	Par Amount 1,000.00
35) CACS Corp Action	1st Settle Date 02/22/2013	Book Runner DAIWA,HSBC,MS
36) CF Prospectus	1st Coupon Date 07/29/2013	Reporting TRACE
37) CN Sec News		
38) HDS Holders		
39) VPR Underly Info		
66) Send Bond		

DES

FREDDIE MAC

FHLMC 4 ³/₈ 07/15

108.445/108.482

(0.371/0.354) CBBT

FHLMC 4 ³/₈ 07/17/15 Corp

99 Feedback

Page 1/11

Description: Bond

94 Notes

95 Buy

96 Sell

97 Settings

21 Bond Description 22 Issuer Description

Pages	Issuer Information	Identifiers
1) Bond Info	Name FREDDIE MAC	BB Number EF0146508
2) Addtl Info	Industry Government Agencies	CUSIP 3134A4VC5
3) Covenants	Security Information	ISIN US3134A4VC55
4) Guarantors	Mkt of Issue Global	Bond Ratings
5) Bond Ratings	Country US Currency USD	Moody's Aaa
6) Identifiers	Rank Sr Unsecured Series	S&P AA+
7) Exchanges	Coupon 4.375 Type Fixed	Fitch AAA
8) Inv Parties	Cpn Freq S/A	Composite AA+
9) Fees, Restrict	Day Cnt 30/360 Iss Price 99.32700	Issuance & Trading
10) Schedules	Maturity 07/17/2015	Amt Issued/Outstanding
11) Coupons	BULLET	USD 4,000,000.00 (M) /
Quick Links	Issue Spread 33.50bp vs T 4 ¹ / ₈ 05/15	USD 4,000,000.00 (M)
32) ALLQ Pricing	Calc Type (1) STREET CONVENTION	Min Piece/Increment
33) QRD Quote Rea	Announcement Date 07/12/2005	2,000.00 / 1,000.00
34) TDH Trade Hist	Interest Accrual Date 07/14/2005	Par Amount 1,000.00
35) CACS Corp Action	1st Settle Date 07/14/2005	Book Runner CSFB, LEH, UBS
36) CF Prospectus	1st Coupon Date 01/17/2006	Reporting TRACE
37) CN Sec News	REFERENCE NOTES. LONG 1ST CPN. BOOK-ENTRY.	
38) HDS Holders		
39) VPR Underly Info		
66) Send Bond		

SP 0 08/15/14 10.191 +.034 0.213 / 0.191 99.745 / 99.771 -- x --
 At 12:57 Op 0.169 Hi 0.216 Lo 0.144 Prev 0.157 BGN

SP 0 08/15/14 Govt 99 Feedback

Page 1/11 Description: Bond

95 Buy

96 Sell

97 Settings

21 Bond Description 22 Issuer Description

Pages	Issuer Information	Identifiers
1) Bond Info	Name STRIP PRINC	BB Number 912820KQ9
2) Addtl Info	Industry US GOVT NATIONAL	CUSIP 912820KQ9
3) Covenants	Security Information	ISIN US912820KQ93
4) Guarantors	Issue Date 08/16/04	SEDOL 1 B3FMZ73
5) Bond Ratings	Interest Accrues	BBGID BBG000DM7VY3
6) Identifiers	1st Coupon Date	Issuance & Trading
7) Exchanges	Maturity Date 08/15/14	Issue Price
8) Inv Parties	Next Call Date	Risk Factor 1.195
9) Fees, Restrict	Workout Date 08/15/14	Amount Unstripped 24060 (MM)
10) Schedules	Coupon Security Type USW	Amount Stripped 661 (MM)
11) Coupons	Cpn Frequency Type NONE	Minimum Piece 100
Quick Links	Mty/Refund Type NORMAL Series	Minimum Increment 100
32) ALLQ Pricing	Calc Type STREET CONVENTION	
33) QRD Quote Recap	Day Count ACT/ACT	
34) CACS Corp Action	Market Sector US GOVT	
35) CN Sec News	Country US Currency USD	
36) HDS Holders	STRIP PRIN OF T 4.25% 8/15/14.	
66) Send Bond		

T 1 ¼ 02/15/14 ↓100-25¼ - 00¼ 100-25¼ / 100-25¼ 0.126 / 0.120 -- x --

At 12:56 Op 100-25¾ Hi 100-25+ Lo 100-25¼ Prev 100-25¾ BGN

T 1 ¼ 02/15/14 Govt

99) Feedback

Page 1/11

Description: Bond

95) Buy

96) Sell

97) Settings

21) Bond Description 22) Issuer Description

Pages	Issuer Information	Identifiers
1) Bond Info	Name US TREASURY N/B	BB Number 912828QH6
2) Addtl Info	Industry US GOVT NATIONAL	CUSIP 912828QH6
3) Covenants	Security Information	ISIN US912828QH66
4) Guarantors	Issue Date 02/15/11	SEDOL 1 B3S63Z6
5) Bond Ratings	Interest Accrues 02/15/11	BBGID BBG001HNZP04
6) Identifiers	1st Coupon Date 08/15/11	Issuance & Trading
7) Exchanges	Maturity Date 02/15/14	Issue Price 99.7099
8) Inv Parties	Next Call Date	Risk Factor .703
9) Fees, Restrict	Workout Date 02/15/14	Amount Issued 32735 (MM)
10) Schedules	Coupon 1.250 Security Type USN	Amount Outstanding 32735 (MM)
11) Coupons	Cpn Frequency S/A Type FIXED	Minimum Piece 100
Quick Links	Mty/Refund Type NORMAL Series	Minimum Increment 100
32) ALLQ Pricing	Calc Type STREET CONVENTION	SOMA Holdings 0.00069253%
33) QRD Quote Recap	Day Count ACT/ACT	
34) CACS Corp Action	Market Sector US GOVT	
35) CN Sec News	Country US Currency USD	
36) HDS Holders		
66) Send Bond		

S 0 02/15/15 ↓0.271 -.004 0.298 / 0.271 99.495 / 99.541 -- x --
 At 12:59 Op 0.275 Hi 0.297 Lo 0.263 Prev 0.275 BGN

S 0 02/15/15 Govt 99 Feedback

Page 1/11 Description: Bond

95 Buy 96 Sell 97 Settings

21 Bond Description 22 Issuer Description

Pages	Issuer Information	Identifiers
1) Bond Info	Name STRIPS	BB Number 912833DH0
2) Addtl Info	Industry US GOVT NATIONAL	CUSIP 912833DH0
3) Covenants	Security Information	ISIN US912833DH07
4) Guarantors	Issue Date 02/15/85	SEDOL 1 2913407
5) Bond Ratings	Interest Accrues	BBGID BBG000DJKF70
6) Identifiers	1st Coupon Date	Issuance & Trading
7) Exchanges	Maturity Date 02/15/15	Issue Price
8) Inv Parties	Next Call Date	Risk Factor 1.688
9) Fees, Restrict	Workout Date 02/15/15	Amount Unstripped 1 (MM)
10) Schedules	Coupon Security Type USW	Amount Stripped 1 (MM)
11) Coupons	Cpn Frequency Type NONE	Minimum Piece .01
Quick Links	Mty/Refund Type NORMAL Series	Minimum Increment .01
2) ALLQ Pricing	Calc Type STREET CONVENTION	
3) QRD Quote Recap	Day Count ACT/ACT	
4) CACS Corp Action	Market Sector US GOVT	
5) CN Sec News	Country US Currency USD	
6) HDS Holders	LISTED: NEW YORK STOCK EXCHANGE/AMEX.	
66) Send Bond		

S 0 02/15/16 ↓0.437 -.006 0.457 / 0.437 98.776 / 98.829 --- x ---
 At 13:02 Op 0.454 Hi 0.478 Lo 0.420 Prev 0.443 BGN

S 0 02/15/16 Govt 99 Feedback

Page 1/11 Description: Bond

95 Buy 96 Sell 97 Settings

21 Bond Description 22 Issuer Description

Pages	Issuer Information	Identifiers
1) Bond Info	Name STRIPS	BB Number 912833KG4
2) Addtl Info	Industry US GOVT NATIONAL	CUSIP 912833KG4
3) Covenants	Security Information	ISIN US912833KG41
4) Guarantors	Issue Date 02/15/86	SEDOL 1 2944195
5) Bond Ratings	Interest Accrues	BBGID BBG000DJLLR4
6) Identifiers	1st Coupon Date	Issuance & Trading
7) Exchanges	Maturity Date 02/15/16	Issue Price
8) Inv Parties	Next Call Date	Risk Factor 2.660
9) Fees, Restrict	Workout Date 02/15/16	Amount Unstripped 1 (MM)
10) Schedules	Coupon Security Type USw	Amount Stripped 1 (MM)
11) Coupons	Cpn Frequency Type NONE	Minimum Piece .01
Quick Links	Mty/Refund Type NORMAL Series	Minimum Increment .01
2) ALLQ Pricing	Calc Type STREET CONVENTION	
3) QRD Quote Recap	Day Count ACT/ACT	
4) CACS Corp Action	Market Sector US GOVT	
5) CN Sec News	Country US Currency USD	
6) HDS Holders	LISTED: NEW YORK STOCK EXCHANGE/AMEX.	
6) Send Bond		

EXHIBIT D

ESCROW FUND CASH FLOW

(See Attached Schedules)

Final

\$14,630,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds,
Refunding**Escrow Fund Cashflow**

Date	Principal	Rate	Interest	+Transfers	Receipts	Disbursements	Cash Balance
07/09/2013	-	-	-	355,437.50	355,547.17	-	355,547.17
07/17/2013	-	-	4,243.75	-	4,243.75	-	359,790.92
07/29/2013	-	-	2,194.08	-	2,194.08	-	361,985.00
08/15/2013	-	-	17,918.75	-	17,918.75	355,437.50	24,466.25
01/17/2014	-	-	4,243.75	-	4,243.75	-	28,710.00
01/29/2014	-	-	2,515.50	-	2,515.50	-	31,225.50
02/15/2014	2,867,000.00	1.250%	17,918.75	-	2,884,918.75	2,915,437.50	706.75
07/17/2014	-	-	4,243.75	-	4,243.75	-	4,950.50
07/29/2014	-	-	2,515.50	-	2,515.50	-	7,466.00
08/15/2014	284,000.00	-	-	-	284,000.00	291,437.50	28.50
01/17/2015	-	-	4,243.75	-	4,243.75	-	4,272.25
01/29/2015	-	-	2,515.50	-	2,515.50	-	6,787.75
02/15/2015	3,910,000.00	-	-	-	3,910,000.00	3,916,437.50	350.25
07/17/2015	194,000.00	4.375%	4,243.75	-	198,243.75	-	198,594.00
07/29/2015	-	-	2,515.50	-	2,515.50	-	201,109.50
08/15/2015	-	-	-	-	-	200,812.50	297.00
01/29/2016	1,170,000.00	0.430%	2,515.50	-	1,172,515.50	-	1,172,812.50
02/15/2016	8,073,000.00	-	-	-	8,073,000.00	9,245,812.50	-
Total	\$16,498,000.00	-	\$71,827.83	\$355,437.50	\$16,925,375.00	\$16,925,375.00	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield
Cost of Investments Purchased with Fund Transfers	355,437.50
Cash Deposit	109.67
Cost of Investments Purchased with Bond Proceeds	16,448,232.70
Total Cost of Investments	\$16,803,779.87
Target Cost of Investments at bond yield	\$15,758,395.76
Actual positive or (negative) arbitrage	(689,946.61)
Yield to Receipt	0.3736138%
Yield for Arbitrage Purposes	2.5602616%

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
Unlimited Tax Road and Refunding Bonds
Tax-Exempt Series 2013A

Dated as of June 1, 2013

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ANNEX “A” - Schedule Of Fees For Service As Paying Agent/Registrar A- 1

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 national banking association organized under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Bonds"), in an aggregate principal amount of \$40,295,000 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 Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A dated June 1, 2013, and issued in the aggregate principal amount of \$40295,000.

“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) 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
2300 Bloomdale Rd.
Suite 3100
McKinney, Texas 75071
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 V shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

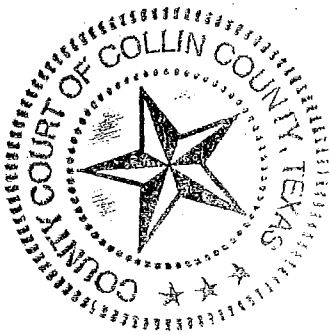
COLLIN COUNTY, TEXAS

By: _____

County Judge

ATTEST:

County Clerk



THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.

By: Erin L. Fitzpatrick
Title: Associate

ANNEX "A"

SCHEDULE OF FEES FOR SERVICE AS PAYING AGENT/REGISTRAR



BNY MELLON

***Collin County, Texas Unlimited Tax Road and Refunding Bonds, Tax-Exempt
Series 2013A***

And

Collin County, Texas Unlimited Tax Refunding Bonds, Taxable Series 2013B

Fee Schedule

May 23, 2013

Upon appointment of The Bank of New York Mellon Trust Company, NA ("BNYMTC"), as Registrar, Paying Agent and Escrow Agent, the obligor shall be responsible for the payment of the fees, expenses and charges as set forth in this Fee Schedule.

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.

	Series 2013A	\$500
Annual Paying Agent Administration Fee	Series 2013B	\$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. This fee is payable annually, in advance.

Escrow Agent Fee	Per Escrow Account	\$750*

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.

** If the funds remain uninvested the Escrow fee will be waived (we will collateralize cash as appropriate).*

Pricing for Call or Redemptions of Bonds	\$300 Per Call * 3	\$900

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.



BNY MELLON

Investment Compensation

With respect to investments in money market mutual funds for which The Bank of New York Mellon provides shareholder services, BNY Mellon (or its affiliates) may receive fees from the mutual funds (or their affiliates) for shareholder services as set forth in the Authorization and Direction to BNY Mellon to Invest Cash Balances in Money Market Mutual Funds.

BNY Mellon will charge a \$50 transaction fee for the purchase, sale, or maturity of commercial paper and U.S. treasuries and agencies.

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 BNYMTC'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 reconciliation 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 may be passed along to you as incurred. The obligor shall be responsible for filing any applicable information returns with the U.S. Department of Treasury, Internal Revenue Service in connection with payments made by BNYMTC to vendors who have not performed services for BNYMTC's benefit under the various note issuances or other undertakings contemplated by this fee agreement.



BNY MELLON

Terms and Disclosures

Terms of Proposal

Final acceptance of the appointment as Registrar, Paying Agent and Escrow Agent is subject to approval of authorized officers of BNYMTC 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 BNYMTC, 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
No. R-1

REGISTERED
\$655,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
1.000%	February 15, 2014	June 1, 2013	194740 EK8

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

SIX HUNDRED FIFTY-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, 2014.

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
No. R-2

REGISTERED
\$3,490,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
3.000%	February 15, 2015	June 1, 2013	194740-EL6

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

THREE MILLION FOUR HUNDRED NINETY 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, 2014.

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
No. R-3

REGISTERED
\$2,680,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
3.000%	February 15, 2016	June 1, 2013	194740-EM4

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

TWO MILLION SIX HUNDRED EIGHTY 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, 2014.

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
No. R-4

REGISTERED
\$2,760,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
3.000%	February 15, 2017	June 1, 2013	194740 EN2

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

TWO MILLION SEVEN 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, 2014.

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
No. R-5

REGISTERED
\$1,750,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
4.000%	February 15, 2018	June 1, 2013	194740 EP7

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 SEVEN HUNDRED FIFTY 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, 2014.

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
No. R-6

REGISTERED
\$1,820,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
4.000%	February 15, 2019	June 1, 2013	194740 EQ5

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 EIGHT HUNDRED TWENTY 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, 2014.

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
No. R-7

REGISTERED
\$1,895,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
4.000%	February 15, 2020	June 1, 2013	194740 ER3

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 EIGHT HUNDRED NINETY-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, 2014.

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
No. R-8

REGISTERED
\$1,990,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
5.000%	February 15, 2021	June 1, 2013	194740 ES1

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 NINE HUNDRED NINETY-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, 2014.

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
No. R-9

REGISTERED
\$2,095,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
5.000%	February 15, 2022	June 1, 2013	194740 ET9

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

TWO MILLION NINETY-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, 2014.

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
No. R-10

REGISTERED
\$2,200,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
5.000%	February 15, 2023	June 1, 2013	194740 EU6

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

TWO MILLION TWO HUNDRED 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, 2014.

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
No. R-11

REGISTERED
\$2,310,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
5.000%	February 15, 2024	June 1, 2013	194740 EV4

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

TWO MILLION THREE HUNDRED TEN 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, 2014.

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
No. R-12

REGISTERED
\$2,430,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
5.000%	February 15, 2025	June 1, 2013	194740-EW2

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

TWO MILLION FOUR HUNDRED THIRTY 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, 2014.

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
No. R-13

REGISTERED
\$2,550,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
5.000%	February 15, 2026	June 1, 2013	194740 EX0

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

TWO MILLION FIVE HUNDRED FIFTY 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, 2014.

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
No. R-14

REGISTERED
\$1,480,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
3.125%	February 15, 2027	June 1, 2013	194740 EY8

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 FOUR HUNDRED EIGHTY 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, 2014.

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
No. R-15

REGISTERED
\$1,535,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
4.000%	February 15, 2028	June 1, 2013	194740 EZ5

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 FIVE HUNDRED THIRTY-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, 2014.

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
No. R-16

REGISTERED
\$1,595,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
4.000%	February 15, 2029	June 1, 2013	194740 FA9

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 FIVE HUNDRED NINETY-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, 2014.

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
No. R-17

REGISTERED
\$1,660,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
4.000%	February 15, 2030	June 1, 2013	194740 FB7

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 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, 2014.

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
No. R-18

REGISTERED
\$1,730,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
4.000%	February 15, 2031	June 1, 2013	194740 FC5

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 SEVEN HUNDRED THIRTY 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, 2014.

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
No. R-19

REGISTERED
\$3,670,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BOND
TAX-EXEMPT SERIES 2013A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>ORIGINAL ISSUE DATE:</u>	<u>CUSIP NUMBER:</u>
4.000%	February 15, 2033	June 1, 2013	194740 FD3

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

THREE MILLION SIX HUNDRED SEVENTY 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, 2014.

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 \$40,295,000 (herein referred to as the "Bonds"), issued pursuant to a certain order of the Commissioners Court of the County (the "Order") for the purposes of (i) providing funds for certain County road improvements, (ii) providing funds to refund certain outstanding unlimited tax obligations of the County, and (iii) for paying the costs of issuing the Bonds.

The Bonds and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, without legal limit as to rate or amount, against all taxable property in the County as described and provided in the Order. The portion of the Bonds issued to fund County road improvements is issued under Section 52, Article III, Texas Constitution, and laws enacted under the Constitution. The portion of the Bonds issued to refund certain outstanding unlimited tax obligations of the County is issued pursuant to Chapter 1207, Texas Government Code, as amended.

The County has reserved the option to redeem the Bonds maturing on or after February 15, 2024, in whole or in part, before their respective scheduled maturity dates, on February 15, 2023, 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.

The Bonds maturing on February 15, 2033 (the "Term Bonds"), are subject to scheduled mandatory redemption and will be redeemed by the County, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

\$3,670,000 Term Bonds Maturing February 15, 2033

<u>Year</u>	<u>Amount</u>
February 15, 2032	\$1,800,000
February 15, 2033 (maturity)	1,870,000

The Paying Agent/Registrar will select by lot the specific Term Bonds (or with respect to Term Bonds having a denomination in excess of \$5,000, each \$5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the County, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the County at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund 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.

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

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

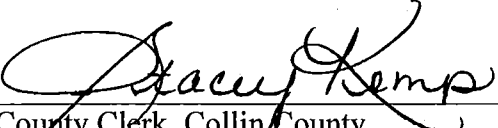
Agent/Registrar, and, thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

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.

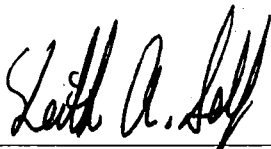
The County, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or 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.

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.

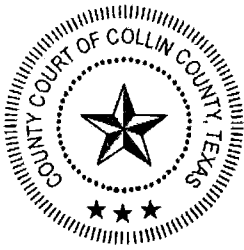
IN WITNESS WHEREOF, the County has caused this Bond to be executed by the manual or facsimile signature of the County Judge, countersigned by the manual or facsimile signature of the County Clerk of the County, and the official seal of the County has been duly impressed or placed in facsimile on this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

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.

SPECIAL AGENT

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



PRELIMINARY OFFICIAL STATEMENT

Dated May 24, 2013

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 Tax-Exempt Unlimited Tax 2013A Bonds is excludable from gross income for federal income tax purposes under existing law and the Tax-Exempt Unlimited Tax 2013A Bonds are not private activity bonds. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations. Interest to be paid on the Taxable Unlimited Tax 2013B Bonds is not excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS - Taxable Bonds".

THE TAX-EXEMPT UNLIMITED TAX 2013A BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

COLLIN COUNTY, TEXAS

\$40,070,000*

UNLIMITED TAX ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A



\$16,194,982*

UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B

Dated Date: June 1, 2013

Due: February 15, as shown on page 2 hereof

PAYMENT TERMS . . . Interest on the \$40,070,000* Collin County, Texas Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Unlimited Tax 2013A Bonds") and the \$16,194,982* Collin County, Texas Unlimited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Unlimited Tax 2013B Bonds") and, together with the Tax-Exempt Unlimited Tax 2013A Bonds, the "Unlimited Tax Bonds"). The Taxable Unlimited Tax 2013B Bonds will be issued in part as current interest bonds (the "2013B Current Interest Bonds") and in part as premium capital appreciation bonds (the "2013B Premium Capital Appreciation Bonds"), as shown on Page 2 hereof. Interest on the Tax-Exempt Unlimited Tax 2013A Bonds and the 2013B Current Interest Bonds will accrue from June 1, 2013 (the "Dated Date"), and will be payable February 15 and August 15 of each year commencing February 15, 2014, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2013B Premium Capital Appreciation Bonds will accrete from the date of their delivery to the Underwriters and such interest will compound semiannually on August 15, 2013 and on each February 15 and August 15 thereafter until maturity, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The sum of the principal of, premium, if any, and accreted/compounded interest on the 2013B Premium Capital Appreciation Bonds (the "Maturity Amount") is payable at maturity. The 2013B Current Interest Bonds and the Tax-Exempt Unlimited Tax 2013A Bonds will be issued as fully registered obligations in the denominations of \$5,000 of principal amount or any integral multiple thereof for any one stated maturity, and the 2013B Premium Capital Appreciation Bonds will be issued in integral multiples of \$5,000 of the Maturity Amount. 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 the authorized denominations thereof. No physical delivery of the Unlimited Tax Bonds will be made to the owners thereof. Principal amounts and Maturity Amounts of the Unlimited Tax Bonds and interest on the Tax-Exempt Unlimited Tax 2013A Bonds and the 2013B Current Interest 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 OBLIGATIONS - 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 OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Tax-Exempt Unlimited Tax 2013A Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and bond order adopted by the Commissioners Court of the County authorizing the issuance of the Tax-Exempt Unlimited Tax 2013A Bonds (the "Unlimited Tax 2013A Bond Order"), and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, without legal limit as to rate or amount, as provided by the Unlimited Tax 2013A Bond Order (see "THE OBLIGATIONS - Authority for Issuance").

The Taxable Unlimited Tax 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of 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 Taxable Unlimited Tax 2013B Bonds (the "Unlimited Tax 2013B Bond Order" and together with the Unlimited Tax 2013A Bond Order, the "Unlimited Tax Bond Orders") (see "The Obligations - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Tax-Exempt Unlimited Tax 2013A Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including the participation in the cost of joint State highway and joint city-county projects, (ii) refund a portion of the County's outstanding debt described in Schedule I (the "2013A Unlimited Tax Refunded Bonds") for debt service savings, and (iii) pay the costs of issuance associated with the sale of the Unlimited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Unlimited Tax 2013B Bonds will be used to (i) refund a portion of the County's debt described in Schedule I (the "2013B Unlimited Tax Refunded Bonds"), and (ii) pay the costs of issuance associated with the sale of the Taxable Unlimited Tax 2013B Bonds.

MATURITY SCHEDULE

See Schedules on page 2

SEPARATE ISSUES . . . The Tax-Exempt Unlimited Tax 2013A Bonds and the Taxable Unlimited Tax 2013B Bonds are being offered by the County concurrently with the "Collin County, Texas, Limited Tax Permanent Improvement Refunding Bonds, Tax-Exempt Series 2013" (the "Tax-Exempt Limited Tax 2013 Bonds") and the "Collin County, Texas, Limited Tax Refunding Bonds, Taxable Series 2013" (the "Taxable Limited Tax 2013 Bonds") and collectively, with the Tax-Exempt Limited Tax 2013A Bonds, the "Limited Tax Bonds"), and such Unlimited Tax Bonds and Limited Tax Bonds are hereinafter sometimes referred to collectively as the "Obligations." The Tax-Exempt Unlimited Tax 2013A Bonds, the Unlimited Tax 2013B Bonds, the Tax-Exempt Limited Tax 2013A Bonds, and the Taxable Limited Tax 2013B Bonds are separate and distinct securities offerings being issued and sold independently except for the Official Statement, and, while the Unlimited Tax Bonds and the Limited 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 of each series are offered for delivery when, as, and if issued and received by the Underwriters and subject to the approving opinions of the Attorney General of Texas and the opinions of Bracewell & Giuliani L.L.P., Bond Counsel, Dallas, Texas (see APPENDIX C - "Form of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Unlimited Tax Bonds will be available for delivery through The Depository Trust Company on July 9, 2013.

CITI

ESTRADA HINOJOSA & COMPANY, INC.

* Preliminary, subject to change.

MATURITY SCHEDULES*

CUSIP Prefix: 194738 ⁽¹⁾

UNLIMITED TAX ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A

Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 795,000	2014				\$ 2,260,000	2024			
3,520,000	2015				2,390,000	2025			
2,700,000	2016				2,495,000	2026			
2,780,000	2017				1,430,000	2027			
1,760,000	2018				1,495,000	2028			
1,825,000	2019				1,560,000	2029			
1,905,000	2020				1,625,000	2030			
1,985,000	2021				1,695,000	2031			
2,075,000	2022				1,770,000	2032			
2,160,000	2023				1,845,000	2033			

(Accrued interest from June 1, 2013 to be added)

UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B

\$16,125,000* CURRENT INTEREST BONDS

Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 2,440,000	2016				\$ 990,000	2021			
2,455,000	2017				1,015,000	2022			
2,310,000	2018				1,040,000	2023			
2,350,000	2019				1,070,000	2024			
1,960,000	2020				495,000	2025			

(Accrued interest from June 1, 2013 to be added)

UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B

\$69,982.10* PREMIUM CAPITAL APPRECIATION BONDS

Original Principal Amount	(2-15) Maturity	Offering Price per \$5,000 Amount Due At Maturity	Yield to Maturity	Total Payment at Maturity	CUSIP Suffix ⁽¹⁾
\$ 60,947.70	2014			\$ 345,000	
9,034.40	2015			920,000	

(Interest to accrete from the Date of Delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services Bureau, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of owners of the Obligations. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the County, the Financial Advisor nor the Underwriters shall be responsible for the selection or correctness of the CUSIP number set forth herein.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem the Tax-Exempt Unlimited Tax 2013A, and the 2013B Current Interest Bonds having stated maturities on and after February 15, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

The 2013B Premium Capital Appreciation Bonds are not subject to redemption prior to maturity.

* Preliminary, subject to change.

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



PRELIMINARY OFFICIAL STATEMENT

Dated May 24, 2013

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 Tax-Exempt Limited Tax 2013 Bonds is excludable from gross income for federal income tax purposes under existing law and the Tax-Exempt Limited Tax 2013A Bonds are not private activity bonds. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations. Interest to be paid on the Taxable Limited Tax 2013 Bonds is not excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS - Taxable Bonds".

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

COLLIN COUNTY, TEXAS

\$2,200,000*

LIMITED TAX PERMANENT
IMPROVEMENT BONDS, SERIES 2013A



\$15,825,000*

LIMITED TAX REFUNDING BONDS,
TAXABLE SERIES 2013B

Dated Date: June 1, 2013

Due: February 15, as shown on page 4 hereof

PAYMENT TERMS . . . Interest on the \$2,200,000* Collin County, Texas Limited Tax Permanent Improvement Bonds, Series 2013A (the "Tax-Exempt Limited Tax 2013A Bonds") and the \$15,825,000* Collin County, Texas Limited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Limited Tax 2013B Bonds") and, together with the Tax-Exempt Limited Tax 2013A Bonds, the "Limited Tax Bonds") will accrue from June 1, 2013 (the "Dated Date"), and will be payable on February 15, 2014, and on each August 15 and February 15 thereafter until maturity or prior redemption, 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 OBLIGATIONS - 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 OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Tax-Exempt Limited Tax 2013A Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapters 1473, Texas Government Code, as amended and Chapters 292 and 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007 and a bond order adopted by the Commissioners Court of the County authorizing the issuance of the Tax-Exempt Limited Tax 2013A Bonds (the "Tax-Exempt Limited Tax 2013A Bond Order"), and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, within the limits prescribed law, as provided by the Tax-Exempt Limited Tax 2013 Bond Order. (see "THE OBLIGATIONS - Authority for Issuance").

The Taxable Limited Tax Taxable 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of 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 Taxable Limited Tax 2013B Bonds (the "Taxable Limited Tax 2013B Bond Order" and together with the Tax-Exempt Limited Tax 2013A Bond Order, the "Limited Tax Bond Orders") (see "The Obligations - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Tax-Exempt Limited Tax 2013A Bonds will be used to (i) acquire and improve land for park and open space purposes, including joint county-city projects, and (ii) pay the costs of issuance associated with the sale of the Tax-Exempt Limited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Limited Tax 2013B Bonds will be used to (i) refund a portion of the County's debt described in Schedule II (the "Limited Tax Refunded Bonds"), and (ii) pay the costs of issuance associated with the sale of the Taxable Limited Tax 2013B Bonds.

MATURITY SCHEDULE

See Schedules on page 4

SEPARATE ISSUES . . . The Tax-Exempt Limited Tax 2013A Bonds and the Taxable Limited Tax 2013B Bonds are being offered by the County concurrently with the "Collin County, Texas, Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A" (the "Unlimited Tax 2013A Bonds") and the "Collin County, Texas, Unlimited Tax Road Bonds, Taxable Series 2013B" (the "Taxable Unlimited Tax 2013B Bonds; the "Unlimited Tax Bonds"), and such Limited Tax Bonds and Unlimited Tax Bonds are hereinafter sometimes referred to collectively as the "Obligations." The Tax-Exempt Limited Tax 2013A Bonds, the Taxable Limited Tax 2013B Bonds, the Tax-Exempt Unlimited Tax 2013A Bonds and the Taxable Unlimited Tax 2013B 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 opinions of the Attorney General of Texas and the opinions of Bracewell & Giuliani L.L.P., Bond Counsel, Dallas, Texas (see APPENDIX C - "Form of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Limited Tax Bonds will be available for delivery through The Depository Trust Company on July 9, 2013.

ESTRADA HINOJOSA & COMPANY, INC.

CITI

* Preliminary, subject to change.

MATURITY SCHEDULES*

CUSIP Prefix: 194738 ⁽¹⁾

LIMITED TAX PERMANENT IMPROVEMENT BONDS, TAX-EXEMPT SERIES 2013A

Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 75,000	2014				\$ 110,000	2024			
80,000	2015				115,000	2025			
85,000	2016				115,000	2026			
90,000	2017				120,000	2027			
90,000	2018				125,000	2028			
95,000	2019				130,000	2029			
95,000	2020				135,000	2030			
100,000	2021				140,000	2031			
105,000	2022				145,000	2032			
105,000	2023				145,000	2033			

LIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B

Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 270,000	2014				\$ 1,235,000	2020			
440,000	2015				1,230,000	2021			
1,855,000	2016				1,255,000	2022			
1,880,000	2017				1,290,000	2023			
1,905,000	2018				1,325,000	2024			
1,935,000	2019				1,205,000	2025			

(Accrued interest from June 1, 2013 to be added)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services Bureau, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of owners of the Obligations. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the County, the Financial Advisor nor the Underwriters shall be responsible for the selection or correctness of the CUSIP number set forth herein.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem the Limited Tax Bonds of either series having stated maturities on and after February 15, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

* Preliminary, subject to change.

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 Obligations 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 Obligations 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 Obligations is to be construed as constituting an agreement with the purchaser of the Obligations. 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 OBLIGATIONS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE OBLIGATIONS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE OBLIGATIONS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE OBLIGATIONS 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 Obligations 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 \$40,070,000* Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Unlimited Tax 2013A Bonds") and \$16,194,982* Unlimited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Unlimited Tax 2013B Bonds" and together with the Tax-Exempt Unlimited Tax 2013A Bonds, the "Unlimited Tax Bonds"). The Tax-Exempt Unlimited Tax 2013A Bonds are issued as serial bonds maturing on February 15, 2014 through 2033. The Taxable Unlimited Tax 2013B Bonds are issued in part as Premium Capital Appreciation Bonds (the "2013B Premium Capital Appreciation Bonds") maturing on February 15 in the years 2014 and 2015 and in part as Current Interest Bonds (the "2013B Current Interest Bonds") maturing on February 15 in the years 2016 through 2025 (see "The Obligations - Description of the Bonds").

THE LIMITED TAX BONDS The Limited Tax Bonds are issued as \$2,200,000* Limited Tax Permanent Improvement Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Limited Tax 2013A Bonds") and \$15,825,000* Limited Tax Refunding Bonds, Taxable Series 2013A (the "Taxable Limited Tax 2013B Bonds" and together with the Tax-Exempt Limited Tax 2013A Bonds, the "Limited Tax Bonds"). The Limited Tax Bonds are issued as serial bonds maturing on February 15 in each of the years 2014 through 2033 (see "The Obligations - Description of the Bonds").

PAYMENT OF INTEREST Interest on the Tax-Exempt Unlimited Tax 2013A Bonds, 2013B Current Interest Bonds and Limited Tax Bonds will accrue from June 1, 2013, and is payable February 15, 2014, and each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the 2013B Premium Capital Appreciation Bonds will accrete from the date of their delivery to the Underwriters and such interest will compound semiannually on August 15, 2013 and on each February 15 and August 15 until maturity (see "The Obligations - Description of the Bonds").

AUTHORITY FOR ISSUANCE..... The Tax-Exempt Unlimited Tax 2013A Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, as provided in the order authorizing the Unlimited Tax 2013A Bonds (the "Unlimited Tax 2013A Bond Order") adopted by the Commissioners Court of the County (see "The Obligations - Authority for Issuance").

The Taxable Unlimited Tax 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of 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 Unlimited Tax 2013B Bonds (the "Unlimited Tax 2013B Bond Order" and together with the Unlimited Tax 2013A Bond Order, the "Unlimited Tax Bond Orders") (see "The Obligations - Authority for Issuance").

The Tax-Exempt Limited Tax 2013A Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Chapters 1207 and 1473, Texas Government Code, as amended and Chapters 292 and 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007, as provided in the order authorizing the Tax-Exempt Limited Tax 2013A Bonds (the "Tax-Exempt Limited Tax 2013A Bond Order") adopted by the Commissioners Court of the County (see "The Obligations - Authority for Issuance").

The Taxable Limited Tax 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of 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 Taxable Limited Tax 2013B Bonds (the "Taxable Limited Tax 2013B Bond Order" and together with the Tax-Exempt Limited Tax 2013A Bond Order, the "Limited Tax Bond Orders") (see "The Obligations - 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 Obligations - Security and Source of Payment-Unlimited Tax Bonds").

The Limited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County (see "The Obligations - Security and Source of Payment-Limited Tax Bonds").

REDEMPTION The County reserves the right, at its option, to redeem the Tax-Exempt Unlimited Tax 2013A Bonds and the 2013B Current Interest Bonds, having stated maturities on and after February 15, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Obligations - Optional Redemption").

The 2013B Premium Capital Appreciation Bonds are **not** subject to redemption prior to maturity.

The County reserves the right, at its option, to redeem the Limited Tax Bonds of either series, having stated maturities on and after February 15, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Obligations - Optional Redemption")

TAX EXEMPTION In the opinion of Bond Counsel, under existing law, the interest on the Tax-Exempt Unlimited Tax 2013A Bonds and Tax-Exempt Limited Tax 2013A Bonds will be excludable from gross income for federal income tax purposes and the Tax-Exempt Unlimited Tax 2013A Bonds and Tax-Exempt Limited Tax 2013A 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.

Interest to be paid on the Taxable Unlimited Tax 2013B Bonds and Taxable Limited Tax 2013B Bonds is not excludable from gross income for federal income tax purposes.

USE OF PROCEEDS Proceeds from the sale of the Tax-Exempt Unlimited Tax 2013A Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including the participation in the cost of joint State highway and joint city-county projects, (ii) refund a portion of the County's outstanding debt described in Schedule I (the "2013A Unlimited Tax Refunded Bonds") for debt service savings, and (iii) pay the costs of issuance associated with the sale of the Tax-Exempt Unlimited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Unlimited Tax 2013B Bonds will be used to (i) refund a portion of the County's debt described in Schedule I (the "2013B Unlimited Tax Refunded Bonds"), and (ii) pay the costs of issuance associated with the sale of the Taxable Unlimited Tax 2013B Bonds.

Proceeds from the sale of the Tax-Exempt Limited Tax 2013A Bonds will be used to (i) acquire and improve land for park and open space purposes, including joint county-city projects, and (ii) pay the costs of issuance associated with the sale of the Tax-Exempt Limited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Limited Tax 2013B Bonds will be used to (i) refund a portion of the County's debt described in Schedule I (the "Limited Tax Refunded Bonds" and (ii) pay the costs of issuance associated with the sale of the Taxable Limited Tax 2013B Bonds.

RATINGS The Obligations 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 Obligations 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 Obligations may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations 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 Obligations (see "The Obligations - 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
2009	748,050	\$ 71,819,163,811	\$ 96,009	\$ 409,395,000	\$ 547	0.57%	101.51%
2010	782,341	72,388,951,258	92,529	383,805,000	491	0.53%	102.79%
2011	801,865	71,277,687,478	88,890	347,725,000	434	0.49%	102.79%
2012	804,390	72,462,518,559	90,084	393,210,000	489	0.54%	103.08%
2013	813,133	74,640,404,493	91,794	393,454,982 ⁽²⁾	484	0.53%	100.84% ⁽³⁾

(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, including the Obligations. Excludes the Refunded Bonds. Preliminary, subject to change.

(3) Collections through April 1, 2013.

COUNTY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

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

OTHER ELECTED AND APPOINTED OFFICIALS

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

CONSULTANTS AND ADVISORS

Certified Public Accountants Pattilla, Brown & Hill, L.L.P.
Waco, Texas

Bond Counsel Bracewell & Giuliani LLP
Dallas, Texas

Financial Advisor First Southwest Company
Fort Worth, Texas

For additional information regarding the County, please contact:

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or

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Collin County
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(972) 548-4640

or

David K. Medanich
Nick Bulaich
First Southwest Company
777 Main Street, Suite 1200
Fort Worth, Texas 76102
(817) 332-9710

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

\$40,070,000*
UNLIMITED TAX ROAD AND
REFUNDING BONDS, TAX EXEMPT SERIES 2013A

\$16,194,982*
UNLIMITED TAX REFUNDING
BONDS, TAXABLE SERIES 2013B

\$2,200,000*
LIMITED TAX PERMANENT
IMPROVEMENT BONDS, TAX EXEMPT SERIES 2013A

\$15,825,000*
LIMITED TAX REFUNDING BONDS,
TAXABLE SERIES 2013B

INTRODUCTION

This Official Statement, which includes the Appendices and Schedules hereto, provides certain information regarding the issuance of \$40,070,000* Collin County, Texas Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Unlimited Tax 2013A Bonds"), the \$16,194,982* Collin County, Texas Unlimited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Unlimited Tax 2013B Bonds and, together with the Tax-Exempt Unlimited Tax 2013A Bonds, the "Unlimited Tax Bonds"), the \$2,200,000* Collin County, Texas Limited Tax Permanent Improvement Bonds, Series 2013A (the "Tax-Exempt Limited Tax 2013 Bonds") and the \$15,825,000* Collin County, Texas Limited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Limited Tax 2013B Bonds and, together with the Tax-Exempt Limited Tax 2013A Bonds, the "Limited Tax Bonds"). The Unlimited Tax Bonds and the Limited Tax Bonds are collectively referred to in this Official Statement as the "Obligations". The Obligations are separate and distinct securities offerings being authorized for issuance under separate orders (the "Tax-Exempt Unlimited Tax 2013A Bond Order", the "Taxable Unlimited Tax 2013B Order", the "Tax-Exempt Limited Tax 2013A Bond Order", and the "Taxable Limited Tax 2013B Bond Order, respectively) (collectively, the "Orders") adopted by the Commissioners Court of Collin County (the "County"), but are being offered and sold pursuant to a common Official Statement, and while the Obligations share certain common attributes, each issue is separate and apart from the other and should be reviewed and analyzed independently, including the kind and type of obligation being issued, its terms of payment, the security for its payment, the rights of the holders and the covenants and agreements made with respect thereto. Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Orders to be adopted by the County on the date of sale of the Obligations which will authorize the issuance of the Obligations. As used herein, "Unlimited Tax Bond Orders" means the Tax-Exempt Unlimited Tax 2013A Bond Order and the Taxable Unlimited Tax 2013B Bond Order, and "Limited Tax Bond Orders" means the Tax-Exempt Limited Tax 2013A Bond Order and the Taxable Limited Tax 2013B Bond Order.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "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 Tax-Exempt Unlimited Tax 2013A Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including participation in joint city-county projects, (ii) refund a portion of the County's outstanding unlimited tax debt described in Schedule I (the "2013A Unlimited Tax Refunded Bonds") for debt service savings; and (iii) pay costs of issuance associated with the sale of the Tax-Exempt Unlimited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Unlimited Tax 2013B Bonds will be used to (i) refund a portion of the County's debt described in Schedule I (the "2013B Unlimited Tax Refunded Bonds"), and (ii) pay the costs of issuance associated with the sale of the Taxable Unlimited Tax 2013B Bonds.

* Preliminary, subject to change.

Proceeds from the sale of the Tax-Exempt Limited Tax 2013A Bonds will be used for (i) acquiring and improving land for park and open space purposes, including joint city-county projects, and (ii) pay the costs of issuance associated with the sale of the Limited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Limited Tax 2013B Bonds will be used to (i) refund a portion of the County's debt described in Schedule I (the "Limited Tax Refunded Bonds"), and (ii) pay the costs of issuance associated with the sale of the Taxable Limited Tax 2013B Bonds.

REFUNDED BONDS . . . As used in this Official Statement, the term "Refunded Bonds" means the 2013A Unlimited Tax Refunded Bonds, the 2013B Unlimited Tax Refunded Bonds and the Limited Tax Refunded Bonds. The principal of and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and redemption dates for the Refunded Bonds as shown on Schedule I hereto, from funds to be deposited pursuant to 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 Orders each will provide that a portion of the proceeds from the sale of the Taxable 2013B Limited Tax Bonds and the Unlimited Tax Bonds, respectively, in amounts sufficient to accomplish the discharge and final payment of the Refunded Bonds, will be deposited with the Escrow Agent pursuant to the Escrow Agreements for deposit to special escrow funds (the "Limited Tax Escrow Fund", the "2013A Unlimited Tax Escrow Fund" and the "2013B Unlimited Tax Escrow Fund" and together, the "Escrow Funds") established under the Escrow Agreements for the payment of the Refunded Bonds. Amounts on deposit in the Escrow Funds will be used to purchase obligations authorized by Chapter 1207, Texas Government Code, as amended (the "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 Taxable 2013B Limited Tax Bonds, the Tax-Exempt Unlimited Tax 2013A Bonds and the Taxable Unlimited Tax 2013B Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the respective Escrow Funds will be sufficient to pay, when due, the principal of and interest on the Taxable 2013B Limited Tax Refunded Bonds, the 2013A Unlimited Tax Refunded Bonds and the 2013B Unlimited Tax Refunded Bonds, respectively. **Maturing principal of and interest on the Securities in the Limited Tax Escrow Fund will not be available to pay the 2013A Unlimited Tax Refunded Bonds or 2013B Unlimited Tax Refunded Bonds. Maturing principal of and interest on the Securities in the 2013A Unlimited Tax Escrow Fund and 2013B Unlimited Tax Escrow Fund will not be available to pay the Limited Tax Refunded Bonds.** (see "Other Information - Verification of Arithmetical and Mathematical Computations").

By the deposit of the Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreements, 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.

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:

	Tax-Exempt Unlimited Tax 2013A Bonds	Taxable Unlimited Tax 2013B Bonds
<u>Sources of Funds</u>		
Par Amount of Bonds	\$ -	\$ -
Reoffering Premium	-	-
Accrued Interest	-	-
Transfer from Prior Issue Debt Service Funds	-	-
Total Sources of Funds	\$ -	\$ -
<u>Uses of Funds</u>		
Deposit to Escrow Fund	\$ -	\$ -
Deposit to Debt Service Fund	-	\$ -
Deposit to Construction Fund	-	-
Costs of Issuance ⁽¹⁾	-	-
Total Uses of Funds	\$ -	\$ -

(1) Includes the Underwriters' Discount.

	Tax-Exempt Limited Tax 2013 Bonds	Taxable Limited Tax 2013 Bonds
<u>Sources of Funds</u>		
Par Amount of Bonds	\$ -	\$ -
Reoffering Premium	-	-
Accrued Interest	-	-
Transfer from Prior Issue Debt Service Funds	-	-
Total Sources of Funds	\$ -	\$ -
<u>Uses of Funds</u>		
Deposit to Escrow Fund	\$ -	\$ -
Deposit to Debt Service Fund	-	-
Deposit to Construction Fund	-	-
Costs of Issuance ⁽¹⁾	-	-
Total Uses of Funds	\$ -	\$ -

(1) Includes the Underwriters' Discount.

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . The Obligations of each series are dated June 1, 2013 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on page 2 and page 4 hereof. Interest on the Tax-Exempt Unlimited Tax 2013A Bonds, the Limited Tax Bonds and the 2013B Current Interest Bonds will accrue from the Dated Date, and such interest is payable on February 15 and August 15 in each year, commencing February 15, 2014, until maturity or prior redemption. The 2013B Premium Capital Appreciation Bonds will accrete in value from the date of their delivery to the Underwriters, and such interest will compound commencing on August 15, 2013 and semiannually on each February 15 and August 15 thereafter (the "Accretion Dates") until maturity, and such interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Maturity Amount (as defined below) of the 2013B Premium Capital Appreciation Bonds is payable only at maturity. The 2013B Current Interest Bonds, the Limited Tax Bonds and Tax-Exempt Unlimited Tax 2013A Bonds will mature on the dates, in the principal amounts, and will bear interest at the rates set forth on page 2 of this Official Statement, and such interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The 2013B Premium Capital Appreciation Bonds will mature on the date, in the amount due at maturity (the "Maturity Amount") and interest will accrete thereon at the approximate yield based upon the initial offering price to the public, which is set forth on page 2 of this Official Statement.

In the event the Book-Entry-Only System should be discontinued, interest on the Tax-Exempt Unlimited Tax 2013A Bonds, the Limited Tax Bonds and 2013B Current Interest Bonds will be payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (as defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Tax-Exempt Unlimited Tax 2013A Bonds, the Limited Tax Bonds and 2013B Current Interest Bonds is payable at maturity or redemption, and the Maturity Amount of the 2013B Premium Capital Appreciation Bonds is payable at maturity, upon their presentation and surrender to the Paying Agent/Registrar. If the date for the payment of the Maturity Amount of the 2013B Premium Capital Appreciation Bonds or the principal of or interest on the Tax-Exempt Unlimited Tax 2013A Bonds, the Limited Tax Bonds and 2013B Current Interest Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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.

The Obligations will be issued only in fully registered form 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. The Tax-Exempt Unlimited Tax 2013A Bonds, the Limited Tax Bonds and 2013B Current Interest Bonds will be issued in denominations of \$5,000 of principal amount or any integral thereof within a maturity. The 2013B Premium Capital Appreciation Bonds will be issued in denominations of \$5,000 of Maturity Amount or any integral multiple. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The Maturity Amount of the 2013B Premium Capital Appreciation Bonds and the principal of and interest on the Tax-Exempt Unlimited Tax 2013A Bonds, the Limited Tax Bonds and 2013B Current Interest 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" herein.

AUTHORITY FOR ISSUANCE . . . The Tax-Exempt Unlimited Tax 2013A Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and the Tax-Exempt Unlimited Tax 2013A Bond Order, and are direct obligations of the County, payable from a continuing direct ad valorem tax levied on a taxable property within the County, without legal limit as to rate or amount, as provided by the Tax-Exempt Unlimited Tax 2013A Bond Order (see "The Obligations – Authority for Issuance").

The Taxable Unlimited Tax 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of the County, payable from a continuing ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the Taxable Unlimited Tax 2013B Bond Order, and together with the Unlimited Tax 2013A Bond Order, the "Unlimited Tax Bond Orders") (see "The Obligations - Authority for Issuance").

The Tax-Exempt Limited Tax 2013A Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapters 1473, Texas Government Code, as amended and Chapters 292 and 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007 and the Tax-Exempt Limited Tax 2013A Bond Order, and are direct obligations of the County, payable from a continuing direct ad valorem tax levied on a taxable property within the County, within the limits prescribed law, as provided by the Tax-Exempt Limited Tax 2013A Bond Order. (see "The Obligations – Authority for Issuance").

The Taxable Limited Tax 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of 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 Taxable Limited Tax 2013B Bond Order, and together with the Tax-Exempt Limited Tax 2013A Bond Order, the "Limited Tax Bond Orders") (see "The Obligations - Authority for Issuance").

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 Orders. 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 Orders.

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

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

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

Road Maintenance (Special Road and Bridge Tax)... Under Section 256.052, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed \$0.15 on the \$100 valuation of property provided by 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.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem the Limited Tax Bonds, the Tax-Exempt Unlimited Tax 2013A Bonds and the 2013B Current Interest Bonds (the "Redeemable Obligations") having stated maturities on and after February 15, 2024 in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Redeemable Obligations of a series are to be redeemed, the County may select the maturities of the Redeemable Obligations, as the case may be, to be redeemed. If less than all the Redeemable Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Redeemable Obligations, as the case may be, are in Book-Entry-Only form) shall determine by lot the Redeemable Obligations, or portions thereof, within such maturity to be redeemed. If a Redeemable Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Redeemable Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date. The County reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Redeemable Obligations conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Redeemable Obligations subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the County to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

The 2013B Premium Capital Appreciation Bonds are not subject to redemption prior to maturity.

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

DEFEASANCE . . . The Orders provide for the defeasance of the Obligations when the payment of the Maturity Amount of the 2013B Premium Capital Appreciation Bonds or the principal of and premium, if any, on the Tax-Exempt Unlimited Tax 2013A Bonds, the Limited Tax Bonds and the 2013B Current Interest Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Orders provide that "Government Securities" means (a) direct, noncallable 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 of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the County, 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 of their acquisition or purchase by the County, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The County has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid. The County has reserved the option, to be exercised at the time of the defeasance of the Obligations, to call for redemption, at an earlier date, those Redeemable Obligations which have been defeased to their maturity date, if the County: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Current Interest Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Redeemable Obligations immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

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

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

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

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

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations 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 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT. In reading this Official Statement it should be understood that while Obligations 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 Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

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

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

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for each series of the Obligations is The Bank of New York Mellon Trust Company, National Association, 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 Obligations are duly paid and any successor Paying Agent/Registrar shall be a bank or trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Redeemable Obligations will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Tax-Exempt Unlimited Tax 2013 Bonds, Limited Tax Bonds and 2013B Current Interest Bonds and the Maturity Amount of the 2013B Premium Capital Appreciation Bonds will be paid to the registered owner at the stated maturity or earlier redemption (with respect to the Tax-Exempt Unlimited Tax 2013 Bonds, Limited Tax Bonds and 2013B Current Interest Bonds) upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for any payment on the Bonds is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due. So long as Cede & Co. is the registered owner of the Bonds, payments on the Bonds will be made as described in "The Obligations - Book-Entry-Only System" above.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed Obligation certificates will be delivered to the registered owners and thereafter the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the

extent possible, new Obligations issued in an exchange or transfer of Obligations 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 Obligations 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 Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See "The Obligations – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Obligation called for redemption in part.

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

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

YIELD ON PREMIUM CAPITAL APPRECIATION BONDS . . . The original principal amount of a 2013B Premium Capital Appreciation Bond plus the initial premium, if any, paid therefor with interest thereon compounded semiannually to an Accretion Date, using the respective yield to maturity stated on page 2, means the "Accreted Value" for the Premium Capital Appreciation Bonds. For any day other than an Accretion Date, the "Accreted Value" of a 2013B Premium Capital Appreciation Bond is to be determined by a straight line interpolation between the values for the applicable semiannual compounding dates (based on 30-day months). Based on the initial offering prices for the 2013B Premium Capital Appreciation Bonds, schedules of Accreted Value per \$5,000 Maturity Amount on the respective Accretion Dates, using the yield stated on page 2 of this Official Statement, are set forth in Schedule II attached hereto. The respective yields on the 2013B Premium Capital Appreciation Bonds to a particular purchaser may differ depending upon the price paid by that purchaser. For various reasons, securities that do not pay interest periodically, such as the 2013B Premium Capital Appreciation Bonds, have traditionally experienced greater price fluctuation in the secondary market than securities that pay interest on a periodic basis.

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

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. 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 United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are

disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded. The County has authorized the tax freeze on homesteads of taxpayers 65 years of age or older. For additional information, see "Ad Valorem Tax Information - County Application of Tax Code" and "Table 1 - Valuation, Exemptions and General Obligation Bond Debt."

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

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

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

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

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

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

The County is authorized, pursuant to Chapter 381, Texas Local Government Code, as amended ("Chapter 381"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the County. In accordance with a program established pursuant to Chapter 381, the County may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the County. The County may contract with the federal government, the State 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. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process that uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on January 31 of each year and the final installment due on July 31.

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

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

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

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

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

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

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

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

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

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

The County has exempted freeport property from taxation.

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

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

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

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

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

2012/13 Market Valuation Established by the Collin Central Appraisal District
(excluding totally exempt property)

\$ 85,602,091,759

Less Exemptions/Reductions at 100% Market Value:

Over 65 and Disabled	\$1,017,366,905	
Disabled Veterans Exemptions	123,441,161	
Charitable Organizations	25,802,559	
Tax Abatements	829,618,667	
Homestead Exemption	2,014,537,355	
Freeport Exemption	665,597,428	
Pollution Control Property	34,624,781	
Historical Exemption	27,962,426	
Prorated Exempt Property	11,598,397	
Homestead Cap Adjustment	37,971,325	
Limited Income Housing	2,447,355	
Agricultural Productivity, Open Space Land Use Reductions	6,169,032,634	
Other	<u>1,686,273</u>	<u>10,961,687,266</u>

2012/13 Taxable Assessed Valuation

\$ 74,640,404,493

County Funded Debt Payable from Ad Valorem Taxes (as of 4-1-13)

Limited Tax Debt ⁽¹⁾	\$ 112,665,000 ⁽¹⁾
Unlimited Tax Debt ⁽²⁾	206,500,000 ⁽²⁾
The Unlimited Tax Road & Rfdg Bonds, Tax-Exempt Series 2013A	40,070,000 ⁽³⁾
The Unlimited Tax Refunding Bonds, Taxable Series 2013B	16,194,982 ⁽³⁾
The Limited Tax Permanent Improvement Bonds, Tax-Exempt Series 2013A	2,200,000 ⁽³⁾
The Limited Tax Refunding Bonds, Taxable Series 2013B	<u>15,825,000 ⁽³⁾</u>

Funded Debt Payable from Ad Valorem Taxes

\$ 393,454,982 ⁽³⁾

Interest and Sinking Fund (as of 4-1-13)

\$ 16,579,403

Ratio General Obligation Debt to Taxable Assessed Valuation

0.53%

2013 Estimated Population - 813,133

Per Capita Taxable Assessed Valuation - \$91,794

Per Capita Funded Debt Payable from Ad Valorem Taxes - \$484

(1) Excludes the Limited Tax Refunded Bonds; preliminary, subject to change.

(2) Excludes the 2013A Unlimited Tax Refunded Bonds and 2013B Unlimited Tax Refunded Bonds; preliminary, subject to change.

(3) Preliminary, subject to change.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2013		2012		2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 48,335,459,628	56.47%	\$ 47,803,044,461	57.07%	\$ 47,129,255,659	55.09%
Real, Residential, Multi-Family	4,909,285,970	5.74%	4,462,205,042	5.33%	4,359,373,394	5.26%
Real, Vacant Lots/Tracts	824,879,626	0.96%	892,928,396	1.07%	903,532,169	1.15%
Real, Acreage (Land Only)	7,119,882,130	8.32%	7,090,704,021	8.46%	7,415,809,201	10.42%
Real, Farm and Ranch Improvements	805,914,525	0.94%	817,548,827	0.98%	833,309,201	1.00%
Real, Commercial and Industrial	15,755,099,044	18.41%	15,198,818,038	18.14%	14,844,885,029	17.73%
Real and Intangible Personal, Utilities	1,163,061,803	1.36%	1,128,257,894	1.35%	1,174,373,653	1.36%
Tangible Personal, Business	5,720,297,694	6.68%	5,485,905,795	6.55%	5,146,374,881	6.06%
Tangible Personal, Other	45,864,441	0.05%	40,668,941	0.05%	42,760,159	0.05%
Inventory	734,478,360	0.86%	681,181,171	0.81%	755,930,021	1.88%
Special Inventory Tax	187,868,538	0.22%	167,581,030	0.20%	146,010,145	0.00%
Total Appraised Value Before Exemptions	\$ 85,602,091,759	100.00%	\$ 83,768,843,616	100.00%	\$ 82,751,613,512	100.00%
Less: Total Exemption/Reductions	(10,961,687,266)		(11,306,325,057)		(11,473,926,034)	
Taxable Assessed Value	<u>\$ 74,640,404,493</u>		<u>\$ 72,462,518,559</u>		<u>\$ 71,277,687,478</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2010		2009	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 47,023,799,761	55.92%	\$ 46,258,543,676	55.09%
Real, Residential, Multi-Family	4,418,373,249	5.25%	4,414,102,159	5.26%
Real, Vacant Lots/Tracts	897,382,927	1.07%	961,953,962	1.15%
Real, Acreage (Land Only)	7,982,962,832	9.49%	8,749,195,627	10.42%
Real, Farm and Ranch Improvements	826,660,638	0.98%	839,821,464	1.00%
Real, Commercial and Industrial	15,448,987,640	18.37%	14,890,198,384	17.73%
Real and Intangible Personal, Utilities	1,099,988,202	1.31%	1,138,977,111	1.36%
Tangible Personal, Business	5,161,195,686	6.14%	5,091,154,776	6.06%
Tangible Personal, Other	45,207,373	0.05%	44,839,724	0.05%
Inventory	1,013,621,038	1.21%	1,577,903,038	1.88%
Special Inventory Tax	167,718,060	0.20%	-	
Total Appraised Value Before Exemptions	\$ 84,085,897,406	100.00%	\$ 83,966,689,921	100.00%
Less: Total Exemptions/Reductions	(11,696,946,148)		(12,147,526,110)	
Taxable Assessed Value	<u>\$ 72,388,951,258</u>		<u>\$ 71,819,163,811</u>	

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
2009	748,050 ⁽²⁾	\$ 71,819,163,811	\$ 96,009	\$ 409,395,000	0.57%	\$ 547
2010	782,341 ⁽³⁾	72,388,951,258	92,529	383,805,000	0.53%	491
2011	801,865 ⁽²⁾	71,277,687,478	88,890	347,725,000	0.49%	434
2012	804,390 ⁽²⁾	72,462,518,559	90,084	393,210,000	0.54%	489
2013	813,133 ⁽²⁾	74,640,404,493	91,794	393,454,982 ⁽⁴⁾	0.53%	484

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

(2) Source: County Officials

(3) Source: U.S. Census Bureau

(4) Projected; includes the Obligations. 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
2009	\$ 0.24250	\$0.18426	\$ 0.058240	\$ 174,161,472	100.06%	101.51%
2010	0.24250	0.18708	0.055420	175,543,207	101.04%	102.79%
2011	0.24000	0.18458	0.055420	170,749,824	100.27%	102.79%
2012	0.24000	0.17605	0.063950	170,204,902	101.39%	103.08%
2013	0.24000	0.17466	0.065340	179,136,971	99.66% ⁽¹⁾	100.84% ⁽¹⁾

(1) Collections through April 1, 2013.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Tax Year				
	2012	2011	2010	2009	2008
<u>Limited Constitutional Taxes ⁽¹⁾</u>					
Operating Fund	\$ 0.1730	\$ 0.1760	\$ 0.1846	\$ 0.1871	\$ 0.1843
Limited Tax Debt Service Fund	0.0262	0.0233	0.0197	0.0198	0.0216
Total Constitutional Tax Rate	\$ 0.1992	\$ 0.1993	\$ 0.2043	\$ 0.2069	\$ 0.2058
<u>Unlimited Constitutional Taxes ⁽²⁾</u>					
Road Maintenance	\$ 0.0030	\$ 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	0.0378	0.0407	0.0357	0.0356	0.0367
Total Tax Rate	\$ 0.2400	\$ 0.2400	\$ 0.2400	\$ 0.2425	\$ 0.2425

(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	2012/13 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oncor Electric Delivery Company	\$ 461,211,196	0.62%
Stonebriar Mall Ltd. Partnership	232,137,734	0.31%
Health Care Service Corporation	208,172,377	0.28%
Cisco Systems Inc	171,484,217	0.23%
J.C. Penney Company	163,195,767	0.22%
Legacy Campus LP	152,500,000	0.20%
AT&T Mobility LLC	150,721,071	0.20%
Village at Allen LP	136,534,873	0.18%
Bank of America NA	132,676,129	0.18%
BPR Shopping Center LP	118,250,000	0.16%
	<u>\$ 1,926,883,364</u>	<u>2.58%</u>

TABLE 7 - TAX ADEQUACY ⁽¹⁾

2013 Principal and Interest Requirements	\$ 44,802,196
\$0.0613 Tax Rate at 98% Collection Produces	\$ 44,839,477
Average Annual Principal and Interest Requirements, 2013 - 2033	\$ 28,212,172
\$0.0386 Tax Rate at 98% Collection Produces	\$ 28,234,972
Maximum Principal and Interest Requirements, 2013	\$ 44,802,196
\$0.0613 Tax Rate at 98% Collection Produces	\$ 44,839,477

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

TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

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

<u>Governmental Subdivision</u>	2012/13 Taxable Assessed Value	2012/13 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 4-1-13
Collin County	\$ 74,640,404,493	\$ 0.240000	\$ 393,454,982 ⁽¹⁾	100.00%	\$ 393,454,982 ⁽¹⁾
<u>Special Districts</u>					
Collin County Community College District	\$ 71,134,134,559	\$ 0.086300	\$ 41,870,000	100.00%	\$ 41,870,000
Seis Lagos Utility District	109,625,850	0.462500	579,000	100.00%	579,000
Total Districts					\$ 42,449,000
<u>Cities</u>					
Allen	\$ 8,029,910,554	\$ 0.552000	\$ 107,425,000	100.00%	\$ 107,425,000
Anna	376,578,308	0.650300	12,805,000	100.00%	12,805,000
Blue Ridge	24,899,845	0.614600	1,113,000	100.00%	1,113,000
Celina	482,230,390	0.645000	20,770,000	100.00%	20,770,000
Fairview	1,204,423,017	0.360000	27,835,000	100.00%	27,835,000
Farmersville	145,923,829	0.697500	5,325,000	100.00%	5,325,000
Josephine	30,896,268	0.570000	515,000	95.23%	490,435
Lucas	537,026,409	0.374200	12,110,000	100.00%	12,110,000
McKinney	11,028,180,495	0.585500	219,120,000	100.00%	219,120,000
Melissa	343,859,583	0.610000	29,150,000	100.00%	29,150,000
Murphy	1,544,660,430	0.570000	45,655,000	100.00%	45,655,000
Parker	517,308,211	0.377100	7,060,000	100.00%	7,060,000
Princeton	260,822,678	0.756900	15,540,000	100.00%	15,540,000
Prosper	1,347,409,280	0.520000	45,205,000	90.95%	41,113,948
Wylie	2,272,033,582	0.888900	120,388,209	97.82%	117,763,746
<u>County-Line Cities</u>					
Carrollton	\$ 9,153,567,573	\$ 0.617900	\$ 170,740,000	0.50%	\$ 853,700
Dallas	81,161,567,602	0.797000	1,659,072,336	4.19%	69,515,131
Frisco	14,741,049,643	0.461910	638,025,000	63.83%	407,251,358
Plano	24,155,930,827	0.488600	368,280,000	96.45%	355,206,060
Richardson	10,079,565,561	0.635160	292,935,000	39.24%	114,947,694
Royse City	469,359,733	0.685300	23,778,000	15.80%	3,756,924
Sachse	1,224,861,232	0.770800	4,032,500	34.81%	1,403,713
Total Cities					\$ 1,616,210,707

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

	2012/13 Taxable Assessed Value	2012/13 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 4-1-13
<u>School Districts</u>					
Allen ISD	\$ 7,504,736,174	\$ 1.670000	\$ 502,018,037	100.00%	\$ 502,018,037
Anna ISD	508,769,940	1.540000	94,885,024	100.00%	94,885,024
Farmersville ISD	329,117,527	1.370000	14,194,998	100.00%	14,194,998
Lovejoy ISD	1,633,527,074	1.535000	137,005,471	100.00%	137,005,471
McKinney ISD	9,135,504,595	1.540000	475,610,000	100.00%	475,610,000
Melissa ISD	398,645,311	1.540000	38,608,467	100.00%	38,608,467
Plano ISD	31,855,214,960	1.373400	1,051,111,946	100.00%	1,051,111,946
Princeton ISD	458,309,142	1.480000	71,046,427	100.00%	71,046,427
Wylie ISD	3,093,797,216	1.640000	250,722,591	100.00%	250,722,591
<u>County-Line School Districts</u>					
Bland ISD	\$ 118,185,763	\$ 1.520000	\$ 14,349,981	9.04%	\$ 1,297,238
Blue Ridge ISD	127,016,972	1.617000	15,915,950	98.60%	15,693,127
Celina ISD	601,919,731	1.640000	60,341,602	93.30%	56,298,715
Community ISD	427,654,453	1.625000	30,093,570	98.56%	29,660,223
Frisco ISD	17,546,270,244	1.460000	1,363,613,455	72.69%	991,210,620
Gunter ISD	186,541,781	1.580000	15,935,000	0.83%	132,261
Leonard ISD	125,968,905	1.271100	1,730,000	7.28%	125,944
Prosper ISD	1,954,141,128	1.670000	236,853,912	92.52%	219,137,239
Royse City ISD	1,071,243,936	1.670000	113,250,790	8.22%	9,309,215
Trenton ISD	135,502,070	1.460000	14,189,993	4.03%	571,857
Van Alstyne ISD	421,926,528	1.520000	33,374,197	9.53%	3,180,561
Whitewright ISD	158,054,594	1.435000	8,085,630	2.76%	223,163
Total School Districts					\$ 3,962,043,123
Total Direct and Overlapping Funded Debt					\$ 6,014,157,813
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation					8.45%
Per Capita Overlapping Funded Debt					\$ 7,396

TABLE 9—GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Unlimited Tax Outstanding Debt ⁽¹⁾		Limited Tax Outstanding Debt ⁽²⁾		The Tax-Exempt Unlimited Tax 2013A Bonds ⁽³⁾		The Taxable Unlimited Tax 2013B Bonds ⁽³⁾		The Tax-Exempt Limited Tax 2013A Bonds ⁽⁴⁾		The Taxable Limited Tax 2013B Bonds ⁽⁵⁾		Total Debt Service	% of Principal Retired
	Principal	Interest ⁽⁶⁾	Principal	Interest ⁽⁶⁾	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2013	\$ 15,820,000	\$ 10,937,771	\$ 12,215,000	\$ 5,829,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,802,196	
2014	16,800,000	8,803,449	9,400,000	4,772,069	795,000	1,888,040	60,948	650,393	75,000	84,978	270,000	375,599	43,975,476	
2015	14,440,000	8,126,974	9,665,000	4,354,506	3,520,000	1,500,673	9,034	1,214,843	80,000	67,763	440,000	308,525	43,727,317	
2016	13,135,000	7,536,024	8,390,000	3,946,531	2,700,000	1,416,208	2,440,000	290,518	85,000	65,081	1,855,000	296,301	42,155,663	
2017	13,785,000	6,962,899	8,765,000	3,560,050	2,780,000	1,343,398	2,455,000	260,220	90,000	62,238	1,880,000	273,173	42,216,976	33.68%
2018	14,530,000	6,348,799	9,255,000	3,174,301	1,760,000	1,271,893	2,310,000	224,454	90,000	59,313	1,905,000	244,675	41,173,434	
2019	15,270,000	5,687,670	9,605,000	2,789,031	1,825,000	1,206,304	2,350,000	183,772	95,000	56,306	1,935,000	211,154	41,214,237	
2020	12,800,000	5,068,129	7,925,000	2,430,460	1,905,000	1,128,906	1,960,000	141,239	95,000	53,219	1,235,000	180,129	34,922,082	
2021	12,310,000	4,511,607	8,215,000	2,112,569	1,985,000	1,048,189	990,000	109,171	100,000	50,050	1,230,000	152,955	32,814,541	
2022	11,730,000	3,971,601	8,140,000	1,796,497	2,075,000	963,944	1,015,000	85,089	105,000	46,719	1,255,000	123,123	31,306,972	65.94%
2023	12,280,000	3,434,814	6,350,000	1,489,310	2,160,000	876,068	1,040,000	58,611	105,000	43,306	1,290,000	90,343	29,217,451	
2024	12,845,000	2,899,947	6,660,000	1,185,106	2,260,000	773,053	1,070,000	29,840	110,000	39,813	1,325,000	54,700	29,252,459	
2025	10,640,000	2,405,698	6,275,000	883,478	2,390,000	653,315	495,000	7,427	115,000	36,156	1,205,000	18,075	25,124,149	
2026	10,680,000	1,925,100	5,205,000	609,204	2,495,000	540,001	-	-	115,000	32,419	-	-	21,601,724	
2027	11,190,000	1,406,125	2,790,000	402,731	1,430,000	451,408	-	-	120,000	28,600	-	-	17,818,864	90.30%
2028	7,925,000	947,998	2,730,000	247,815	1,495,000	383,564	-	-	125,000	24,619	-	-	13,878,995	
2029	5,110,000	634,868	2,325,000	102,568	1,560,000	320,173	-	-	130,000	20,475	-	-	10,203,083	
2030	4,210,000	414,700	365,000	27,706	1,625,000	254,084	-	-	135,000	16,169	-	-	7,047,659	
2031	4,420,000	219,825	375,000	14,344	1,695,000	185,194	-	-	140,000	11,700	-	-	7,061,063	
2032	2,400,000	60,000	230,000	3,738	1,770,000	113,295	-	-	145,000	7,069	-	-	4,729,101	99.53%
2033	-	-	-	-	1,845,000	38,284	-	-	145,000	2,356	-	-	2,030,640	100.00%
Totals	\$ 222,320,000	\$ 82,303,995	\$ 124,880,000	\$ 39,731,440	\$ 40,070,000	\$ 16,355,989	\$ 16,194,982	\$ 3,255,577	\$ 2,200,000	\$ 207,745,236	\$ 15,825,000	\$ 2,328,752	\$ 566,274,082	

DEBT INFORMATION

- (1) Excludes the 2013A Unlimited Tax Refunded Bonds and 2013B Unlimited Tax Refunded Bonds. Preliminary, subject to change. Does not take into account Build America Bond Subsidy.
- (2) Excludes the Limited Tax Refunded Bonds. Preliminary, subject to change. Does not include Build America Bond Subsidy.
- (3) Average life of the issue - 9.540 years. Interest on the Tax-Exempt Unlimited Tax 2013A Bonds has been calculated at the average rate of 2.77% for purposes of illustration. Preliminary, subject to change.
- (4) Average life of the issue - 5.883 years. Interest on the Taxable Unlimited Tax 2013B Bonds has been calculated at the average rate of 2.24% for purposes of illustration. Preliminary, subject to change.
- (5) Average life of the issue - 11.200 years. Interest on the Tax-Exempt Limited Tax 2013A Bonds has been calculated at the average rate of 3.25% for purposes of illustration. Preliminary, subject to change.
- (6) Average life of the issue - 6.367 years. Interest on the Taxable Limited Tax 2013B Bonds has been calculated at the average rate of 2.39% for purposes of illustration. Preliminary, subject to change.

TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/13	\$ 45,913,862
Estimated Interest and Sinking Fund, 9/30/12	\$ 6,151,226
Budgeted Interest and Sinking Fund Tax Levy	48,904,436
Non-Tax Revenues	<u>164,350</u> <u>55,220,012</u>
Estimated Balance, 9/30/13	\$ 9,306,150

TABLE 11 - AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Park ⁽¹⁾	11/6/2007	\$ 17,000,000	\$ 8,000,000	\$ 2,200,000	\$ 6,800,000
Road ⁽²⁾	11/6/2007	235,600,000	105,845,000	28,000,000	101,755,000
Court Buildings ⁽¹⁾	11/6/2007	<u>76,300,000</u>	<u>30,500,000</u>	-	<u>45,800,000</u>
		\$ 328,900,000	\$ 144,345,000	\$ 30,200,000	\$ 154,355,000

(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 2003 through 2018, and includes total capital expenditures of \$214.0 million, of which \$30.2 million are scheduled for fiscal year 2013. Most of the planned expenditures will be funded with proceeds of prior bond and tax note issues. As shown in Table 11, after the issuance of the Obligations, the County will have \$154,355,000 of authorized but unissued bonds. The County anticipates issuing approximately \$30,100,000 of such amount in fiscal year 2013-14 and the remaining bond authorization over the following four years in amounts that will allow the County to maintain a level debt service tax rate over such period.

TABLE 12 - OTHER OBLIGATIONS

The County has no unfunded debt outstanding as of September 30, 2012.

PENSION FUND . . . The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed Chapter 841, Texas Government Code, as amended (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 TCERS Act. The County has elected the annually determined contribution rate (variable rate) plan provisions of the TCERS 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 TCERS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 7.7% in FYE 2012 along with a one-time lump sum payment of \$40.5 million. 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 TCERS 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 TCERS 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 . . . In February 2011, the Commissioners Court elected to discontinue a post-retirement health benefit plan for retired County employees that had been in existence since January 1, 2007. Under the prior post-retirement health benefit plan, the County paid a portion of the health insurance premiums (ranging from 25%-100%) of retired County employees beginning at age 65 based on the years of continuous service to the County. State law requires that counties provide retirees with a health insurance plan, but does not require counties to pay the cost of such coverage. As a result of the elimination of this post-retirement health benefit plan, the County does not currently offer any "other post-retirement benefits" ("OPEBs") for retired County employees.

FINANCIAL INFORMATION

TABLE 13 - CHANGES AND NET ASSETS ⁽¹⁾

	Fiscal Year Ended September 30, (000's)				
	2012	2011	2010	2009	2008
<u>Revenues:</u>					
Program Revenues:					
Charges for Services	\$ 40,328,746	\$ 39,499,797	\$ 38,596,963	\$ 42,048,000	\$ 46,646,000
Operating Grants and Contributions	14,516,234	17,903,172	14,336,973	16,374,000	14,239,000
Capital Grants and Contributions	1,059,413	387,681	631,454	1,064,000	465,000
Total Program Revenues	\$ 55,904,393	\$ 57,790,650	\$ 53,565,390	\$ 59,486,000	\$ 61,350,000
General Revenues:					
Taxes	\$ 177,761,766	\$ 173,193,625	\$ 178,396,150	\$ 176,960,000	\$ 172,965,000
Unrestricted Investment Earnings	2,314,418	1,977,093	2,300,812	3,690,000	7,486,000
Gain (Loss) on Sale of Assets	-	-	-	-	-
Miscellaneous	903,048	195,152	203,048	73,000	1,425,000
Total General Revenues	\$ 180,979,232	\$ 175,365,870	\$ 180,900,010	\$ 180,723,000	\$ 181,876,000
Total Revenues	\$ 236,883,625	\$ 233,156,520	\$ 234,465,400	\$ 240,209,000	\$ 243,226,000
<u>Expenses:</u>					
General Administration	\$ 29,244,085	\$ 67,690,144	\$ 36,468,596	\$ 34,518,000	\$ 28,473,000
Judicial	16,068,834	14,109,924	17,436,080	17,195,000	16,910,000
Financial Administration	10,027,826	8,821,845	10,753,583	10,891,000	10,183,000
Legal	10,204,545	9,292,969	11,436,163	11,254,000	10,793,000
Public Facilities	18,700,897	17,040,033	16,981,488	18,129,000	17,751,000
Equipment Services	2,858,704	2,494,730	2,484,792	2,320,000	2,558,000
Public Safety	57,155,752	50,874,877	62,472,977	61,904,000	61,213,000
Public Transportation	45,514,784	70,789,320	87,756,972	25,491,000	35,834,000
Health and Welfare	17,188,582	18,074,594	19,088,453	18,369,000	17,814,000
Culture and Recreation	1,591,047	1,521,696	1,622,389	1,720,000	1,617,000
Conservation	249,193	235,128	293,137	295,000	317,000
Debt Service, Interest and Fiscal Charges	22,193,212	17,588,985	17,078,488	19,267,000	17,618,000
Total Expenses - Before Transfers	\$ 230,997,461	\$ 278,534,245	\$ 283,873,118	\$ 221,353,000	\$ 221,081,000
Change in Net Assets	\$ 5,886,164	\$ (45,377,725)	\$ (49,407,718)	\$ 18,856,000	\$ 22,145,000
Adjustments	-	(9)	-	-	(4,983,000)
Net Assets as of October 1	355,982,341	401,360,075	450,767,793	431,912,000	414,750,000
Net Assets as of September 30	\$ 361,868,505	\$ 355,982,341	\$ 401,360,075	\$ 450,768,000	\$ 431,912,000

(1) In accordance with GASB 34, the County's financial statements for the fiscal year ended September 30, 2012, which are attached hereto as Appendix B, include a management discussion and analysis of the operating results of such fiscal year. Reference is made to Appendix B for such information. Government Activities only.

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

Revenues	Fiscal Year Ended September 30,				
	2012	2011	2010	2009	2008
Taxes	\$ 126,555,655	\$ 131,828,854	\$ 130,271,143	\$ 119,981,000	\$ 117,399,000
License and Permits	282,352	-	-	-	-
Federal and State Funds	7,042,027	6,379,302	3,908,666	3,993,000	3,979,000
Fees and Charges for Services	18,435,832	17,368,901	16,070,485	16,654,000	16,746,000
Fines and Forfeitures	2,191,532	1,992,671	1,821,451	2,270,000	2,689,000
Other Local Government Funds	-	-	-	-	-
Rental Revenues	222,540	-	-	-	-
Interest	1,133,435	2,117,949	2,189,100	3,484,000	6,719,000
Miscellaneous	811,304	932,685	598,633	817,000	517,000
Total Revenues	\$ 156,674,677	\$ 160,620,362	\$ 154,859,478	\$ 147,199,000	\$ 148,049,000
Expenditures					
General Administration	\$ 24,948,893	\$ 63,529,742	\$ 28,875,085	\$ 23,809,000	\$ 21,010,000
Judicial	14,551,857	14,954,776	14,141,857	13,846,000	13,687,000
Financial Administration	9,773,492	10,093,805	9,970,218	9,946,000	9,512,000
Legal	9,969,632	10,465,059	10,655,750	10,322,000	9,865,000
Public Safety	55,369,495	57,793,126	46,021,607	44,931,000	44,192,000
Public Health and Welfare	11,651,835	12,011,123	10,767,712	11,315,000	10,832,000
Public Facilities	10,457,208	10,159,746	9,652,871	10,172,000	10,401,000
Culture and Recreation	1,027,050	1,028,684	424,024	496,000	425,000
Equipment Services	2,208,379	2,094,787	1,940,815	1,919,000	2,271,000
Capital Outlay	4,010,412	11,600,278	1,990,979	2,315,000	1,810,000
Conservation	246,119	278,096	276,767	285,000	296,000
Principal Retirement	-	-	-	4,096,000	-
Debt Service	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	414,000	-
Total Expenditures	\$ 144,214,372	\$ 194,009,222	\$ 134,717,685	\$ 133,866,000	\$ 124,301,000
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,460,305	\$ (33,388,860)	\$ 20,141,793	\$ 13,333,000	\$ 23,748,000
Other Financing Sources (Uses)					
Sale of Capital and Non-Capital Assets	\$ 42,885	\$ 20,353	\$ 109,520	\$ 80,000	\$ 222,000
Operating Transfers In	125,958	25,557	110,829	162,000	1,339,000
Operating Transfers Out	(346,348)	(1,001,263)	(8,581,000)	(9,462,000)	(18,047,000)
Total Other Financing Sources (Uses)	\$ (177,505)	\$ (955,353)	\$ (8,360,651)	\$ (9,220,000)	\$ (16,486,000)
Net Change in Fund Balances	\$ 12,282,800	\$ (34,344,213)	\$ 11,781,142	\$ 4,113,000	\$ 7,262,000
Beginning Fund Balance	153,345,261	187,689,474	133,626,241	129,513,000	122,251,000
Ending Fund Balance	\$ 165,628,061	\$ 153,345,261	\$ 145,407,383	\$ 133,626,000	\$ 129,513,000

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

LEGAL INVESTMENTS . . . Under the PFIA, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by the explicit full faith and credit of the United States; (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, including obligations that are fully guaranteed or insured by the FDIC or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit that are issued by a state or national bank domiciled in the State of Texas, a savings bank domiciled in the State of Texas, or a state or federal credit union domiciled in the State of Texas and 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 obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits, (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits or (a) where the funds are invested by an investing entity through: (i) a broker that has its main office or a branch office in this state and is selected from a list adopted by the County; or (ii) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity; (b) where the broker or the depository institution selected by the investing entity under (a) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints the depository institution selected by the investing entity under (a), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the County; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State 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-load 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 PFLA.

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. The County may not 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 PFLA.

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 April 1, 2013, the County's investable funds were invested in the following categories:

Description	Percent	Book Value	Market Value
Local Government Investment Pools ⁽¹⁾	58.43%	\$ 224,149,687	\$ 224,149,687
U.S. Agency Securities	3.21%	12,309,919	12,360,002
Certificates of Deposit	27.34%	104,898,869	104,898,869
Municipal Bonds	5.37%	20,590,184	20,942,683
Money Market	5.65%	21,683,122	21,683,122
	100.00%	<u>\$ 383,631,781</u>	<u>\$ 384,034,363</u>

As of such date, 64.013% of the County's investment portfolio is available upon demand. The market value of the investment portfolio was approximately 100.105% of its purchase price.

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

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

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Bracewell & Giuliani LLP, Bond Counsel, (i) interest on the Tax-Exempt Unlimited Tax 2013A Bonds and Tax-Exempt Limited Tax 2013 Bonds, the "Tax-Exempt Bonds") is excludable from gross income for federal income tax purposes under existing law and (ii) the Tax-Exempt 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 Tax-Exempt Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The County has covenanted in the Orders that it will comply with these requirements.

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

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences

Prospective purchasers of the Tax-Exempt 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 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 Tax-Exempt Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Tax-Exempt 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 Tax-Exempt Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Tax-Exempt Bonds may exceed the stated redemption price payable at maturity of such Tax-Exempt Bonds. Such Tax-Exempt 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 Tax-Exempt Bond.

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

Tax Legislative Changes

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

Taxable Bonds

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS OF THE TAXABLE BONDS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH HOLDERS UNDER THE CODE, ; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE HOLDERS OF THE TAXABLE BONDS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

General

The following discussion summarizes certain U.S. federal income tax considerations that may be relevant to the acquisition, ownership and disposition of the Taxable Unlimited Tax 2013B Bonds and the Taxable Limited Tax 2013 Bonds (the "Taxable Bonds") by a U.S. holder (as defined below). This discussion is based upon the provisions of the Code, applicable U.S. Treasury Regulations promulgated thereunder, judicial authority and administrative interpretations, as of the date of this document, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. We cannot assure you that the Service will not challenge one or more of the tax consequences described in this discussion, and we have not obtained, nor do we intend to obtain, a ruling from the Service or an opinion of counsel with respect to the U.S. federal tax consequences of acquiring, holding or disposing of the Taxable Bonds.

This discussion is limited to U.S. holders who purchase the Taxable Bonds in this offering for a price equal to the issue price of the Taxable Bonds (i.e., the first price at which a substantial amount of the Taxable Bonds is sold for cash other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Taxable Bonds as capital assets (generally, property held for investment). This discussion does not address the tax considerations arising under the laws of any foreign, state, local or other jurisdiction or income tax treaties or any U.S. federal estate or gift tax considerations. In addition, this discussion does not address all tax considerations that may be important to a particular holder in light of the holder's circumstances, or to certain categories of investors that may be subject to special rules, such as:

- dealers in securities or currencies;
- traders in securities that have elected the mark-to-market method of accounting for their securities;
- U.S. holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding the Taxable Bonds as part of a hedge, straddle, conversion or other "synthetic security" or integrated transaction;
- certain U.S. expatriates;
- financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- persons subject to the alternative minimum tax;
- entities that are tax-exempt for U.S. federal income tax purposes; and
- partnerships and other pass-through entities and holders of interests therein.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds the Taxable Bonds, the tax treatment of a partner of the partnership generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership acquiring the Taxable Bonds should consult his/her own tax advisor about the U.S. federal income tax consequences of acquiring, holding and disposing of the Taxable Bonds.

INVESTORS CONSIDERING THE PURCHASE OF THE TAXABLE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE TAXABLE BONDS UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Premium Redemption: In certain circumstances (see “Description of the Taxable Bonds—Optional Redemption”) the City may be obligated to pay amounts on the Taxable Bonds that are in excess of stated interest or principal on the Taxable Bonds. The City does not intend to treat the possibility of paying such additional amounts as causing the Taxable Bonds to be treated as “contingent payment debt instruments.” However, additional income will be recognized if any such additional payment is made. It is possible that the Service may take a different position, in which case a bondholder might be required to accrue interest income at a higher rate than the stated interest rate and to treat as ordinary interest income any gain realized on the taxable disposition of the Taxable Bond. The remainder of this discussion assumes that the Taxable Bonds will not be treated as contingent payment debt instruments. Investors should consult their own tax advisors regarding the possible application of the contingent payment debt instrument rules to the Taxable Bonds.

Tax Consequences to U.S. Holders

As used herein “U.S. holder” means a beneficial owner of the Taxable Bond and who or that is, for U.S. federal income tax purposes:

- an individual who is a U.S. citizen or U.S. resident alien;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

Interest on the Taxable Bonds [and Original Issue Discount]

Interest on the Taxable Bonds generally will be taxable to a bondholder as ordinary income at the time it is received or accrued in accordance with the bondholder’s regular method of accounting for U.S. federal income tax purposes. In addition, all or a portion of the Taxable Bonds may be issued with original issue discount (“OID”) for U.S. federal income tax purposes. The amount of OID is generally equal to the excess of the principal amount of the notes over the issue price of the notes. The issue price of a Taxable Bond will be equal to the first price at which a substantial amount of Taxable Bonds are sold for cash (excluding sales to underwriters or placement agents). Accordingly, a bond holder will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest, before the receipt of cash payments attributable to this income. Under this method, a bondholder generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Disposition of the Taxable Bonds

A bondholder will generally recognize capital gain or loss on the sale, redemption, exchange, retirement or other taxable disposition of a Taxable Bond. This gain or loss will equal the difference between the bondholder’s adjusted tax basis in the Taxable Bond and the proceeds received (excluding any proceeds attributable to accrued but unpaid stated interest which will be recognized as ordinary interest income to the extent you have not previously included such amounts in income) by the bondholder. The proceeds the bondholder receives will include the amount of any cash and the fair market value of any other property received for the Taxable Bond. The adjusted tax basis in the Taxable Bond will generally equal the amount the bondholder paid for the Taxable Bond. The gain or loss will be long-term capital gain or loss if the bondholder held the Taxable Bond for more than one year at the time of the sale, redemption, exchange, retirement or other disposition. Long-term capital gains of individuals, estates and trusts currently are subject to a reduced rate of U.S. federal income tax. The deductibility of capital losses is subject to certain limitations.

Information Reporting and Backup Withholding

Information reporting will apply to payments of interest on, and the proceeds of the sale, redemption, exchange, retirement or other disposition of, the Taxable Bonds held by a bondholder, and backup withholding may apply to such payments unless that bondholder provides the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information. Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against a bondholder’s U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the bondholder’s actual U.S. federal income tax liability and the bondholder timely provides the required information or appropriate claim form to the Service.

New Legislation Relating to Net Investment Income

For taxable years beginning after December 31, 2012, newly-enacted legislation is scheduled to impose a 3.8% tax on the “net investment income” of certain United States citizens and resident aliens and on the undistributed “net investment income” of certain estates and trusts. Among other items, “net investment income” generally would include interest and certain net gain from the sale, redemption, exchange, retirement or other taxable disposition of a Taxable Bond, less certain deductions.

Prospective holders should consult their tax advisors with respect to the tax consequences of the new legislation described above.

Tax Consequences to Non-U.S. Holders

As used herein, a "non-U.S. holder" means a beneficial owner of a Taxable Bond that is an individual, corporation, estate or trust that is not a U.S. holder.

Interest on the Taxable Bonds

Payments to a non-U.S. holder of interest on the Taxable Bonds generally will be exempt from withholding of U.S. federal tax under the "portfolio interest" exemption if the bondholder properly certify as to the bondholder's foreign status as described below, and:

- the bondholder does not own, actually or constructively, 10% or more of the City's capital or profits interests;
- the bondholder is not a "controlled foreign corporation" for U.S. federal income tax purposes that is related to the City (actually or constructively);
- the bondholder is not a bank whose receipt of interest on the Taxable Bonds is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of the bondholder's trade or business; and
- interest on the Taxable Bonds is not effectively connected with the bondholder's conduct of a U.S. trade or business.

The portfolio interest exemption and several of the special rules for non-U.S. holders described below generally apply only if non-U.S. holder appropriately certify as to the bondholder's foreign status. A bondholder can generally meet this certification requirement by providing a properly executed Service Form W-8BEN or appropriate substitute form to the withholding agent. If a non-U.S. holder holds the Taxable Bonds through a financial institution or other agent acting on the bondholder's behalf, the bondholder may be required to provide appropriate certifications to the agent. The agent will then generally be required to provide appropriate certifications to the withholding agent, either directly or through other intermediaries. Special rules apply to foreign partnerships, estates and trusts, and in certain circumstances certifications as to foreign status of partners, trust owners or beneficiaries may have to be provided to the City or its paying agent. In addition, special rules apply to qualified intermediaries that enter into withholding agreements with the Service.

If a non-U.S. holder cannot satisfy the requirements described above, payments of interest made to the bondholder will be subject to U.S. federal withholding tax at a 30% rate, unless the bondholder provides the withholding agent with a properly executed Service Form W-8BEN (or successor form) claiming an exemption from (or a reduction of) withholding under the benefit of an applicable income tax treaty, or the payments of interest are effectively connected with the bondholder's conduct of a trade or business in the United States and the bondholder meets the certification requirements described below. (See "—Tax Consequences to Non-U.S. Holders—Income or Gain Effectively Connected With a U.S. Trade or Business").

Disposition of the Taxable Bonds

A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement or other taxable disposition of a Taxable Bond unless:

- the gain is effectively connected with the conduct by the bondholder of a U.S. trade or business (and, if required by an applicable income tax treaty, is treated as attributable to a permanent establishment maintained by the bondholder in the United States); or
- the bondholder is a nonresident alien individual who has been present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met.

If a bondholder is a non-U.S. holder described in the first bullet point above, the bondholder generally will be subject to U.S. federal income tax in the same manner as a U.S. holder (See "—Tax Consequences to Non-U.S. Holders—Income or Gain Effectively Connected With a U.S. Trade or Business"). If a bondholder is a non-U.S. holder described in the second bullet point above, the bondholder generally will be subject to U.S. federal income tax at a flat rate of 30% on the gain derived from the sale or other disposition, which may be offset by U.S. source capital losses.

Income or Gain Effectively Connected with a U.S. Trade or Business

If any interest on the Taxable Bonds or gain from the sale, redemption, exchange, retirement or other taxable disposition of the Taxable Bonds is effectively connected with a U.S. trade or business conducted by a non-U.S. holder, then the income or gain will be subject to U.S. federal income tax at regular graduated income tax rates in the same manner as a U.S. holder unless an applicable tax treaty provides otherwise. Effectively connected income will not be subject to U.S. withholding tax if a non-U.S. holder satisfies certain certification requirements by providing to the withholding agent a properly executed Internal Revenue Service Form W-8ECI or Internal Revenue Service Form W-8BEN (claiming exemption under an income tax treaty). For a non-U.S. holder that is a corporation, that portion of your earnings and profits that is effectively connected with your U.S. trade or business may also be subject to a "branch profits tax" at a 30% rate, although an applicable income tax treaty may provide for a lower rate.

Information Reporting and Backup Withholding

Payments to you of interest on a Taxable Bond, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to the non-U.S. holder. Copies of the information returns reporting such interest may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of a treaty or agreement.

United States backup withholding generally will not apply to payments to a non-U.S. holder of interest on a Taxable Bond if the statement described in "Tax Consequences to Non-U.S. Holders—Interest on the Taxable Bonds" is duly provided or the bondholder otherwise establishes an exemption, provided that the City does not have actual knowledge or reason to know that the bondholder is a United States person.

Payment of the proceeds of a disposition of a Taxable Bond effected by the U.S. office of a U.S. or foreign broker will be subject to information reporting requirements and backup withholding unless a non-U.S. holder properly certifies under penalties of perjury as to the bondholder's foreign status and certain other conditions are met or the bondholder otherwise establishes an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a Taxable Bond effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records that a bondholder is a non-U.S. holder and certain other conditions are met, or the bondholder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the disposition of a Taxable Bond effected outside the United States by such a broker if the broker is:

- a United States person;
- a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States;
- a controlled foreign corporation for U.S. federal income tax purposes; or
- a foreign partnership that, at any time during its taxable year, has more than 50% of its income or capital interests owned by United States persons or is engaged in the conduct of a U.S. trade or business.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against a non-U.S. holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed your actual U.S. federal income tax liability and you timely provide the required information or appropriate claim form to the Service.

THE PRECEDING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. WE URGE EACH PROSPECTIVE INVESTOR TO CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR THE TAXABLE BONDS, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

CONTINUING DISCLOSURE OF INFORMATION

In each Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. 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, 2013. 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.

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

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

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

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations 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 Obligations 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 Obligations 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 Obligations. 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 Obligations in the primary offering of the Obligations. 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 Obligations 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 Obligations.

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 Obligations, 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 Obligations or that affects the payment and security of the Obligations or in any other manner questioning the issuance, sale or delivery of the Obligations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Obligations 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 Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities laws of any jurisdiction. The County assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations 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 Obligations 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 Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the PFIA, requires that the Obligations 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 Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations 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 Obligations 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 Obligations of each series are valid and binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel to the effect that the Obligations issued in compliance with the provisions of the Orders are valid and legally binding obligations of the County and the interest on the Tax-Exempt Bonds is excludable from gross income for federal income tax purposes under existing law and the Tax-Exempt 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 "Remedies of Owners of Obligations"), "Tax Matters" and "Continuing Disclosure of Information" (except for the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Obligations 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 each series of the

Obligations are contingent on the sale and delivery thereof. The legal opinion will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, Counsel to the Underwriters. The legal fees to be paid to Underwriters' Counsel for services rendered in connection with the issuance of the Obligations of each series are contingent on the sale and delivery thereof.

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 Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations of each series is contingent upon the issuance and delivery thereof. 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 Obligations, 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 Tax-Exempt Unlimited Tax 2013A 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 Tax-Exempt Unlimited Tax 2013A Bonds if any Tax-Exempt Unlimited Tax 2013A Bonds are purchased. The Tax-Exempt Unlimited Tax 2013A Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Tax-Exempt Unlimited Tax 2013A Bonds into investment trusts) at prices lower than the public offering prices of such Unlimited Tax 2013A 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 Taxable Unlimited Tax 2013B 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 Taxable Unlimited Tax 2013B Bonds if any Taxable Unlimited Tax 2013B Bonds are purchased. The Unlimited Tax 2013B Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Taxable Unlimited Tax 2013B Bonds into investment trusts) at prices lower than the public offering prices of such Taxable Unlimited Tax 2013B 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 Tax-Exempt Limited Tax Series 2013A 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 Tax-Exempt Limited Tax 2013A Bonds if any Tax-Exempt Limited Tax 2013A Bonds are purchased. The Tax-Exempt Limited Tax 2013A Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Limited Tax 2013A Bonds into investment trusts) at prices lower than the public offering prices of such Tax-Exempt Limited Tax 2013A 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 Taxable Limited Tax 2013B 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 Taxable Limited Tax 2013B Bonds if any Taxable Limited Tax 2013B Bonds are purchased. The Taxable Limited Tax 2013B Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Taxable Limited Tax 2013B Bonds into investment trusts) at prices lower than the public offering prices of such Taxable Limited Tax 2013B 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 Official Statement in accordance with, and as part of, their responsibility 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 Securities and the forecasted payments of principal and interest to pay the Refunded Bonds and (b) computation of the yields of the Tax-Exempt Unlimited Tax 2013 Bonds, and Taxable Unlimited Tax 2013B Bonds and the restricted Securities will be verified by Grant Thornton LLP, certified public accountants. Such computations will be based solely on assumptions and information supplied by First Southwest Company on behalf of the County. Grant Thornton LLP will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations will be based and, accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

MISCELLANEOUS

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

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

KEITH SELF
County Judge
Collin County, Texas

ATTEST:

STACEY KEMP
County Clerk

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SCHEDULE OF REFUNDED BONDS*

TAX-EXEMPT UNLIMITED TAX 2013A BONDS & TAXABLE UNLIMITED TAX 2013B BONDS

Unlimited Tax Road & Refunding Bonds, Series 2004

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded by Tax-Exempt UT 2013A Bonds	Principal Amount Refunded by Taxable UT 2013B Bonds
3/15/2004	2/15/2015	5.000%	\$ 3,120,000	\$ 2,560,000	\$ 560,000
	2/15/2016	5.000%	580,000	-	580,000
	2/15/2017	4.750%	595,000	-	595,000
	2/15/2018	4.750%	440,000	-	440,000
	2/15/2019	4.750%	460,000	-	460,000
	2/15/2020	4.750%	485,000	-	485,000
	2/15/2021	4.750%	505,000	-	505,000
	2/15/2022	4.750%	530,000	-	530,000
	2/15/2023	4.750%	555,000	-	555,000
	2/15/2024	4.500%	585,000	-	585,000
			<u>\$ 7,855,000</u>	<u>\$ 2,560,000</u>	<u>\$ 5,295,000</u>

The 2015-2024 maturities will be redeemed prior to their original maturity on February 15, 2014 at a price of par.

Unlimited Tax Road & Refunding Bonds, Series 2005

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded by Tax-Exempt UT 2013A Bonds	Principal Amount Refunded by Taxable UT 2013B Bonds
3/1/2005	2/15/2016	5.000%	\$ 3,315,000	\$ 1,765,000	\$ 1,550,000
	2/15/2017	5.000%	3,490,000	1,860,000	1,630,000
	2/15/2018	5.000%	1,715,000	-	1,715,000
	2/15/2019	5.000%	1,800,000	-	1,800,000
	2/15/2020	5.000%	1,450,000	-	1,450,000
	2/15/2021	5.000%	500,000	-	500,000
	2/15/2022	5.000%	525,000	-	525,000
	2/15/2023	5.000%	550,000	-	550,000
	2/15/2024	5.000%	575,000	-	575,000
	2/15/2025	4.375%	605,000	-	605,000
			<u>\$ 14,525,000</u>	<u>\$ 3,625,000</u>	<u>\$ 10,900,000</u>

The 2016 – 2025 maturities will be redeemed prior to their original maturity on February 15, 2015 at a price of par.

Unlimited Tax Road Bonds, Series 2006

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded by Tax-Exempt UT 2013A Bonds
3/15/2006	2/15/2018	4.250%	\$ 835,000	\$ 835,000
	2/15/2019	4.250%	870,000	870,000
	2/15/2020	4.375%	910,000	910,000
	2/15/2021	4.500%	955,000	955,000
	2/15/2022	4.500%	1,000,000	1,000,000
	2/15/2023	4.500%	1,045,000	1,045,000
	2/15/2024	4.500%	1,090,000	1,090,000
	2/15/2025	4.500%	1,145,000	1,145,000
	2/15/2026	4.500%	1,195,000	1,195,000
			<u>\$ 9,045,000</u>	<u>\$ 9,045,000</u>

The 2018 through 2026 maturities will be redeemed prior to their original maturity on February 15, 2016 at a price of par.

* Preliminary, subject to change.

SCHEDULE OF REFUNDED BONDS*

TAXABLE LIMITED TAX 2013B BONDS

Limited Tax Permanent Improvement & Refunding Bonds, Series 2004

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/15/2004	2/15/2015	4.000%	\$ 780,000	\$ 140,000
	2/15/2016	4.000%	110,000	110,000
	2/15/2017	4.000%	115,000	115,000
	2/15/2018	4.000%	115,000	115,000
	2/15/2019	4.000%	120,000	120,000
	2/15/2020	4.100%	125,000	125,000
	2/15/2021	4.200%	135,000	135,000
	2/15/2022	4.250%	140,000	140,000
	2/15/2023	4.375%	145,000	145,000
	2/15/2024	4.500%	150,000	150,000
			<u>\$ 1,935,000</u>	<u>\$ 1,295,000</u>

The 2015 – 2024 maturities will be redeemed prior to their original maturity on February 15, 2014 at a price of par.

Limited Tax Permanent Improvement & Refunding Bonds, Series 2005

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/1/2005	2/15/2016	5.000%	\$ 3,150,000	\$ 1,470,000
	2/15/2017	5.000%	1,550,000	1,550,000
	2/15/2018	5.000%	1,630,000	1,630,000
	2/15/2019	5.000%	1,710,000	1,710,000
	2/15/2020	5.000%	1,045,000	1,045,000
	2/15/2021	5.000%	1,065,000	1,065,000
	2/15/2022	5.000%	1,115,000	1,115,000
	2/15/2023	5.000%	1,175,000	1,175,000
	2/15/2024	5.000%	1,235,000	1,235,000
	2/15/2025	5.000%	1,295,000	1,295,000
			<u>\$ 14,970,000</u>	<u>\$ 13,290,000</u>

The 2016 – 2025 maturities will be redeemed prior to their original maturity on February 15, 2015 at a price of par.

* Preliminary, subject to change.

SCHEDULE OF ACCRETED VALUE
TAXABLE UNLIMITED TAX 2013B BONDS

Accreting Date	Maturity Date 2/15/2014	Maturity Date 2/15/2015
7/9/2013	\$ -	\$ -
8/15/2013		
2/15/2014		
8/15/2014		
2/15/2015		

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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, 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, at the 2010 census, 782,341, and the 2013 estimated population is 813,133.

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:

	April 2013	Average Annual				
	2012	2011	2010	2009	2008	
Civilian Labor Force	454,484	447,064	434,999	421,754	409,675	404,668
Employed	429,721	419,914	404,549	390,106	379,610	386,020
Unemployed	24,763	27,150	30,450	31,648	30,065	18,648
Percent Unemployed	5.45%	6.07%	7.00%	7.50%	7.34%	4.61%

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.

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, 2012

The information contained in this Appendix consists of excerpts from the Collin County, Texas Annual Financial Report for the Year Ended September 30, 2012, 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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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, 2012, 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, 2012, 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 30, 2013, 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.

The management's discussion and analysis and budgetary comparison on pages 3 through 25 and pages 75 through 79 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 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2012. 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 \$361.9 million on a government-wide basis at September 30, 2012, an increase of \$5.9 million from FY2011.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$236.9 million. The primary revenue sources for governmental activities were property (ad valorem) taxes (\$175.5 million), charges for services (\$40.3 million) and operating grants and contributions (\$14.5 million). These three revenue sources accounted for 74.1%, 17.0%, and 6.1%, respectively, or 97.3% of total governmental activity revenues.
- Total expenses were \$231.0 million. The functional areas with the largest expense amounts were public safety (\$57.2 million), public transportation (\$45.5 million), and general administration (\$29.2 million).
- Net capital assets were \$437.7 million from governmental type activities. Net depreciation expense attributable to assets of governmental activities amounted to \$22.3 million for 2012.

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 amounts for FY2012 reflect the requirements of GASB 54.

- The County's governmental funds reported an increase in fund balance of \$33.9 million for fiscal year 2012, as compared to a decrease of \$51.9 million for fiscal year 2011.
- The General Fund reported a fund balance of \$165.6 million for September 30, 2012, an increase of \$12.3 million from September 30, 2011. General Fund revenues fell by \$3.9 million, due to a lower allocation of property taxes to the General Fund. The lower revenues were offset by even lower expenditures. The resulting focus on expenditures contributed a reduction in expenditures from FY2012 vs. FY2011 of \$49.8 million. Higher expenditures in FY2011 were primarily due to a \$40.5 million prefunding payment toward outstanding liabilities in the state retirement system. The payment reduced the monthly contribution rate in FY2012 from 13.5% to 7.7%, with a continuing benefit of lower retirement costs in future periods.

General Financial Highlights

- In FY2012, using a \$12 million state grant received at the end of FY2011, the County continued its work on the Outer Loop, spending \$3.5 million in 2012 to construct access roads on the section connecting US Highway 75 to Texas Highway 121. Total contracts for construction awarded to date exceed \$9 million.
- 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 2012, the County transferred a net of \$10.7 million from Deferred Contributions for the completion of projects (primarily roads) the county donated to other governmental entities. Although the County will not maintain or own 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 payments on long-term debt.

The County created its first Enterprise Fund in FY2009 to record the activity of the Collin County Toll Road Authority. The County Commissioners Court is also the Trustee for 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. In late FY2011, the county received a \$12 million grant from the state to assist in the construction of access roads for the first section of the Outer Loop from US 75 to State Highway 121.

The County operates an animal shelter that works with local cities and unincorporated areas of the County to handle the disposition of unwanted animals. Each participating city, as well as the County, pays a pro rata share of the operating expenses and construction costs. The animal shelter is not considered an Enterprise Fund but operates as an Internal Service 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 legally separate blended-component units: the Collin County Health Care Foundation and the Collin County Housing Finance Corporation. The County Commissioners act as the Board of Trustees for component units whose activities are blended with those of the primary government because it functions as part of 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.

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for periods that begin after June 15, 2011. The objective of GASB 54 is to enhance the usefulness of fund balance information by 1) clarifying existing governmental fund type definitions, and 2) providing clearer fund balance classifications that can be more consistently applied. Collin County implemented the GASB 54 reporting as of September 30, 2011, in accordance with GASB requirements.

GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The classifications are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Restricted or committed specific revenue sources should comprise a *substantial portion of the fund's resources*.

GASB 54 requires fund balance to be reported by purpose or function of restriction, using one of the following five categories:

- **Nonspendable** - Generally means the asset is not expected to be converted to cash, such as inventories; the asset can also be related to monies legally or contractually required to be maintained intact, such as a debt service reserve fund.
- **Restricted** - Resources whose use is constrained by either externally imposed (i.e., creditors, contributors, grantors, or laws of other governments), or imposed by law through constitutional

provisions of enabling legislation, such as authorization to assess, levy, charge, or otherwise mandate payment of resources. This includes a legally enforceable requirement that resources be used only for the specific purpose.

- **Committed** - Constraints imposed by formal action of the Collin County Commissioners Court to set aside, by court order, a commitment of specific use of resources. Constraints can only be removed or changed by taking the same type of action employed to commit those amounts.
- **Assigned** – An amount intended to be used for a specific purpose, but the amount is neither restricted nor committed. Intent may be expressed by the Commissioners Court or by an official or group to which the governing body has delegated the authority to assign amounts. Assigned fund balances include all remaining amounts reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, or committed. In governmental funds other than General Fund, assigned fund balance represents the amount intended to be used for the purpose of that fund. Collin County has no assigned fund balances in 2012.
- **Unassigned** - Residual amount for the General Fund; it is the fund balance that has not been restricted, committed, or assigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. The only classification that can report a negative fund balance is the unassigned category.

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
- Regional Toll Road – Wylie (FM 1378)
- Regional Toll Road – Outer Loop PH3 (Phase 3) from US Highway 75 to State Highway 121
- Debt Service
- 2003 Road Bonds
- 2007 Road Bonds

Each of these funds is classified as a major fund for FY2012. Financial results from the other governmental funds (non-major funds) are combined into a single, aggregated presentation and included in the total. Individual fund data for each of the non-major governmental funds is 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 exceptions are Grant Funds and Capital Projects Funds, which are budgeted according to the project budget, with an assigned project number for tracking and recording each transaction by project.) Budgetary comparison statements for major governmental funds are presented as required or additional 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 reports eight proprietary type funds – the Collin County Toll Road Authority and seven Internal Service Funds (see list below.) Internal Service Funds are used to accumulate and allocate costs internally among various county functions. The Internal Service Funds provide benefits to 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

Internal Service Funds are combined into a single aggregated presentation in the proprietary fund financial statements. Internal Service Funds are accounted for on the full-accrual method of accounting. 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 fines belong to the state. After collection, the monies owed to the other entities are remitted to those entities on a periodic basis. Agency funds are also used for recording receipts of funds by elected officials.

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

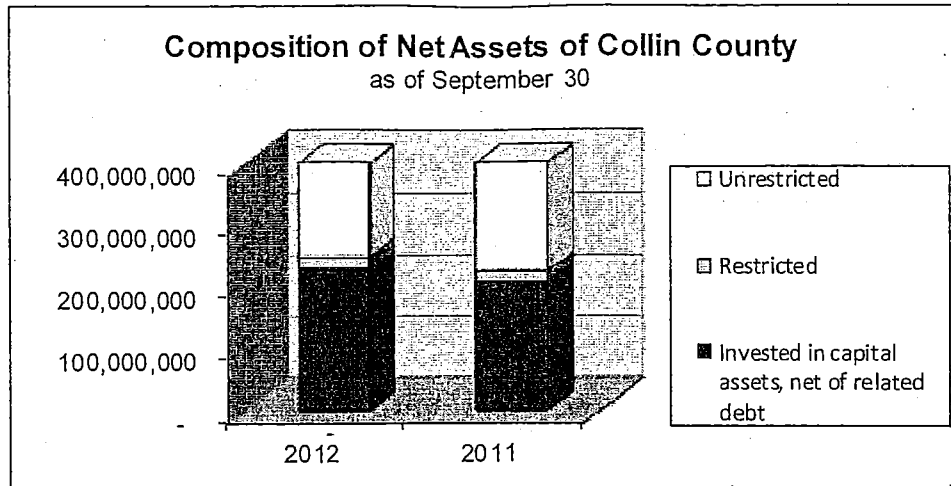
In addition to the basic financial statements and accompanying notes to those financial statements, certain required supplementary information schedules are also presented in this report with additional information regarding the results of the County's financial activities.

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, 2012 and 2011, are summarized and analyzed below:

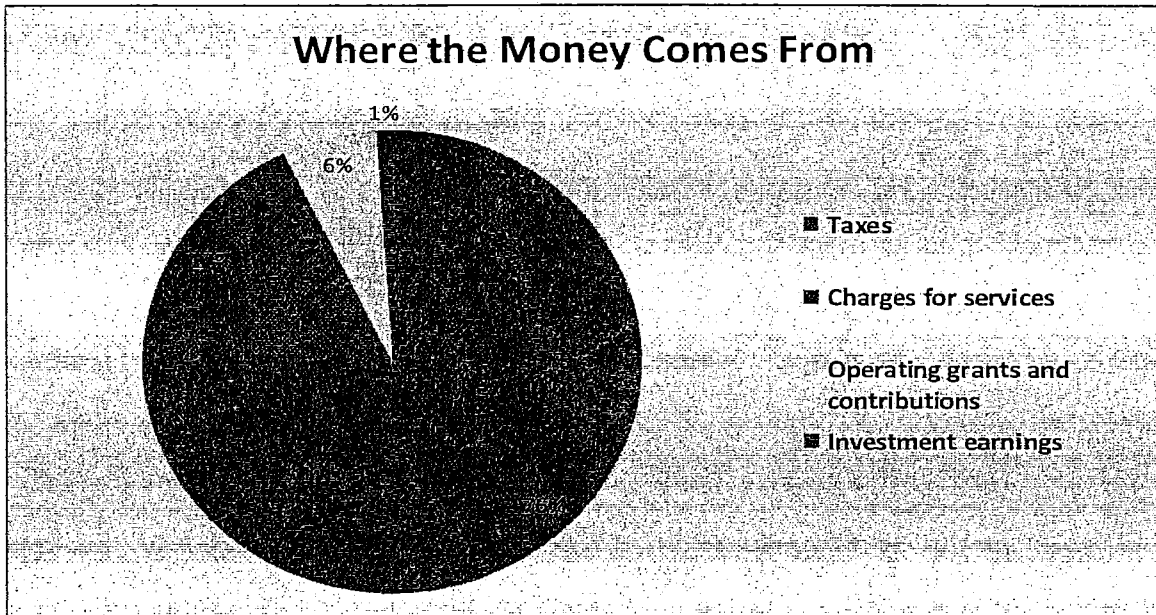


Statement of Net Assets As of September 30 (\$ in thousands)		
	2012	2011
Assets:		
Current and Other Assets	\$ 361,489	\$ 345,626
Capital Assets	453,016	450,390
Total Assets	814,505	796,016
Liabilities:		
Current Liabilities	22,921	27,421
Long-term Liabilities	429,654	412,553
Total Liabilities	452,575	439,974
Net Assets:		
Invested in capital assets, net of related debt	229,532	209,001
Restricted	21,164	17,446
Unrestricted	111,234	129,595
Total Net Assets	\$ 361,930	\$ 356,042

- Net assets serve as a useful indicator of financial position. Assets exceeded liabilities by \$361.9 million as of September 30, 2012, and by \$356.0 million as of September 30, 2011, a net increase of \$5.9 million.
- 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 (63.4%). 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 will be used to liquidate the debt.

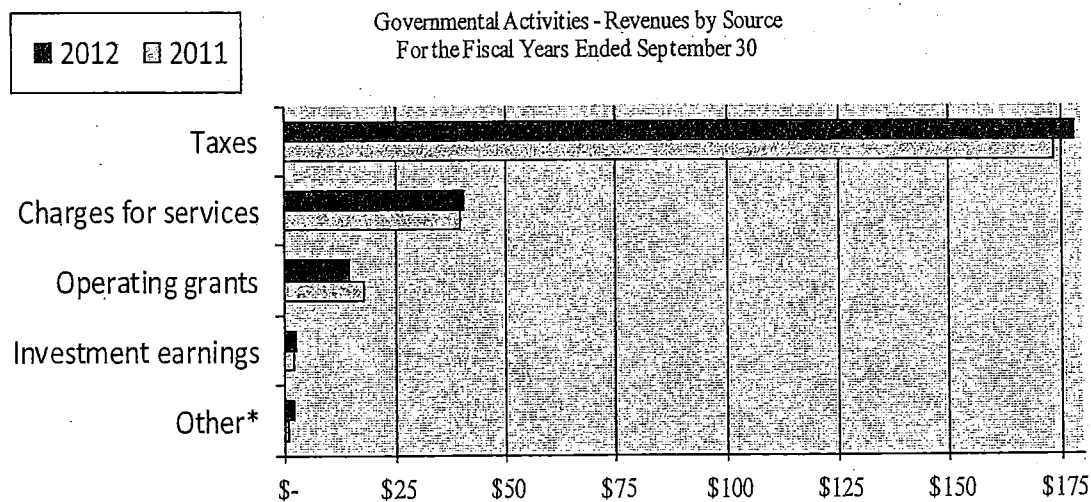
- Restricted Net Assets (5.8%) represent resources subject to external restrictions on their use. Of these restricted net assets, 29.2% of the restricted assets are to repay long-term debt, 39.9% are restricted to provide health care services (as established upon sale of the County hospital), 30.9% (of restricted) are for grant programs, and the balance is for the County's Myers Park Foundation.
- The remaining portion of the County's net assets (30.7%) is unrestricted and may be used to meet ongoing obligations.
- At September 30, 2012, the County had positive balances in all three categories of net assets.

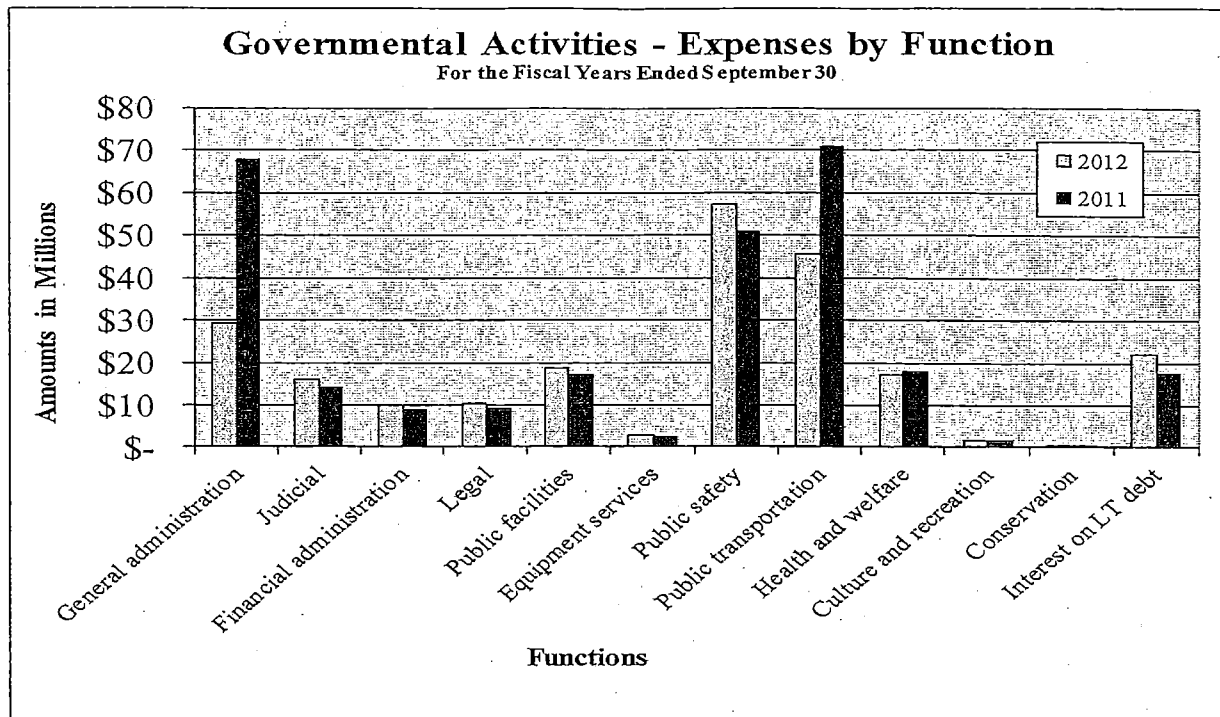
Reflected below is a comparison of Collin County revenues by source.



Overall government-wide revenues increased in 2012 over 2011 by \$3.7 million (1.6%), due primarily to higher taxes collected (\$4.6 million, or 2.6%). Investment earnings increased by \$0.3 million (17.1%). Program revenues decreased in FY2012 by \$1.9 million (-3.3%) over FY2011. A summary of the amounts and more detailed explanation is provided below the graph.

Summary of Changes in Net Assets					
For the Fiscal Years Ended September 30					
(\$ in thousands)					
	2012		2011		
Revenues					
<i>Program Revenues:</i>					
Charges for services	\$	40,329		\$	39,504
Operating grants and contributions		14,516			17,942
Capital grants and contributions		1,059	\$ 55,904	388	\$ 57,834
<i>General Revenues:</i>					
Taxes	\$	177,762		\$	173,193
Unrestricted investment earnings		2,317			1,980
Miscellaneous		903	180,982	195	175,368
Total revenues	\$	236,886		\$	233,202
Expenses					
General administration	\$	29,244		\$	67,690
Judicial		16,069			14,110
Financial administration		10,028			8,822
Legal		10,204			9,293
Public facilities		18,701			17,040
Equipment services		2,859			2,494
Public safety		57,156			50,875
Public transportation		45,515			70,789
Health and welfare		17,189			18,075
Culture and recreation		1,591			1,522
Conservation		249			235
Interest on long-term debt		22,193			17,589
Total expenses – before transfers		230,998			278,534
Change in Net Assets	\$	5,888		\$	(45,332)
Net assets as of October 1, 2012 and 2011		356,042			401,374
Net assets as of September 30, 2012 and 2011	\$	361,930		\$	356,042

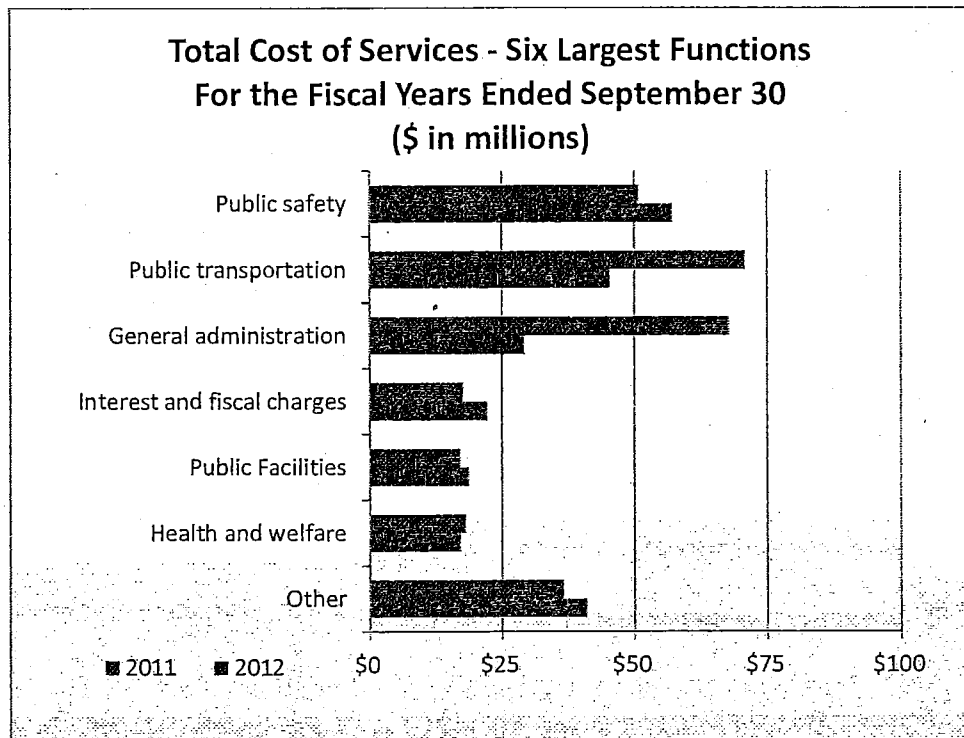




Summarized above are details of government-wide activities of the County for FY2012 and 2011.

- Program revenues include 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 government-wide activities decreased by \$1.9 million or 3.3%.
- General revenues consist of taxes (property and mixed beverage) and interest, as well as miscellaneous transactions, not attributable or allocable to a specific program. Property taxes, the largest of the revenues, increased by \$4.8 million or 2.8%.
- Public transportation expense decreased by \$25.3 million or 35.7%. Many of the road construction projects are joint efforts with cities in the County, with each party contributing 50% of the cost. Last year was unusual with higher than normal asset recognition ownership activity by the cities due to an accounting procedural change. Current year activities are more representative of the normal recognition level of asset ownership recognition by the cities.
- Public safety expenses increased by \$6.3 million (\$50.9 to \$57.2 million, or 12.4%).
- General administration decreased, from \$67.7 million to \$29.2 million (-56.8%). This reflects the additional payment in FY2011 (and not repeated in FY2012) for the County retirement plan with the Texas County and District Retirement System. The additional funding was used to pay toward the County's unpaid liability for employee retirement and to reduce the future funding required.

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)				
Functions/Programs	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Public safety	\$ 57,156	\$ 50,875	\$ 43,659	\$ 38,135
Public transportation	45,515	70,789	27,304	49,437
General administration	29,244	67,690	20,529	60,153
Interest and fiscal charges	22,193	17,589	21,880	17,073
Public Facilities	18,701	17,040	18,597	16,771
Health and welfare	17,189	18,075	11,547	11,767
Other	41,000	36,476	31,577	27,365
Total	\$ 230,998	\$ 278,534	\$ 175,093	\$ 220,701



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. Unassigned 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 \$340.1 million, an increase of \$33.9 million (10.0%) from the prior year.

As required by GASB 54, the classifications of fund balance have changed to reflect the nature of the expected use of the amounts included in the balance. In FY2010 (pre-GASB54), fund balance was classified as reserved and unreserved, with unreserved further divided into designated or undesignated. In FY2012, fund balance is split into as many as five uses: nonspendable, restricted, committed, assigned, or unassigned. For Collin County, the fund balance is only categorized into nonspendable, restricted, committed or unassigned; the County does not have assigned uses of fund balance.

A portion of fund balance (65.1%, or \$221.3 million) of the governmental funds has been designated as nonspendable, restricted, or committed. The remaining \$118.9 million is classified as unassigned and is available for spending as determined by the Commissioners Court. The unassigned fund balance can only exist in the General Fund.

Governmental Funds - Total Fund Balance				
as of September 30, 2012				
(in thousands)				
Fund Balance				Use
Nonspendable	\$	21,181	6.2%	Inventories, Toll Road, Conservation District, Animal Shelter
Restricted		166,390	48.9%	Housing Finance, Records, Road Construction, Debt Service, Special Revenues
Committed		33,689	9.9%	Healthcare, Permanent Improvement, Capital Murder Cases, Special Elections, Utility Price Changes, Pre-trial Release, Jury, Myers Park, Code Inspection
Unassigned		118,873	35.0%	General Fund
	\$	340,133	100.0%	

Changes in Fund Balance – Major Funds

In FY 2012, the County is presenting eight major funds:

- General Fund
- General Road and Bridge Fund
- Health Care Foundation Fund
- RTR – Wylie
- RTR – Outer Loop
- Debt Service
- 2003 Road Bond
- 2007 Road Bond

Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. Any other fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

General Fund

The General Fund is the chief operating fund of the County. 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, fines, fees, intergovernmental revenues and investment income.

Primary expenditures are for general administration, public safety, judicial, public welfare, health services and capital acquisition.

At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$118.9 million. The total fund balance in the General Fund is \$165.6 million, an increase of \$12.3 million or 8.0% from FY2011.

To get a more detailed picture of the liquidity of the General Fund, the reader may find it useful to compare the unassigned fund balance to total expenditures plus transfers in/out. Total General Fund expenditures plus transfers in/out for FY2012 were \$144.0 million. Unassigned fund balance represents 82.6% (approximately 301 days) of General Fund expenditures plus net transfers for FY2012.

Key factors in the change in fund balance in the General Fund are as follows:

General Fund Revenues:

- Property tax revenues decreased by \$5.3 million, as a result of the reallocation of tax rates between funds.
- Federal and state funds were up \$0.6 million.
- Fees and Charges for Services for FY2012 increased by \$1.4 million, reflecting (albeit at a lower property sales value) an increase in County Clerk fee revenues more than the prior year due to increasing property sales and recording of related deeds, as well as an increase in fees revenues by the District Clerk of \$0.3 million in judicial fees; an increase in fee revenues for trial jury services of \$0.2 million; and an increase in fee revenues at Myers Park of \$0.2.
- Fines increased by \$0.2 million in the Justice of the Peace Offices.
- Investment earnings were down \$1.0 million due to lower interest earnings and continuing low rates.
- Other revenues increased \$0.8 million in the Tax Assessor/Collector office.

General Fund Expenditures:

- General administration expenditures decreased by \$38.6 million, due to payments to the state retirement system totaling \$40.5 million in FY2011; the payments were to reduce outstanding liabilities for county employee retirement benefits.
- Public safety expenditures were \$2.4 million lower than FY2011.
- Capital Outlay expenditures decreased by \$7.6 million as the county completed its consolidation of County Courts, District Courts, and District Attorney into the new Courthouse.

General Road and Bridge Fund

The General Road and Bridge Fund is the primary funding for maintenance of county roads. This 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.

In FY 2005, Collin County began a program to convert all rock roads to asphalt to reduce dust and to 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 37 miles in FY2012. As of 09/30/12, the County had resurfaced 377 miles of roads, or an average of 38 miles per year.

At the end of FY2012, the fund balance of the General Road and Bridge Fund was \$18.4 million, an increase over FY2011 of \$1.3 million, or 7.2% higher. General Road and Bridge Fund revenues include fees and permits, property taxes, and fines and forfeitures.

Key factors in the change in fund balance in the General Road and Bridge Fund are as follows:

General Road and Bridge Revenues

- Property taxes were not allocated to the Fund in FY2011, requiring the use of fund balance; in FY 2012, a portion of property taxes collected were set aside for the General Road and Bridge Fund, with a total collected of \$2.2 million in FY2012.
- Revenues from Fees and Charges for Services increased by \$1.1 million in FY2012. The higher revenues are attributed to an increase in revenues from vehicle registrations.
- Fines and Forfeitures were essentially the same in in FY2012 as they were in FY2011, with 2012 about \$7,000 less than FY2011.
- Interest and miscellaneous revenues decreased by \$0.1 million from FY2011.

General Road and Bridge Expenditures

- Road construction and maintenance expenditures decreased in FY2012 by \$1.1 million.
- Capital outlay expenditures increased in FY2012 by \$0.9 million, primarily due to upgrades in road construction equipment.

Health Care Foundation Fund

The Health Care Foundation Fund is used to account for receipt of investment earnings and authorized health care expenditures as administered by the Collin County Health Care Foundation.

The Fund was created after the sale of the county hospital in 1983. The proceeds of the sale were used to purchase real estate office buildings in order 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 County departments and unrelated third parties. The rental revenue is a steady source of income that provided 73.8% of the funding for the Health Care Foundation Fund in FY2012.

Fund balance was lower by \$0.9 million in FY2012; key factors in the change in fund balance in the Health Care Foundation Fund were:

Health Care Revenues

- Revenues were lower in FY2012 by \$0.1 million due to lower interest earnings.

Health Care Expenditures

- Expenditures were lower in FY2012 by \$0.9 million. Most of that reduction came in health and welfare operating expenditures about \$0.5 lower than FY2011. Further reductions came from maintenance and operating expenditures on rental property being \$0.2 million less in FY2012 compared to FY2011.

RTR – Wylie Fund

The Regional Toll Road – Wylie (FM 1378) Special Revenue Fund is used to account for a grant from the State of Texas funded with Regional Toll Revenue (RTR) which is related to the sale of roads to the North Texas Toll Road Authority. These funds will be used to rebuild FM 1378 within the city limits of the City of Wylie, Texas. The liabilities of the fund met the major fund requirement. All activity to date has been in project accounts related to construction-in-progress on the road. The City of Wylie is managing the project and the County serves as a pass-through agency from the state. Revenues are deferred until expenditures are recognized, which results in zero dollars in fund balance. There were no revenues or expenditures recognized in 2012.

RTR – Outer Loop

The Regional Toll Revenue – Outer Loop Phase 3 Special Revenue Fund is used to account for a grant from the State of Texas funded with Regional Toll Revenue. These funds will be used to construct a portion of the new Outer Loop (Loop 9) within Collin County. The liabilities of the fund met the major fund requirement. All activity to date has been in project accounts related to construction-in-progress on the road. Revenues are deferred until expenditures are recognized, which results in zero dollars in fund balance.

RTR – Outer Loop Revenues

- State funds received for construction were \$4.4 million in FY2012.

RTR – Wylie Expenditures

- Expenditures for the regional toll road outer loop construction in FY2012 were \$4.4 million.

Debt Service Fund

The Debt Service Fund is used to account for property tax revenues restricted to be used to meet Collin County's debt obligations. Expenditures for payments of principal and interest on the outstanding debt are paid from this fund, as are the expenditures for fiscal agent fees.

Fund balance increased in FY 2012 by \$4.4 million over the FY 2011 ending balance. Since it is funded by property taxes, a change in the tax rate allocation has a direct impact on funds available for debt service. As part of the budgeting process, the County must determine the funding needed to meet the principal and interest payments for each issue of debt, as well as the expected fiscal agent fees to be paid annually.

Each year during the budget process, a portion of the tax rate is set aside for funding debt service; taxes collected are restricted specifically for that purpose. Debt service expenditures are based on the bond payment requirements and other debt-related expenditures. The County sets aside a portion of property taxes to meet its debt service requirements.

Key factors in the change in fund balance in the Debt Service Fund were:

Debt Service Fund Revenues

- In FY2012, property taxes allocated to pay debt service were \$46.7 million, or about \$7.1 million higher than FY 2011. The increase tax allocation was required due to higher debt service in 2012.
- Interest earned was about \$0.2 million higher due to an increase in idle funds, compared to 2011.

Debt Service Fund Expenditures

- Debt service expenditures for FY2012 debt service and fees were \$47.2 million. The amount paid was \$1.6 million higher than FY 2011.

Debt Service Refundings

- The County continually analyzes its outstanding debt to determine if certain issues could be refunded to reduce future interest cost, and in 2012, the County chose to refund certain debt. As a result, the refunded bonds did not require payment in 2012 of budgeted principal and interest payments on the refunded bonds. The result was a \$4.1 million increase in Fund Balance.

2003 Road Bond Capital Projects

The 2003 Road Bond Capital Projects is used to account for road bond proceeds for road bonds authorized by voters on November 4, 2003 in an amount of \$142,000,000. Each series is accounted for separately but presented as one fund. All of the bonds have been issued in five series, beginning 2004 and ending 2008:

- Series 2004: \$44,550,000 issued April 27, 2004
- Series 2005: \$17,360,000 issued April 5, 2005
- Series 2006: \$15,920,000 issued May 3, 2006
- Series 2007: \$48,190,000 issued March 20, 2007
- Series 2008: \$15,980,000 issued July 14, 2008

In FY2012, fund balance dropped \$4.9 million; key factors in the change in fund balance are:

2003 Road Bond Capital Projects Revenues

- Interest revenues declined \$0.1 million.

2003 Road Bond Capital Projects Expenditures

- Capital outlay for road projects constructed from the bond proceeds was \$5.0 million.

2007 Road Bond Capital Projects

The 2007 Road Bond Capital Project is used to account for road bond proceeds for road bonds authorized by voters on November 6, 2007. Total authorized for roads and highways is \$235,600,000. Only a portion of the bonds have been issued to-date (in four series), beginning in 2008 and ending in 2012. The remainder of the bonds will be sold as needed. The total issued through September 30, 2012 is \$100,535,000:

- Series 2008: \$25,020,000 issued July 14, 2008
- Series 2009: \$10,070,000 issued September 29, 2009
- Series 2009B: \$ 5,590,000 issued September 29, 2009
- Series 2011: \$28,490,000 issued June 16, 2011
- Series 2012: \$31,365,000 issued June 14, 2012

In FY2012 fund balance increased \$26.8 million; key factors in the change in fund balance are:

2007 Road Bond Capital Projects Revenues

- FY2012 revenues were \$0.2 million from interest on investment of unspent cash. The interest earned was down slightly from FY2011.

2007 Road Bond Capital Projects Expenditures

- Capital outlay for road projects in FY2012 was \$9.9 million, which is \$1.7 million more than FY2011.

2007 Road Bond Capital Projects

- Proceeds from bonds issued in FY2012 were \$31.4 million, with an additional \$5.1 million premium from sale of the bonds. The total from Other Financing Sources was \$8.0 million more than FY2011.

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;
- Training and travel;
- Maintenance and operating; and
- Capital outlay.

With the changes brought about from the implementation of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the General Fund now includes the following funds which were previously reported separately:

- Housing Finance Corporation
- Juvenile Probation
- Pre-Trial Release
- Jury
- Myers Park Operating
- Code Inspection
- Juvenile Alternative Education
- Juvenile Out of County Sex Offender Program
- Permanent Improvement

The final amended budget for the combined General Fund expenditure appropriation was \$161.2 million, or \$0.3 million higher than the original approved budget of \$160.9 million. Actual expenditures for FY2012 were \$144.2 million, or 10.6% less than the final amended budget.

General Fund revenue estimates for FY2012 were more than the estimate by \$3.8 million, as follows:

- Taxes – \$1.9 million higher
- Federal and state funds - \$1.2 million higher
- Fees and Charges for Services - \$1.2 million higher
- Fines and forfeitures - \$0.3 million higher
- Interest – \$1.0 million lower
- Miscellaneous revenues - \$0.3 million higher

The General Fund is the primary source for expenditures related to the overall operation and administration of the County. In 2012, there were departments that contributed to actual expenditures being \$17.0 million lower than budgeted expenditures. They include:

- General administration was less than budget by \$6.0 million, due to:
 - Actual expenses for the County Clerk were \$0.1 million less than budgeted expenditures, split fairly evenly among the salary and benefits, training and travel, and maintenance and operating budget categories.
 - Actual expenses for the Human Resources department were \$0.1 million more than budget, primarily in salary and benefits, and maintenance and operating.
 - Actual expenses for Support Services were less than budget by \$0.1 million, primarily postage expenses below budget.
 - Veterans Services Department were less than budget by \$0.1 million, due to a vacancy in the office for about one-half year; the part time person budgeted at about half of the difference was not hired.
 - Actual expenses for Non-Departmental activities were less than budgeted by \$3.3 million, due to:
 - Salaries and benefits - \$1.0 million in temporary full-time staff and overtime not required
 - Maintenance and operating - \$2.3 million below budget, primarily for:
 - Legal - \$0.4 million
 - Computer maintenance - \$0.3 million
 - Software maintenance - \$0.1 million
 - Phone system maintenance - \$0.1 million
 - Radio maintenance - \$0.1 million
 - TIF Zone Participation – \$0.8 million
 - Retirement budgeted expenditure not made – (\$2.0 million)
 - Miscellaneous budget reduced – (\$0.4 million)
 - Program contingency - \$2.9 million
 - Actual expenses for non-departmental capital replacement activities were less than budget by \$0.4 million for non-capitalized computer equipment
 - Actual expenses for Information Technology activities were less than budget by \$0.3 million, due to:
 - Salaries and benefits - \$0.1 million
 - Maintenance and operating - \$0.2 million for consultants
 - Actual expenses for Telecommunication activities were less than budget by \$0.4 million, due to:
 - Maintenance and operating:
 - \$0.2 million for phone services
 - \$0.1 million for cellular services
 - \$0.1 million for non-capitalized computer equipment

- Judicial actual expenditures were less than budget by \$0.9 million, due to:
 - Salaries and benefits:
 - County Court at Law II - \$0.2 million
 - County Court at Law Clerks - \$0.1 million
 - District Clerk - \$0.1 million, due to closing passport office in satellite city
 - Maintenance and operating:
 - County Clerks-Probate/Mental - \$0.1 million due to fewer commitments
 - Jury expense was less than budget by \$0.3 million due to fewer cases requiring jurors and related lower mailing costs
- Financial administration actual expenditures were less than budget by \$0.4 million, due to:
 - Salaries and benefits:
 - County Court At Law Clerks/Collections - \$0.1 million due to office delay in startup, reducing costs for staff
 - Tax Assessor/Collector - \$0.2 million for lower staffing costs during heavy collection period (Dec – Feb) and related operating costs
 - Maintenance and operating:
 - Tax Appraiser - \$0.1 million from lower fees paid for collecting property taxes
- Legal actual expenditures for the District Attorney office were less than budget by \$0.6 million, due to:
 - Salaries and benefits lower than budgeted by \$0.5 million, due to employee turnover (replacing retiring and leaving employees with lower cost attorneys an staff)
 - Maintenance and operating expenses were lower than budget by \$0.1 million, due to lower trial and witness costs
- Public facilities maintenance and operating expenditures were less than budget by \$1.1 million, primarily due to:
 - \$0.1 million under budget caused by lower cleaning service costs in all buildings, due to consolidation of offices
 - \$0.1 million under budget in maintenance costs, also related to consolidation of offices and newer offices requiring less maintenance
 - \$0.9 million under budget for contingency expenditures not required
- Equipment services expenditures were lower than budget by \$0.2 million, due to:
 - \$0.1 million over budget for fuel costs
 - \$0.1 million under budget for heavy equipment repair
 - \$0.1 million under budget for vehicle reconditioning expenses to extend vehicle useful life
 - \$0.1 million under budget due to lower auto maintenance costs, as the County changes its fleet to new energy efficient vehicles
- Public safety expenditures were lower than budget by \$1.7 million, due to:
 - \$0.1 million under budget for ambulance operation costs
 - \$0.1 million under budget for salary and benefits for constable offices
 - \$0.2 million under budget for Sheriff's Office administration expenditures for salaries and benefits, and for general maintenance and operating expenditures
 - \$0.8 million under budget for food costs in jail operations and minimum security
 - \$0.1 million under budget for geographical data expenditures for the GIS/911 Rural Addressing
 - \$0.1 million under budget for Holding Facility salary and benefits expenditures
 - \$0.2 million under budget for Homeland Security salary and benefits from unfilled positions

- Health and welfare expenses were \$0.6 million lower than budget due to lower than budgeted expenditures for mental health and retardation and inmate health care services.
 - \$0.5 million under budget for inmate health infirmary expenses
 - \$0.1 million under budget for salaries and benefits in Substance Abuse department due to unfilled positions
- Capital outlay, which is presented separately from functional activities, was \$5.4 million below budget for capital equipment:
 - \$0.1 million for budgeted Non-Departmental training and consultant expenditures were not spent
 - \$0.4 million for Non-Departmental Replacement Capital program for computer equipment planned but not spent
 - \$0.4 million for Telecommunication computer equipment budgeted but not spent
 - \$3.9 million for Public Facilities not required due to new buildings opened, which reduced the repair and maintenance cost for the older buildings that were replace
 - \$0.5 million reduction in Equipment Services planned computer upgrade (\$0.1 million) was delayed as some types of fleet replacements were delayed and \$0.4 planned automobile purchases were delayed or due date changed
 - \$0.1 million purchase of new vehicles for Sheriff's Office was delayed

Capital Assets and Debt Administration

Capital Assets

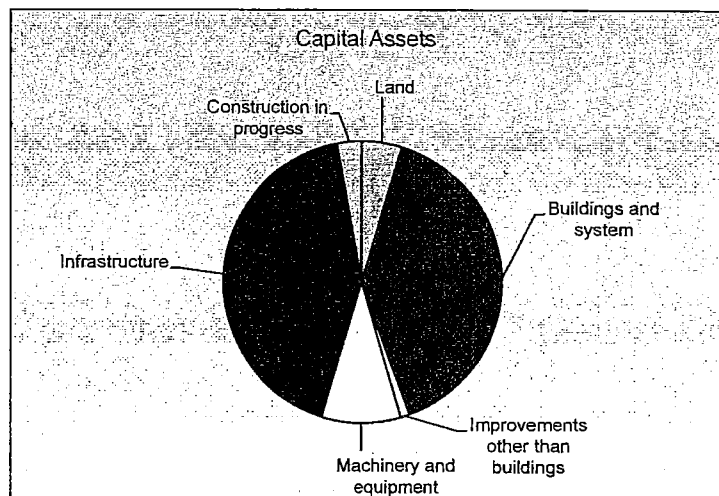
The County's investment in capital assets for governmental activities (including business-type activities), net of accumulated depreciation at September 30, 2012, was \$453.0 million, an increase of \$2.6 million over FY2011.

Graphically, the contribution of each type of asset is shown at right.

Details by type of activity are summarized below.

Major changes for FY2012 are:

- Added right of way for planned road construction to land: \$0.8 million.
- Additions to buildings: \$5.8 million for courthouse addition.
- Added purchases of \$4.5 million to Machinery and Equipment; purchases were offset by \$0.3 million in items written off when sold as surplus or traded in.
- Infrastructure increased by \$11.0 million, primarily for road construction.



Capital Assets As of September 30 (\$ in thousands)		
	2012	2011
Land	\$ 31,549	\$ 30,680
Buildings and system	268,132	262,365
Improvements other than buildings	6,865	6,377
Machinery and equipment	62,442	58,272
Infrastructure	286,476	275,452
Construction in progress	19,341	16,988
Total capital assets	674,805	650,134
Less: Accumulated Depreciation	(221,789)	(199,744)
Total capital assets	\$ 453,016	\$ 450,390

- Construction in Progress increased by a net of \$2.4 million (\$5.5 million increase for new projects less \$3.1 million for the courthouse addition to combine the county courts and expand the District Clerk and District Attorney operations.)
- Accumulated Depreciation includes \$0.3 million in reductions due to surplus items sold and depreciation expense for 2012 of \$22.3 million – a net increase of \$22.0 million.

Long-term Debt

Outstanding Long-Term Debt As of September 30 (\$ in thousands)		
	2012	2011
Roads	\$185,222	\$178,732
Re-funding Prior Debt	120,685	102,937
Permanent Improvements	40,602	43,175
New Courts Facility/Courthouse	44,211	56,596
Outdoor Youth Camp	-	1,250
Software	2,490	4,890
	<u>\$393,210</u>	<u>\$387,580</u>

At September 30, 2012, the County had \$393.2 million in outstanding debt, an increase of \$5.6 million (1.5%).

In FY2012, the County:

- Issued \$20.7 million in Limited Tax Permanent Improvement and Refunding Debt and \$50.8 million in Unlimited Tax Road and Refunding Debt.
- New issues refunded \$18.6 million in permanent improvement debt and \$21.3 million in road debt
- Paid \$26.7 million in debt service and \$16.7 million in interest costs for debt
- From the Build America Bonds issued in FY 2009, the County received an interest rate subsidy from the federal government in the amount of \$0.2 million.

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 Obligations." Detailed notes on capital assets can be found in "Section IV. Detailed Notes on All Funds, 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 FY2012 General Fund and other budgets:

- The percentage increase in real property assessed value for FY2012 was 2.4% (FY2011 increase was 0.1%).
- The average unemployment rate in Collin County for 2012 was 5.7% (7.6% in 2011).
- Tax receipts for FY2012 were \$175.4 million, which is \$4.0 million (2.4%) higher than FY2011 tax receipts of \$171.4 million.

After experiencing a drop in taxable assessed value starting in 2009, the County has added to its taxable assessed value in FY2012 with an increase over FY2011 of 2.4%.

The County economy did not suffer as much in the 2009 Great Recession as did the state and national economy; however, there were some areas affected: unemployment, reduced property values, and a slower rate of influx of new residents. For example, unemployment in Collin County was 3.9% in 2007; it jumped to a high of 7.8% in 2009. This year the unemployment rate recovered to an annual rate of 5.7%. Property values and the resulting taxes collected were easy to see, as property tax revenues were lower. Since 1980, an average of 72 new residents relocated to Collin County each day. While we are not completely recovered, the improvement we have seen in the past several months may be a harbinger of things to come, as we continue to improve roads and infrastructure, ensure public safety, and meet the local governmental needs in the County.

Throughout the recession, Collin County maintained 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 living and conducting business. With a local unemployment rate at 5.7% (two points below the national average and lower than the rate for Texas), the County, with its large and stable professional workforce, is sought after by major corporations looking to relocate offices.

During the fiscal year ended September 30, 2012, an average of 949 people moved into the County each month; this is an average of 31 persons per day. In FY2012, Collin County maintained its position as one of the fastest growing counties in the country. In the last ten years the County's population has grown by 36.1%. The rate of and absolute numbers of growth continue to provide challenges in keeping up with roads and other infrastructure needs.

The 2011 Census was released for Texas in February, 2012, and showed the County population at 782,341 as of April 1, 2011. The 2011 Census is a 196% increase over the 1990 census of 264,036, and a 59% increase over the 2000 census of 491,772. The estimated population due to additional growth after the 2010 Census is 813,133 at September 30, 2012. Updated changes in population released March 14, 2013, for December 31, 2012, show the estimated population of the County at 834,642, an increase since the 2010 census of 52,301 or a 6.3% increase in population from 2010 to 2012. Collin County is ranked 6th in population, 4th in growth for the large urban (over 500,000 residents) counties, and 10th in growth for Texas counties.

The County is a member of the North Central Texas Council of Governments, along with 15 other counties in the area. The Council is a voluntary association established to assist local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. For example, Mobility 2035 is a master transportation plan updated annually by the association members to address the needs of both rural and urban counties in the area.

The Dallas North Tollway (built and operated by the North Texas Tollway Authority (NTTA) opened a six-lane divided toll road between State Highway 121 and U.S. Highway 380 in FY 2009; frontage roads for the extension of the Tollway north to the county line have been built. The Dallas North Tollway, when completed, will provide a major highway from Grayson County to the north through Collin County to Dallas. Extensive commercial development continues along the North Dallas Tollway, and provides a major source of employment for Collin County residents.

Sam Rayburn Tollway is the primary link between McKinney, the county seat of Collin County, and Dallas-Fort Worth International Airport. Construction on expanding this two-lane road to relieve traffic congestion began in 2005 by building frontage roads and grade separations. The County sold the rights in 2009 to toll State Highway 121 to the North Texas Toll Authority, which also operates the Dallas North Tollway. The Sam Rayburn Tollway was dedicated in FY2011 and now provides easy access to the DFW International Airport, Fort Worth and points west.

In FY 2009, the County created the Collin County Toll Road Authority (CCTRA) for the purpose of building and operating a 56-mile toll road along the northern and eastern boundaries of the County. The toll road will connect Interstate 35 with Interstate 30 and allow traffic to loop around the Dallas-Fort Worth metroplex. The toll road is to be built in six phases, with completion of the final phase expected in 2030.

Now open as a two lane access road is the portion of the toll road connecting U.S. Highway 75 and State Highway 121. This area of the County is experiencing rapid growth. Frontage roads are being built first, with main lanes expected to be completed by 2014. CCTRA has also begun construction on the frontage roads to connect the Dallas North Tollway and State Highway 289 (Preston Road). The next phase will continue the toll road past State Highway 289 to U.S. Highway 75. Planning and purchases of land for right of way are on-going for the remaining phases.

Conversion of State Highway 121 to a Regional Toll Road (RTR) to be built, operated and managed by NTTA will continue to fund road construction for years to come. Texas and Collin County, along with the major cities in the County that contain portions of the roadway, have identified projects and are in the process of completing time schedules and establishing priorities for various road and bridge projects.

Budgeted revenues in FY 2013 are \$259.6 million, an increase of 13.5% over FY2012 actual revenues of \$236.3 million. Property taxes of \$178.5 million account for the bulk of receipts, as 68.8% of the budgeted revenues for FY 2013 are from property taxes.

Budgeted appropriations for FY 2013, which include expenditures and transfers out, total \$245.5 million. The General Fund appropriations total \$154.6 million, or 63.0% of the total. Debt service is \$44.8 million (18.2% of the total) and other funds, primarily capital project funds, total \$46.1 million, or 18.8% of the total.

There are several significant events expected to have an impact in FY2013 and beyond:

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 2012 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. 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. The new National Health Care Plan is continuing to be studied to determine its impact on the county. The new Medicaid 1115 plans are being put in place, with the County as the central partner in a new state regional provider.

As of September 30, 2012, the unassigned fund balance for the General Fund was \$118.9 million; this is 76.9% of budgeted General Fund expenditures for FY 2013. Management has placed the County in sound financial position to continue its growth and mitigate the effects of the 2009 Great Recession. As such, the County continues to closely monitor its expenditures to ensure taxpayer dollars are spent wisely and in accordance with sound fiscal management policies.

In June 2012, the County completed its building program to consolidate its administration and courts buildings in one location. The funding for this project, approved by voters in November 2007, provided a major source of new funding for facilities. Total funding approved by voters was \$328.9 million, with \$235.6 million for roads, \$76.3 million for facilities, and \$17.0 million for open space. Funding to complete the project was made from reserves and bond issues.

The County recognized its need to upgrade its financial software, including all sub-systems, and in FY2012 reviewed vendor responses to business requirements and selected a vendor. The County is in the process of implementing the new financial system and expects it to be on-line and in use by June 1, 2013.

The County has now completed implementation of a performance-based pay system for employees. This project will generate long-term benefits by compensating employees according to performance of assigned goals.

The County began in FY 2006 a partnership with 11 other large counties to customize and implement a new case management software system. This is a multi-year project, with specific groups being implemented over a five year period. The sheriff's office and jail administration were completed in December 2011.

- Probate court implemented February 2007
- Civil courts came on-line March 2008
- Justice of the peace courts implemented July 2009
- Configuration testing in process for criminal courts module, sheriff's office and jail administration
- District attorney implement in FY2010
- Constables implemented in FY2011
- Sheriff's office, jail administration and community supervision implemented in December 2011

The tax rate for FY2012 was maintained at the FY2011 tax rate of \$0.24/\$100 of valuation. Property owners continue to benefit from one of the lowest county tax rates in the state. The expected growth of the County and related increases in property values should be sufficient for the time being to fund County operations. Collin County will use its existing fund balance reserves to make up any revenue shortfalls. However, fiscal pressure from rising health care costs, demand for constituent services, and costs of road construction may cause the County to have to adjust the tax rate in the future.

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.

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BASIC FINANCIAL STATEMENTS

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COLLIN COUNTY, TEXAS

Statement of Net Assets

September 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 171,445,039	\$ 1,827,804	\$ 173,272,843	\$ 154,907
Investments	177,276,874	-	177,276,874	-
Receivables (net of allowance for uncollectibles)	7,946,649	1,101	7,947,750	200
Internal balances	17,039,366	(17,039,366)	-	-
Inventories	2,991,180	-	2,991,180	-
Capital assets (net of accumulated depreciation):				
Land	22,470,327	9,079,292	31,549,619	-
Buildings and system	188,376,959	-	188,376,959	-
Improvements other than buildings	4,125,906	-	4,125,906	-
Machinery and equipment	22,745,713	-	22,745,713	-
Infrastructure	186,876,744	-	186,876,744	-
Construction in progress	13,141,992	6,199,416	19,341,408	-
Total assets	814,436,749	68,247	814,504,996	155,107
Liabilities:				
Accounts payable and other current liabilities	13,741,815	6,250	13,748,065	152,109
Due to other governments	891	-	891	-
Unearned revenue	9,171,939	-	9,171,939	-
Noncurrent liabilities:				
Due within one year	37,194,908	-	37,194,908	-
Due in more than one year	392,458,694	-	392,458,694	-
Total liabilities	452,568,247	6,250	452,574,497	152,109
Net assets:				
Invested in capital assets, net of related debt	214,253,331	15,278,708	229,532,039	-
Restricted for:				
Debt service	6,178,596	-	6,178,596	-
Health Care Foundation	8,437,046	-	8,437,046	-
Meyers Park Foundation	15,327	-	15,327	-
Grant programs	6,532,763	-	6,532,763	-
Unrestricted	126,451,439	(15,216,711)	111,234,728	2,998
Total net assets	\$ 361,868,502	\$ 61,997	\$ 361,930,499	\$ 2,998

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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Government activities:								
General administration	\$ 29,244,085	\$ 7,933,951	\$ 185,136	\$ 595,561	\$(20,529,437)	\$ -	\$(20,529,437)	
Judicial	16,068,834	4,861,226	717,145	-	(10,490,463)	-	(10,490,463)	
Financial administration	10,027,826	3,022,817	160,636	-	(6,844,373)	-	(6,844,373)	
Legal	10,204,545	279,982	166,131	-	(9,758,432)	-	(9,758,432)	
Public facilities	18,700,897	-	21,639	82,512	(18,596,746)	-	(18,596,746)	
Equipment services	2,858,704	-	5,116	-	(2,853,588)	-	(2,853,588)	
Public safety	57,155,752	9,677,514	3,605,469	213,868	(43,658,901)	-	(43,658,901)	
Public transportation	45,514,784	14,102,036	4,068,208	40,538	(27,304,002)	-	(27,304,002)	
Health and welfare	17,188,582	450,180	5,068,301	123,207	(11,546,894)	-	(11,546,894)	
Culture and recreation	1,591,047	1,040	204,754	3,727	(1,381,526)	-	(1,381,526)	
Conservation	249,193	-	-	-	(249,193)	-	(249,193)	
Interest and fiscal charges	22,193,212	-	313,699	-	(21,879,513)	-	(21,879,513)	
Total government activities	230,997,461	40,328,746	14,516,234	1,059,413	(175,093,068)	-	(175,093,068)	
Business-type activities:								
Toll Road Authority	\$ -	\$ -	\$ -	\$ -	-	-	-	
Total business-type activities	-	-	-	-	-	-	-	
Total primary government	\$ 230,997,461	\$ 40,328,746	\$ 14,516,234	\$ 1,059,413	(175,093,068)	-	(175,093,068)	
Component unit:								
Health and welfare	\$ 38,621	\$ -	\$ 30,256	\$ -				\$(8,365)
Total component unit	\$ 38,621	\$ -	\$ 30,256	\$ -				(8,365)
General revenues								
Property taxes					175,548,525	-	175,548,525	-
Mixed beverage tax					2,213,241	-	2,213,241	-
Unrestricted investment earnings					2,314,418	2,661	2,317,079	-
Miscellaneous					903,048	-	903,048	-
Total general revenues					180,979,232	2,661	180,981,893	-
Change in net assets					5,886,164	2,661	5,888,825	(8,365)
Net assets - beginning of year					355,982,338	59,336	356,041,674	11,363
Net assets - end of year					\$ 361,868,502	\$ 61,997	\$ 361,930,499	\$ 2,998

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Balance Sheet Governmental Funds September 30, 2012

Assets	General Fund	General Road and Bridge	Health Care Foundation	RTR - Wylie
Cash and cash equivalents	\$ 67,091,472	\$ 6,746,934	\$ 1,600,510	\$ 4,211,556
Investments	88,037,182	9,615,480	7,021,721	-
Receivables:				
Taxes (net of allowance for uncollectibles)	2,205,139	38,537	-	-
Fines and fees	1,368,894	766,158	-	-
Due from other governments	1,116,666	131,997	-	-
Due from other funds	689,187	-	-	-
Advance to other funds	16,534,531	-	-	-
Interest	205,236	-	2,132	-
Miscellaneous	120,375	40,075	616	-
Inventories	551,167	2,440,013	-	-
Total assets	<u>\$ 177,919,849</u>	<u>\$ 19,779,194</u>	<u>\$ 8,624,979</u>	<u>\$ 4,211,556</u>
Liabilities				
Accounts payable	\$ 4,212,841	\$ 478,212	\$ 103,047	\$ -
Payroll related costs payable	4,564,440	119,262	37,428	-
Lease deposits payable	-	-	47,458	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	1,535,871	766,158	-	4,211,556
Deferred tax revenue	1,978,636	41,850	-	-
Total liabilities	<u>12,291,788</u>	<u>1,405,482</u>	<u>187,933</u>	<u>4,211,556</u>
Fund balances				
Nonspendable	17,385,699	2,440,013	-	-
Restricted	4,116,734	15,933,699	-	-
Committed	25,252,246	-	8,437,046	-
Unassigned	118,873,382	-	-	-
Total fund balances	<u>165,628,061</u>	<u>18,373,712</u>	<u>8,437,046</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 177,919,849</u>	<u>\$ 19,779,194</u>	<u>\$ 8,624,979</u>	<u>\$ 4,211,556</u>

The notes to the financial statements are an integral part of this statement.

RTR - Outer Loop Phase 3	Debt Service	2003 Road Bond	2007 Road Bond	Other Governmental Funds	Total
\$ 2,623,205 2,257,161	\$ 6,039,789 -	\$ 14,788,269 8,222,723	\$ 25,835,618 49,892,988	\$ 35,577,962 7,919,418	\$ 164,515,315 172,966,673
-	839,302	-	-	247	3,083,225
-	-	-	-	-	2,135,052
-	-	-	-	851,120	2,099,783
-	-	-	-	-	689,187
-	-	14,499	-	1,340,558	17,889,588
-	-	-	1,166	-	208,534
-	57,727	-	-	117,420	336,213
-	-	-	-	-	2,991,180
<u>\$ 4,880,366</u>	<u>\$ 6,936,818</u>	<u>\$ 23,025,491</u>	<u>\$ 75,729,772</u>	<u>\$ 45,806,725</u>	<u>\$ 366,914,750</u>
\$ 771,822	\$ -	\$ 829,790	\$ 10,408	\$ 661,999	\$ 7,068,119
-	-	-	-	54,862	4,775,992
-	-	-	-	-	47,458
-	-	-	-	891	891
-	-	-	-	689,187	689,187
4,108,544	-	-	-	798,904	11,421,033
-	758,222	-	-	247	2,778,955
<u>4,880,366</u>	<u>758,222</u>	<u>829,790</u>	<u>10,408</u>	<u>2,206,090</u>	<u>26,781,635</u>
-	-	14,499	-	1,340,558	21,180,769
-	6,178,596	22,181,202	75,719,364	42,260,077	166,389,672
-	-	-	-	-	33,689,292
-	-	-	-	-	118,873,382
-	6,178,596	22,195,701	75,719,364	43,600,635	340,133,115
<u>\$ 4,880,366</u>	<u>\$ 6,936,818</u>	<u>\$ 23,025,491</u>	<u>\$ 75,729,772</u>	<u>\$ 45,806,725</u>	<u>\$ 366,914,750</u>

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COLLIN COUNTY, TEXAS
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Assets
September 30, 2012

Total fund balances – governmental funds		\$ 340,133,115
Amounts reported for governmental activities in the statement of net assets are different because:		
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	\$ 22,470,327	
Buildings and systems	186,122,503	
Improvements other than buildings	4,125,906	
Machinery equipment	22,676,729	
Infrastructure	186,876,744	
Construction in progress	<u>13,141,992</u>	
Total capital assets		435,414,201
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.	114,042	
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.	2,135,052	
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.	<u>2,778,955</u>	
Total deferred revenues		5,028,049
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.		8,130,455
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	(1,793,417)	
Bonds, notes and loans payable	(393,210,044)	
Compensated absences	(6,685,695)	
Unamortized bond premiums	<u>(25,148,162)</u>	
Total liabilities		(426,837,318)
Net assets of governmental activities		<u>\$ 361,868,502</u>

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2012

	<u>General</u>	<u>General Road and Bridge</u>	<u>Health Care Foundation</u>	<u>RTR - Wylie</u>
Revenues:				
Taxes:				
Property	\$ 126,555,655	\$ 2,190,413	\$ -	\$ -
Licenses and permits	282,352	1,377	-	-
Federal and state funds	7,042,027	-	64,252	-
Fees and charges for services	18,435,832	13,902,503	349,029	-
Fines and forfeitures	2,191,532	1,812,981	-	-
Other local government funds	-	2,017	-	-
Rental	222,540	-	1,142,921	-
Interest	1,133,435	123,371	65,331	-
Miscellaneous	811,304	215,226	21,027	-
Total revenues	<u>156,674,677</u>	<u>18,247,888</u>	<u>1,642,560</u>	<u>-</u>
Expenditures:				
Current:				
General administration	24,948,893	-	-	-
Judicial	14,551,857	-	-	-
Financial administration	9,773,492	-	-	-
Legal	9,969,632	-	-	-
Public facilities	10,457,208	-	114,982	-
Equipment services	2,208,379	-	-	-
Public safety	55,369,495	-	-	-
Public transportation	-	15,149,678	-	-
Health and welfare	11,651,835	-	2,386,705	-
Culture and recreation	1,027,050	-	-	-
Conservation	246,119	-	-	-
Capital outlay	4,010,412	2,129,858	3,653	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Advance refunding escrow	-	-	-	-
Total expenditures	<u>144,214,372</u>	<u>17,279,536</u>	<u>2,505,340</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,460,305</u>	<u>968,352</u>	<u>(862,780)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	125,958	-	-	-
Transfers out	(346,348)	-	-	-
Sale of assets	42,885	270,022	-	-
Debt issuance	-	-	-	-
Refunding escrow payments	-	-	-	-
Premium (discount) on sale of bonds	-	-	-	-
Total other financing sources (uses)	<u>(177,505)</u>	<u>270,022</u>	<u>-</u>	<u>-</u>
Net change in fund balances	12,282,800	1,238,374	(862,780)	-
Fund balances – beginning	<u>153,345,261</u>	<u>17,135,338</u>	<u>9,299,826</u>	<u>-</u>
Fund balances – ending	<u>\$ 165,628,061</u>	<u>\$ 18,373,712</u>	<u>\$ 8,437,046</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement

<u>RTR - Outer Loop Phase 3</u>	<u>Debt Service</u>	<u>2003 Road Bond</u>	<u>2007 Road Bond</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ 46,695,224	\$ -	\$ -	\$ 400	\$ 175,441,692
-	-	-	-	-	283,729
3,475,206	313,699	-	-	4,801,284	15,696,468
-	-	-	-	3,068,259	35,755,623
-	-	-	-	97,494	4,102,007
-	-	13,501	-	155,999	171,517
-	-	-	-	-	1,365,461
-	454,592	125,744	236,882	110,823	2,250,178
-	-	-	-	219,445	1,267,002
<u>3,475,206</u>	<u>47,463,515</u>	<u>139,245</u>	<u>236,882</u>	<u>8,453,704</u>	<u>236,333,677</u>
-	-	-	-	1,197,442	26,146,335
-	-	-	-	1,314,073	15,865,930
-	-	-	-	-	9,773,492
-	-	-	-	123,701	10,093,333
-	-	-	-	32,680	10,604,870
-	-	-	-	9,463	2,217,842
-	-	-	-	720,707	56,090,202
-	-	-	-	348,677	15,498,355
-	-	-	-	2,887,676	16,926,216
-	-	-	-	6,741	1,033,791
-	-	-	-	-	246,119
3,475,206	-	5,056,591	9,943,352	10,570,582	35,189,654
-	26,050,000	-	-	-	26,050,000
-	16,107,474	-	-	-	16,107,474
-	349,107	-	-	-	349,107
-	4,678,400	-	-	-	4,678,400
<u>3,475,206</u>	<u>47,184,981</u>	<u>5,056,591</u>	<u>9,943,352</u>	<u>17,211,742</u>	<u>246,871,120</u>
-	278,534	(4,917,346)	(9,706,470)	(8,758,038)	(10,537,443)
-	-	-	-	318,924	444,882
-	-	-	-	(96,982)	(443,330)
-	-	-	-	4,635	317,542
-	36,900,000	-	31,365,000	3,270,000	71,535,000
-	(39,855,000)	-	-	-	(39,855,000)
-	7,042,442	-	5,135,000	230,000	12,407,442
-	4,087,442	-	36,500,000	3,726,577	44,406,536
-	4,365,976	(4,917,346)	26,793,530	(5,031,461)	33,869,093
-	1,812,620	27,113,047	48,925,834	48,632,096	306,264,022
<u>\$ -</u>	<u>\$ 6,178,596</u>	<u>\$ 22,195,701</u>	<u>\$ 75,719,364</u>	<u>\$ 43,600,635</u>	<u>\$ 340,133,115</u>

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, 2012

Net change in fund balances – governmental funds \$ 33,869,093

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	\$ 24,523,437	
Capital assets decreases	(10,764,341)	
Depreciation expense for all capital assets	<u>(22,208,729)</u>	
Total change in capital assets activity		(8,449,633)

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.	(71,535,000)	
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.	65,905,000	
Bond premiums and bond discounts require the use of current financial resources but are amortized over the life of the bond in the statement of activities.	<u>(13,703,979)</u>	
Total long-term debt		(19,333,979)

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. (595,070)

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	106,432	
Fines and forfeitures	<u>86,724</u>	
Total changes in revenues		193,156

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	238,306	
Compensated absences	<u>(35,709)</u>	
Total changes in long-term liabilities		<u>202,597</u>

Change in net assets of governmental activities		\$ <u>5,886,164</u>

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Net Assets

Proprietary Funds

September 30, 2012

	<u>Business-type Activities – Collin County Toll Road Authority</u>	<u>Governmental Activities – Internal Service Funds</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,827,804	\$ 6,929,724
Investments	-	4,310,201
Receivables:		
Miscellaneous receivables	<u>1,101</u>	<u>83,842</u>
Total current assets	<u>1,828,905</u>	<u>11,323,767</u>
Capital assets (net of accumulated depreciation):		
Land	9,079,292	-
Buildings and systems	-	2,254,456
Machinery and equipment	-	68,984
Construction in progress	<u>6,199,416</u>	<u>-</u>
Total capital assets	<u>15,278,708</u>	<u>2,323,440</u>
Total assets	<u>17,107,613</u>	<u>13,647,207</u>
Liabilities:		
Current liabilities:		
Accounts payable	6,250	2,713,042
Payroll payable	-	14,099
Claims payable	<u>-</u>	<u>1,939,389</u>
Total current liabilities	<u>6,250</u>	<u>4,666,530</u>
Noncurrent liabilities:		
Advance from other funds	<u>17,039,366</u>	<u>850,222</u>
Total liabilities	<u>17,045,616</u>	<u>5,516,752</u>
Net assets:		
Invested in capital assets	15,278,708	2,323,440
Unrestricted	<u>(15,216,711)</u>	<u>5,807,015</u>
Total net assets	<u>\$ 61,997</u>	<u>\$ 8,130,455</u>

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, 2012

	<u>Business-type Activities – Collin County Toll Road Authority</u>	<u>Governmental Activities – Internal Service Funds</u>
Operating revenues:		
Premiums	\$ -	\$ 23,001,662
Charges for services	-	1,362,976
Other	-	1,672,818
Total operating revenues	<u>-</u>	<u>26,037,456</u>
Operating expenses:		
Administration	-	3,593,712
Benefits	-	22,996,800
Depreciation	-	106,254
Total operating expenses	<u>-</u>	<u>26,696,766</u>
Operating loss	-	(659,310)
Non-operating revenues (expenses):		
Interest income	<u>2,661</u>	<u>64,240</u>
Total non-operating revenues (expenses)	<u>2,661</u>	<u>64,240</u>
Change in net assets	2,661	(595,070)
Total net assets – beginning	<u>59,336</u>	<u>8,725,525</u>
Total net assets – ending	<u>\$ 61,997</u>	<u>\$ 8,130,455</u>

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, 2012

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	\$ -	\$ 24,342,021
Insurance recovery	-	1,613,283
Administration costs	-	(4,097,257)
Benefits paid	-	(22,704,940)
Net cash used by operating activities	<u>-</u>	<u>(846,893)</u>
Cash flows from capital financing activities:		
Purchases of capital assets	(493,056)	-
Net cash used by capital financing activities	<u>(493,056)</u>	<u>-</u>
Cash flows from investing activities:		
Sale (purchase) of investment	-	(3,135,133)
Advance from other funds	1,552	-
Interest income	<u>2,660</u>	<u>64,240</u>
Net cash provided by investing activities	<u>4,212</u>	<u>(3,070,893)</u>
Net increase (decrease) in cash and cash equivalents	(488,844)	(3,917,786)
Cash and cash equivalents – October 1, 2011	<u>2,316,648</u>	<u>10,847,510</u>
Cash and cash equivalents – September 30, 2012	<u>\$ 1,827,804</u>	<u>\$ 6,929,724</u>
Reconciliation of operating loss to net cash provided (used) in operating activities:		
Operating loss	\$ -	\$(659,310)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	-	106,254
Other nonoperating expenses	-	(72,314)
Change in intergovernmental receivable	-	(82,153)
Change in accounts payable	-	301,956
Change in payroll payable	-	(13,331)
Change in due to other funds	-	(144,588)
Change in advance from other funds	<u>-</u>	<u>(283,407)</u>
Total adjustments	<u>-</u>	<u>(187,583)</u>
Net cash used in operating activities	<u>\$ -</u>	<u>\$(846,893)</u>

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Net Assets

Fiduciary Funds

September 30, 2012

Assets

Cash and cash equivalents	\$ 29,516,836
Investments	10,967,909
Assets held as security deposits	3,134,244
Receivables:	
Miscellaneous receivables	<u>27,670</u>
Total assets	<u>\$ 43,646,659</u>

Liabilities

Due to other governments	\$ 7,374,375
Due to others/vouchers payable	33,914,328
Cash bonds outstanding	2,290,577
Cost deposits outstanding	<u>67,379</u>
Total liabilities	<u>\$ 43,646,659</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**

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COLLIN COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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.

In fiscal year 2012, the County implemented GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The fiscal year 2012 financial reports continue to reflect these changes. GASB Statement Number 54 is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The implementation of this statement resulted in the County reclassifying fund balances of its governmental funds.

(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.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Reporting Entity (Continued)

Blended Component Units

For reporting purposes, the Collin County Housing Finance Corporation (HFC), the Collin County Toll Road Authority (CCTRA) and the Collin County Health Care Foundation (HCF) qualify as blended component units. The Commissioners Court sits as the governing board of the HFC, CCTRA 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.

Complete financial statements for the Health Care Foundation 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.

Discretely presented component unit

The Child Protective Services Board is the County's only discretely presented component unit. Child Protective Services Board provides additional assistance to foster children in the care of the State. The Board is appointed by the Commissioner's Court but functions independent of County influence other than a limited amount of County budgeted funding which is supplemented with grant funds. The Board proposes to the County for funding and the Commissioner's Court authorized the budget as part of the County's annual adopted budget. The Board raises other funds that are independent of County influence.

(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 inter-fund transfers has been removed from these statements but continues to be reflected on the fund statements. Inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities primary support is derived from taxes, fees, and federal and state funding.

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.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) *Government-wide and Fund Financial Statements*

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, the General Road and Bridge Special Revenue Fund, the RTR – Wylie Special Revenue Fund, the RTR – Outer Loop Special Revenue Fund, the Debt Service Fund, the 2003 Road Bond Capital Project Fund, and the 2007 Road Bond Capital Project Fund meet the criteria or have been selected by management as *major governmental funds*. The Health Care Foundation Special Revenue Fund is being reported as major fund even though it did not meet the requirement criteria because it serves a major function of the County; indigent health care. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue 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.

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, 2010 that were due October 1, 2010 have been assessed to finance the budget of the fiscal year beginning October 1, 2010. In accordance with the modified accrual basis of accounting, the balances outstanding at November 30, 2010, 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 government reports the following major governmental funds:

The General Fund is the general operating fund of the County. 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, intergovernmental revenues, fines and investment income. Primary expenditures are for general administration, public safety, and judicial, state prosecution, and capital outlay.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (Continued)

The 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 in part by a designated part of the annual property tax levy, court fines and fees associated with vehicle registration.

The Health Care Foundation Special Revenue Fund is used to account for receipts restricted for indigent health care and related expenditures as administered by the Collin County Health Care Foundation.

The RTR – Wylie (FM 1378) Special Revenue Fund is used to account for a grant from the State of Texas funded with Regional Toll Revenue (RTR) which is related to the sale of roads to the North Texas Toll Road Authority. These funds will be used to rebuild FM 1378 within the city limits of the City of Wylie, Texas.

The Regional Toll Revenue – Outer Loop Phase 3 Special Revenue Fund is used to account for a grant from the State of Texas funded with Regional Toll Revenue. These funds will be used to construct a portion of the Outer Loop project.

The Debt Service Fund is used to account for property tax revenues restricted to be used to meet Collin County's debt obligations.

The 2003 Road Bond Capital Projects Fund is to account for road bond proceeds for road bonds authorized by voters on November 4, 2003, in an amount of \$142,000,000. All of the bonds have been issued in five series, beginning 2004 and ending 2008.

Series 2004 - \$44,550,000 issued April 27, 2004
Series 2005 - \$17,360,000 issued April 5, 2005
Series 2006 - \$15,920,000 issued May 3, 2006
Series 2007 - \$48,190,000 issued March 20, 2007
Series 2008 - \$15,980,000 issued July 14, 2008

The 2007 Road Bond Capital Project Fund is to account for road bond proceeds for road bonds authorized by voters on November 6, 2007. Total authorized for roads and highways is \$235,600,000. Only a portion of the bonds have been issued to-date in five series, beginning 2008 and ending 2012. The remainder of the bonds will be sold as needed. The total sold through September 30, 2012 is \$100,535,000.

Series 2008 - \$25,020,000 issued July 14, 2008
Series 2009 - \$10,070,000 issued September 29, 2009
Series 2009B - \$5,590,000 issued September 29, 2009
Series 2012 - \$28,490,000 issued June 16, 2012
Series 2012 - \$31,365,000 issued June 14, 2012

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (Continued)

Additionally, the government reports the following non-major funds:

Special Revenue Funds are used to account for specific revenue sources (other than debt proceeds) that are restricted from an outside source to be used for specified purposes.

Capital Project Funds are used to account for debt proceeds to be used for the acquisition or construction of major capital assets and infrastructure.

Internal Service Funds are used to account for financing activities internally for the Collin County or a combination of other governments including Collin County on a cost-reimbursement basis. This includes activities for employee health care, workers' compensation insurance, liability insurance, and optional payroll deductions as well as an animal shelter that services the County as well as other cities within Collin County.

Enterprise Fund are used to account for business-type activities. The County's only enterprise fund is the Collin County Toll Road Authority Fund (CCTRA). Commissioners Court authorized the creation of the CCTRA enterprise fund in fiscal year 2009. 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 road construction. It is the intention of Commissioners Court to eventually generate toll revenues to support this activity.

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.

The County's fund balance policy indicates that the County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but the County reserves the right to deviate from this general strategy.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

In accordance with State of Texas statutes and the County's Investment Policy idle funds are currently invested in obligations of the U. S. Agencies, municipal bonds, certificate of deposit and other bank accounts that are collateralized with eligible investments.

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. 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. Inter-fund 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

(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 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 in the equipment category are defined as equipment with an acquisition value 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)

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 fulltime 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, fulltime employees accrue 7.39 hours of paid time off (PTO) 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 PTO 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.

(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 deferred gain or loss on re-funding of debt, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the year the bonds are issued.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs in the current fiscal year. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources (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 IV(a)).

(9) Fund Equity

In the fund financial statements governmental funds report fund balances that are not available for appropriation or are legally restricted by outside parties for a specific purpose. As required by GASB Statement Number 54 these fund balance amounts are reported as nonspendable, restricted, committed or assigned. Collin County has no assigned fund balances.

1. Nonspendable Fund Balance

The nonspendable fund balance is in a form that is not available for use. Collin County has two types of nonspendable fund balance, advances to others and inventories as shown below:

Fund Balances:

Nonspendable:

General Fund:

Advances:

Collin County Toll Road Authority \$ 15,684,310

North Texas Groundwater Conservation District 300,000

Animal Shelter 850,222

Inventories 551,167

Total General Fund

17,385,699

General Road and Bridge Fund:

Inventories

2,440,013

2003 Road Bond:

Advances:

Collin County Toll Road Authority

14,499

Other Governmental Funds:

Advances:

Collin County Toll Road Authority

1,340,558

Total Nonspendable

\$ 21,180,769

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

2. Restricted Fund Balance

Limitations are imposed on a portion of fund balance by creditors, grantors, contributors, or laws and regulations of the state or federal governments. These funds are classified as restricted funds. Restricted fund reported in the governmental fund statements are as follows:

Fund Balances:

Restricted

General Fund:

Housing Finance Corporation	\$ 1,036,320	
Records Archive	2,894,044	
District Court Records Technology	186,370	
Total General Fund		\$ 4,116,734

General Road and Bridge		
Public transportation		15,933,699

RTR - Outer Loop		
Public transportation		-

Debt Service Funds		
Debt service activity		6,178,596

2003 Road Bond		
Road and bridge projects		22,181,202

2007 Road Bond		
Road and bridge projects		75,719,364

Other Governmental Funds:

General administration	18,207,684	
Judicial	5,506,080	
Financial administration	1,910	
Legal	855,924	
Public facilities	7,056,305	
Public safety	1,641,301	
Public transportation	4,147,074	
Health and welfare	73,804	
Culture and recreation	4,769,995	

Total Other Governmental Funds 42,260,077

Total Restricted \$ 166,389,672

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

3. Committed Fund Balance

Fund balance that has self-imposed limitations placed by the Commissioners Court. The Commissioners Court ordered these restrictions with a Commissioners Court Order and in some cases adopted in the annual budget in separate funds for management which are rolled into the general fund for reporting. Committed fund balance is reported in the governmental fund statements as follows:

Fund Balances:

Committed

General Fund:

Disaster Recovery	\$ 10,000,000	
Capital murder cases	2,000,000	
Special elections	200,000	
Utilities price spikes	500,000	
Pre-Trial Release	87,289	
Jury	1,202,999	
Myers Park Operating	50,783	
Code Inspection	135,321	
Permanent Improvement	11,075,854	
Total General Fund		\$ 25,252,246

Healthcare Foundation

Indigent healthcare

8,437,046

Total Committed

\$ 33,689,292

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(a) Budgetary Information

Annual budgets are adopted for all governmental funds with the exception capital project funds and the following special revenue funds: RTR – Wylie Fund, RTR – Outer Loop Phase 3 Fund, Grants Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, LEOSE Education Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, District Attorney Service Fee Fund, SCAAP Fund, and the Grants Fund. The budget for capital project funds is adopted by project on a project-life term at the time debt is issued, and the budget is carried over from year to year until the funding is exhausted. All grant fund budgets are adopted at the grantor level and adoption is ministerial 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 of 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 there after the budget and the tax rate are adopted with tax notices mailed on or after October 1.

(continued)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

(a) Budgetary Information (Continued)

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 the County. Encumbrances (i.e. outstanding purchase orders, contracts) outstanding at year end are reported as restrictions or commitments of fund balance and do not constitute expenditures or liabilities because the expenditures are not recognized until the goods or services have been received. The encumbrances at year-end are carried forward to the next year and the budget is increase to accommodate the additional expenditures.

III. 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 group of funds. In addition, it includes an "Investment Strategy Statement" that specifically addresses each fund group's investment options and describes the priorities of preservation and safety of principal, liquidity, marketability, diversification, and yield.

The County Investment Officers, the County Auditor and the Budget Director, 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.

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.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(a) *Deposits and Investments* (Continued)

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. 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 principle and interest on which an unconditional guaranteed 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;
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. Certificates of deposit issued by a state or national bank, a savings and loan association domiciled in this state, or a state or federal credit union domiciled in this state and is:
 - a. Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor,
 - b. Secured by obligations that are described by Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by section 2256.009(b),
 - c. Secured in any other manner and amount provided by law for deposits of the investing entity, and
 - d. Solicited by bid orally, in writing, electronically, or any combination of these methods Outlined under Texas Government Code 2256.005(c).

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(a) Deposits and Investments (Continued)

7. Fully collateralized repurchase agreements, as defined in the Public Funds Investment Act, Government Code Section 2256.011(a)(14), (b), (c), and (d), is an authorized investment if the repurchase agreement:
 - a. Has a defined termination date,
 - b. Is secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act,
 - c. Requires 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. Is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the state of Texas.

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. TexPool and TexSTAR are rated AAAM and must maintain a weighted average maturity not to exceed 60 days. The County considers the holdings in these funds to have a one day weighted average maturity 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.

The portfolio balances of all investments including cash equivalents for all funds at September 30, 2012, are as follows:

Type of Investment	
Local government investment pools	\$155,429,871
Federal agency bonds	31,412,679
Municipal bonds	21,018,409
Certificates of deposits	87,040,313
CDARS	<u>48,773,379</u>
Total cash equivalents and investments	<u>\$343,674,651</u>

The risk exposures for governmental individual major funds, non-major 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 fund-group categories: General Operating Fund Group, Debt Service Fund Group; Capital Project Bond Fund Group; and Other Funds Group.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(a) *Deposits and Investments* (Continued)

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 which the County transacts, sufficient collateralization, portfolio diversification, and limiting maturities.

Credit Risk

The County's portfolio does not contain any investments in commercial paper or Corporate bonds. As of September 30, 2012, the local government pools (38% of the portfolio) were rated AAAm by Standard and Poor's. The federal agency bonds (10% of the portfolio) was rated AA+ by Standards and Poor's. The Municipal Bonds (7% of the portfolio) were rated AA or better by Standard and Poors. The Certificates of Deposits (39% of the portfolio) were fully collateralized in Collin County's name at the Federal Home Loan Bank of Dallas. CDARS (7% of the portfolio) is fully insured by the FDIC.

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 which are limited to five years. The dollar weighted average maturity for all securities was 0.53 years, a decrease from 0.75 years from the prior year.

(b) *Deposits*

The September 30, 2012, carrying amount of deposits was as follows:

	<u>Bank Deposits</u>
Governmental funds	\$30,642,718
Proprietary type funds	98,927
Fiduciary type funds	<u>16,254,306</u>
Total	<u>\$46,043,772</u>

All bank accounts were either insured by the FDIC 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, 2012.

(c) *Property Taxes and Other Receivables*

Property taxes attach 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;

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(c) *Property Taxes and Other Receivables* (Continued)

2. Independent School Districts of Allen, Anna, Blue Ridge, Celina, Community, Farmersville, Lovejoy, McKinney, Melissa, Plano, Princeton, Prosper, and Wylie;
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:

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(c) *Property Taxes and Other Receivables* (Continued)

	<u>Deferred Amount</u>
Delinquent property taxes (net of allowance for uncollectable):	
General Fund	\$ 1,978,636
Debt Service Fund	758,222
General Road and Bridge Fund	41,850
Other Special Revenue Funds	<u>247</u>
	<u>2,778,955</u>
 Fines and fees:	
General Fund	1,535,871
General Road and Bridge	<u>766,158</u>
	<u>2,302,029</u>
 Unearned Grant Revenues:	
RTR-Wylie Special Revenue Fund	4,211,556
RTR-Outer Loop Phase 3 Fund	4,108,544
Non-major Special Revenue Funds	<u>798,904</u>
	<u>9,119,004</u>
 Total deferred revenues	 <u>\$ 14,199,988</u>

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.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(c) *Property Taxes and Other Receivables* (Continued)

Receivables

Receivables as of year end for the government'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 (in thousands):

	General Fund	General Road and Bridge Special Revenue Fund	Health Care Foundatio n Special Revenue Fund	Debt Service Fund	Other Major and Non- Major Funds
Receivables:					
Taxes	\$ 2,295	\$ 40	\$ -	\$ 874	\$ -
Fines and fees	3,995	2,236	-	-	-
Due from other governments	1,117	132	-	-	851
Due from other funds	689	-	-	-	-
Advance to other funds	16,535	-	-	-	1,355
Interest	205	-	2	-	1
Miscellaneous	120	40	1	58	117
Gross receivables	24,956	2,448	3	932	2,324
Less allowance for uncollectible	2,716	1,471	-	35	-
Net receivables	\$ 22,240	\$ 977	\$ 3	\$ 897	\$ 2,324

(d) *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. The capitalization threshold for equipment is five thousand dollars. 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.

Many road projects and technology improvement projects have been ongoing in 2012. A summary of changes in capital assets follows:

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(d) Capital Assets (Continued)

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Governmental activities:					
Capital assets, not depreciated:					
Land	\$ 21,618,453	\$ 853,426	\$ -	\$ (1,552)	\$ 22,470,327
Construction in progress	11,221,963	5,045,161	(3,125,132)		13,141,992
Historical treasures	89,760				89,760
Total capital assets, not depreciated:	32,930,176	5,898,587	(3,125,132)	(1,552)	35,702,079
Capital assets, being depreciated:					
Buildings	262,364,901	5,766,797			268,131,698
Improvements other than buildings	6,376,765	488,415			6,865,180
Machinery and equipment	58,181,913	4,471,182	(301,123)		62,351,972
Infrastructure	275,452,299	11,284,031	(260,442)		286,475,888
Total assets being depreciated	602,375,878	22,010,425	(561,565)		623,824,738
Less accumulated depreciation for:					
Buildings	(71,497,038)	(8,257,701)			(79,754,739)
Improvements other than buildings	(2,398,718)	(340,556)			(2,739,274)
Machinery and equipment	(34,409,710)	(5,555,964)	269,655		(39,696,019)
Infrastructure	(91,438,380)	(8,160,764)	-		(99,599,144)
Total accumulated depreciation	(199,743,846)	(22,314,985)	269,655	-	(221,789,176)
Net capital assets, being depreciated	402,632,032	(304,560)	(291,910)	-	402,035,562
Governmental activities, capital assets	\$ 435,562,208	\$ 5,594,027	\$ (3,417,042)	\$ (1,552)	\$ 437,737,641
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 9,061,859	\$ 15,881	\$ -	\$ 1,552	\$ 9,079,292
Construction in progress	5,766,377	433,039	-	-	6,199,416
Total capital assets, not depreciated	14,828,236	448,920	-	1,552	15,278,708
Business-type activities, capital assets	\$ 14,828,236	\$ 448,920	\$ -	\$ 1,552	\$ 15,278,708

The transfer of \$1,552 from governmental activities to business-type activities is due to right-of-way land being transferred from governmental funds to the Collin County Toll Road Authority Fund.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(d) Capital Assets (Continued)

Depreciation expense for FY 2012 was charged to functions/programs of the primary government as follows:

Depreciation:

Governmental activities:

General administration	\$ 2,511,100
Judicial	60,562
Financial administration	173,657
Public facilities	8,145,519
Equipment services	632,088
Public safety	799,806
Public transportation	9,266,804
Health and welfare	174,960
Culture and recreation	<u>550,489</u>

Total depreciation expense - governmental activities \$ 22,314,985

Construction Commitments

Collin County has active construction projects as of September 30, 2012. The projects include road and bridge construction and new facility construction. At year-end the County's outstanding commitments with contractors are as follows (in thousands):

Construction In Progress:

<u>Project Type</u>	<u>Remaining Commitment</u>
Public transportation	\$ 17,548,806
Public facilities	1,721,049
Public parks	<u>368,608</u>
Total commitment - governmental activities	\$ 19,638,463

(e) Long-term Debt

New Bond Issues

Collin County issues general obligation bonds and tax notes to finance major capital projects. The original issue amounts of outstanding general obligation bonds and tax notes was \$553,200,000. The County issued two new bond series. The first was the Limited Tax Refunding and Permanent Improvement Bonds 2012 of which \$3,270,000 was new issue to provide funding for park and open space projects as well as \$17,465,000 for bond refundings. The second issue was the Unlimited Tax Road and Refunding Bonds 2012 of which \$31,365,000 is new debt to be used for road projects and \$19,435,000 for bond refundings.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

New Bond Issues (Continued)

The following are general obligation bonds and tax notes outstanding at September 30, 2012, and are for governmental activities only:

Bond Issue	Interest Rates	Year Issued	Maturity	Due as of September 30, 2012
Limited Tax Permanent Improvement and Refunding Bond 2004	2.250% to 4.500%	2004	2024	3,445,000
Limited Tax Permanent Improvement and Refunding Bond 2005	3.000% to 5.000%	2005	2025	26,405,000
Limited Tax Permanent Improvement Bond 2006	4.000% to 5.000%	2006	2026	26,935,000
Limited Tax Permanent Improvement Bond 2007	4.250% to 5.000%	2007	2027	1,850,000
Limited Tax Refunding and Permanent Improvement Bond 2008	3.625% to 5.000%	2008	2028	10,965,000
Limited Tax Refunding and Permanent Improvement Bond 2009	2.000% to 5.000%	2009	2025	26,870,000
Limited Tax Permanent Improvement Build America Bond 2009B	2.000% to 5.000%	2009	2029	9,990,000
Limited Tax Refunding Bond 2010	2.000% to 4.000%	2010	2017	7,725,000
Limited Tax Permanent Improvement Bonds 2011	3.000% to 4.250%	2011	2031	2,055,000
Limited Tax Refunding and Permanent Improvement Bonds 2012	2.000% to 5.000%	2012	2025	20,735,000
Unlimited Tax Road and Refunding Bond 2004	2.000% to 5.000%	2004	2024	13,820,000
Unlimited Tax Road and Refunding Bond 2005	3.000% to 5.000%	2005	2025	23,535,000
Unlimited Tax Road Bond 2006	4.000% to 5.000%	2006	2026	12,690,000
Unlimited Tax Road and Refunding Bond 2007	4.000% to 5.000%	2007	2027	56,240,000
Unlimited Tax Road Bond 2008	4.000% to 5.500%	2008	2028	35,720,000
Unlimited Tax Road and Refunding Bond 2009	2.000% to 5.000%	2009	2025	14,745,000
Unlimited Tax Road Build America Bond 2009B	4.600% to 6.300%	2009	2029	5,590,000
Unlimited Tax Refunding Bond 2010	2.000% to 5.000%	2010	2020	12,710,000
Unlimited Tax Road Bonds 2011	2.000% to 4.000%	2011	2029	27,895,000
Unlimited Tax Road and Refunding Bonds 2012	2.000% to 5.000%	2012	2032	50,800,000
Tax Notes Series 2006	4.000% to 5.000%	2006	2013	2,490,000
				<u>\$ 393,210,000</u>

Limited Tax Permanent Improvement and Refunding Bonds, Series 2004

(new issue authorized by voters on November 4, 2003, issued April 27, 2004)

\$14,165,000 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 \$555,000 to \$825,000. 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 rebateable arbitrage and is reviewed annually. 90% of any rebateable liability will be paid on the five-year anniversary dates.

\$11,450,000 – New issue

2,715,000 – Refunding

\$14,165,000 – Total to be paid to bondholders

\$ 3,445,000 – Owed to bondholders at September 30, 2012

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Limited Tax Permanent Improvement and Refunding Bonds, Series 2005

(new issue authorized by voters on November 4, 2003, issued April 5, 2005)

\$53,865,000 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 15th, 2006 with installments ranging from \$435,000 to \$4,000,000. 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 15th, 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.

\$37,350,000 – New issue

\$16,515,000 – Refunding

\$53,865,000 – Total to be paid to bondholders

\$26,405,000 – Owed to bondholders at September 30, 2012

Limited Tax Permanent Improvement Bonds, Series 2006

(new issue authorized by voters on November 4, 2003, issued May 3, 2006)

\$33,800,000 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; (iii) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15th, 2006 with installments ranging from \$680,000 to \$2,535,000. 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 15th, 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.

\$33,800,000 – New issue

\$26,935,000 – Owed to bondholders at September 30, 2012

Limited Tax Permanent Improvement Bonds, Series 2007

(new issue authorized by voters on November 4, 2003, issued March 20, 2007)

\$2,190,000 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 15th, 2008 with installments ranging from \$20,000 to \$130,000. 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 15th, 2022. 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)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Limited Tax Permanent Improvement Bonds, Series 2007 (Continued)

(new issue authorized by voters on November 4, 2003, issued March 20, 2007)

\$ 2,190,000 – New issue

\$ 1,850,000 – Owed to bondholders at September 30, 2012

Limited Tax Permanent Improvement and Refunding Bonds, Series 2008

(new issue authorized by voters on November 4, 2003 and November 6, 2007, issued July 14, 2008)

\$16,715,000 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 there for; (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 occur annually beginning on February 15th, 2009 with installments ranging from \$270,000 to \$2,710,000. 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 15th, 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.

\$ 2,200,000 – New issue (2003 Bond Election)

4,500,000 – New issue (2007 Bond Election)

10,015,000 – Refunding

\$16,715,000 – Total to be paid to bondholders

\$10,965,000 – Owed to bondholders at September 30, 2012

Limited Tax Refunding and Permanent Improvement Bonds, Series 2009

(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

\$30,080,000 Limited Tax Refunding and Permanent Improvement Bonds, Series 2009 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 there for; (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 15th, 2009 with installments ranging from \$1,055,000 to \$3,780,000. 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 15th, 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.

\$17,420,000 – New issue

12,660,000 – Refunding

\$30,080,000 – Total to be paid to bondholders

\$26,870,000 – Owed to bondholders at September 30, 2012.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Limited Tax Permanent Improvement Bonds, Taxable Series 2009B

(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

\$9,990,000 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 there for; and (iii) pay the cost of issuance associated with the sale of the these bonds. A principal amount of \$2,560 matures on February 15th, 2019, and the remaining principal amount of \$7,430,000 matures on February 15th, 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 15th, 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.

\$ 9,990,000 – New issue

\$ 9,990,000 – Owed to bondholders at September 30, 2012

Limited Tax Refunding Bonds, Series 2010

(authorized by Commissioners Court and issued on November 17, 2010)

\$8,120,000 Limited Tax Refunding Bonds, Series 2010 will be used to (i) refund a portion of the County's outstanding limited tax debt for debt service savings and (ii) pay costs of issuance associated with the sale of Limited Tax Bonds. Principal maturities will occur annually beginning February, 2012, with installments ranging from \$110,000 to \$1,660,000. Interest payments occur annually on February 15th and August 15th ranging from 2.0% to 4.0%. The final principal and interest payment is due on February 15th, 2017. 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.

\$ 8,120,000 – Refunding

\$ 7,725,000 – Owed to bondholders at September 30, 2012

Limited Tax Permanent Improvement Bonds, Series 2011

(new issue authorized by voters on November 6, 2007, issued June 16, 2012)

\$2,100,000 Limited Tax Permanent Improvement Bonds, Series 2012 were to (i) acquire and improve land for park and open space purposes, including joint county-city projects and (ii) pay the cost of issuance associated with the sale of the these bonds. Principal maturities will occur annually beginning on February 15th, 2012 with installments ranging from \$45,000 to \$155,000. Interest payments occur annually on February 15th and August 15th ranging from 3.0 to 4.25%. The final principal and interest payment is due on February 15th, 2031. 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.

\$ 2,100,000 – New issue

\$ 2,055,000 – Owed to bondholders at September 30, 2012

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Limited Tax Permanent Improvement Bonds, Series 2012

(new issue authorized by voters on November 6, 2007, issued May 1, 2012)

\$20,735,000 Limited Tax Permanent Improvement Bonds, Series 2012 were to (i) acquire and improve land for park and open space purposes, including joint county-city projects and (ii) pay the cost of issuance associated with the sale of these bonds. Principal maturities will occur annually beginning on February 15th, 2013 with installments ranging from \$80,000 to \$2,535,000. 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 15th, 2032. 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.

\$ 3,270,000 – New issue
17,465,000 – Refunding
\$20,735,000 – Total to be paid to bondholders
\$20,735,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road & Refunding, Series 2004

(new issue authorized by voters on November 4, 2003, issued April 27, 2004)

\$54,910,000 Unlimited Tax Road & Refunding, Series 2004 were issued for the purpose of road and highway construction; to refund a portion of the County's 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 \$1,440,000 to \$4,050,000. Interest payments fall on February 15th and August 15th of each year and 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 rebateable arbitrage and is reviewed annually with 90% of any rebateable liability being paid on the five-year anniversary dates.

\$44,550,000 – New issue
10,360,000 – Refunding
\$54,910,000 – Total to be paid to bondholders
\$13,820,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road and Refunding Bonds, Series 2005

(new issue authorized by voters on November 4, 2003, issued April 5, 2005)

\$43,175,000 Unlimited Tax Road and Refunding Bonds, Series 2005 were issued for the purpose of (i) constructing roads and highways throughout the County and (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, 2006 with installments ranging from \$200,000 to \$3,850,000. 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 15th, 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)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

\$17,360,000 – New issue
25,815,000 – Refunding
\$43,175,000 – Total to be paid to bondholders
\$23,535,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road Bonds, Series 2006

(new issue authorized by voters on November 4, 2003, issued May 3, 2006)

\$15,920,000 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, 2007 with installments ranging from \$320,000 to \$1,195,000. 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 15th, 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.

\$15,920,000 – New issue
\$12,690,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road and Refunding Bonds, Series 2007

(new issue authorized by voters on November 4, 2003, issued March 20, 2007)

\$63,375,000 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, 2008 with installments ranging from \$380,000 to \$6,070,000. 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 15th, 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.

\$48,190,000 – New issue
15,185,000 – Refunding
\$63,375,000 – Total to be paid to bondholders
\$56,240,000 – Owed to bondholders at September 30, 2012

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Unlimited Tax Road, Series 2008

(new issue authorized by voters on November 4, 2003 and November 6, 2007, issued July 14, 2008)

\$41,000,000 Unlimited Tax Road, 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, 2009 with installments ranging from \$955,000 to \$3,045,000. 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 15th, 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.

\$15,980,000 – New issue (2003 Bond Election)

25,020,000 – New issue (2007 Bond Election)

\$41,000,000 – Total to be paid to bondholders

\$35,720,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road and Refunding Bonds, Series 2009

(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

\$21,805,000 Unlimited Tax Road and Refunding Bonds, Series 2009 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 15th, 2010, in installments ranging from \$770,000 to \$2,485,000. 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 15th, 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.

\$10,070,000 – New issue

11,735,000 – Refunding

\$21,805,000 – Total to be paid to bondholders

\$14,745,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road Bonds, Taxable Series 2009B

(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

\$5,590,000 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 \$1,470,000 matures on February 15th, 2019, and the remaining principal amount of \$4,120,000 matures on February 15th, 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 15th, 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.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) *Long-term Debt* (Continued)

\$5,590,000 – New issue

\$5,590,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Refunding Bonds, Series 2010

(authorized by Commissioners Court and issued on November 17, 2010)

\$14,810,000 Unlimited Tax Refunding Bonds, Series 2010 will be used to (i) refund a portion of the County's outstanding unlimited tax debt for debt service savings and (ii) pay costs of issuance associated with the sale of Unlimited Tax Bonds. Principal maturities will occur annually beginning February, 2012, with installments ranging from \$200,000 to \$2,110,000. 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 15th, 2020. 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.

\$14,810,000 – Refunding

\$12,710,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road, Series 2011

(new issue authorized by voters on November 6, 2007, issued June 16, 2011)

\$28,490,000 Unlimited Tax Road, Series 2012 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, 2012 with installments ranging from \$595,000 to \$1,950,000. Interest payments occur annually on February 15th and August 15th ranging from 0.4% to 4.0%. The final principal and interest payment is due on February 15th, 2031. 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.

\$28,490,000 – New issue

\$27,895,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road and Refunding Bonds, Series 2012

(new issue authorized by voters on November 6, 2007, issued May 1, 2012)

\$50,800,000 Unlimited Tax Road, Series 2012 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, 2012 with installments ranging from \$610,000 to \$4,720,000. 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 15th, 2032. 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)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

\$31,365,000 – New issue
19,435,000 – Refunding
\$50,800,000 – Total to be paid to bondholders
\$50,800,000 – Owed to bondholders at September 30, 2012

Tax Notes, Series 2006

(authorized by Commissioners Court and issued on May 3, 2006)

\$15,000,000 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 of 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 \$1,945,000 to \$2,449,000. 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 rebateable arbitrage and is reviewed annually. 90% of any rebateable liability will be paid on the five year anniversary dates.

\$15,000,000 – New issue
\$ 2,490,000 – Owed to tax note holders at September 30, 2012

Defeased Bonds

The county defeased certain general obligation bonds in 2012 and prior years by placing the proceeds of new bonds into irrevocable trust to provide for all future debt service payments on the old bonds as well as calling certain bonds before the maturity date. 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, 2012, \$37,819 million of bonds are considered defeased.

In 2012 the County issued bonds for refunding existing debt. The two issues are as follows:

- 1) The Limited Tax Refunding and Permanent improvement 2012 series issued on May 1, 2012, refunded portions of the Limited Tax Permanent Improvement Bonds issued in 2004 and 2005. The refunding was used to defeased \$18,570,000 of existing debt by issuing \$17,465,000 of new debt, a reduction of \$1,105,000.
- 2) The Unlimited Tax Road and Refunding Bonds, 2012 Series issued on May 1, 2012, defeased portions of the unlimited tax bonds issued in 2004 and 2005. The aggregate difference in debt service requirements in debt service between the refunded debt and the new refunding debt is \$1,180,000 with an economic value of \$2,325,384.

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 currently has no cumulative rebate.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Changes in Noncurrent Liabilities

Noncurrent liabilities for the year ended September 30, 2012, were as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation	\$ 387,580	\$ 71,535	\$ 65,905	\$ 393,210	\$ 29,010
Compensated absences	6,650	8,299	8,263	6,686	4,500
Claims and judgements	4,318	6,659	6,367	4,610	2,975
Unamortized bond premium	<u>14,005</u>	<u>12,407</u>	<u>1,264</u>	<u>25,148</u>	<u>710</u>
Total governmental activities	<u>\$ 412,553</u>	<u>\$ 98,900</u>	<u>\$ 81,799</u>	<u>\$ 429,654</u>	<u>\$ 37,195</u>

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, and no longer exist due to low investment earnings compared to the interest paid on debt. The Other Post Employment Benefit liability no longer exists due to Commissioners Court eliminating the benefit that was creating the liability.

Contractual Maturities

The annual debt service for general obligation bonds is as follows (in thousands):

Year ending September 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 28,035	\$ 17,879
2014	26,200	15,799
2015	27,365	14,624
2016	27,000	13,408
2017	28,300	12,170
2018-2022	129,960	42,761
2023-2027	96,260	17,529
2028-2032	<u>30,090</u>	<u>2,674</u>
	<u>\$ 393,210</u>	<u>\$ 136,844</u>

The Debt Service Fund has \$6,178,596 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)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) 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, 2012, there were 14 series of single-family and multi-family revenue bonds outstanding, with aggregate cash and investments of \$26,676,780. 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.

(f) Inter-fund 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, 2012, is as follows:

	<u>Due from</u>	<u>Due to</u>
Due to/from other funds:		
General Fund	\$ 689,187	\$ -
Nonmajor funds	<u>-</u>	<u>689,187</u>
Total	<u>\$ 689,187</u>	<u>\$ 689,187</u>

The activity between the General Fund and other funds represent additional funding for special activities, and local matching of grants.

Interfund advance activity is as follows:

	<u>Advance to</u>	<u>Advance from</u>
General Fund	\$ 16,534,531	\$ -
2003 Road Bond Capital Project Fund	14,499	-
Non-Major Funds	1,340,558	-
Animal Safety Internal Service Fund	-	850,222
Collin County Toll Road Authority Fund	<u>-</u>	<u>17,039,366</u>
Total	<u>\$ 17,889,588</u>	<u>\$ 17,889,588</u>

These balances are a result of funding for two separate activities. The first is a \$850,222 balance to fund the Animal Shelter in the Animal Safety fund. This was planned to be financed over a ten-year period of which three years remain. The second advance activity of \$17,039,366 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.

All transfers are reported under other financing sources (uses). The accumulated total of inter-fund transfers for the fiscal year ending September 30, 2012, is as follows:

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(f) Inter-fund Receivables, Payable Balances and Transfers (Continued)

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ 125,958	\$ 346,348
Nonmajor Funds	<u>318,924</u>	<u>96,982</u>
Total	<u>\$ 444,882</u>	<u>\$ 443,330</u>

All of the transfer activity relates to match funding for grants or operating funding for certain special revenue funds that do not support themselves. The difference in the total transfer in and transfer out is due to the transfers of assets to the Collin County Toll Road Authority which is a proprietary-type fund and not included in these totals.

(g) Leases

As leaser, HCF has a number of non-cancelable operating leases with minimum future rentals in aggregate of \$3,306,878. The buildings are carried at a book value of \$6,423,011 with accumulated depreciation of \$4,752,141. Future minimum rental payments applicable to the operating leases are as follows:

	<u>HCF Contractual Future Rental Revenues</u>
Fiscal Year Ending	
<u>September 30,</u>	
2013	\$ 1,298,172
2014	1,079,226
2015	902,340
2016	14,160
2017	<u>12,980</u>
Total	<u>\$ 3,306,878</u>

Collin County leases office space under operating leases that expire over periods of up to ten years. Most of the leases are non-cancelable and renewal options are available. The aggregate total of these lease obligations is \$3,756,961 for the year ended September 30, 2012. At September 30, 2012, future minimum rental payments applicable to the operating leases are as follows:

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(g) Leases (Continued)

Fiscal Year Ending September 30.	<u>Contractual Future Rental Obligations</u>
2013	\$ 1,395,656
2014	957,974
2015	895,669
2016	82,806
2017	68,646
2018	68,646
2019	68,646
2020	68,646
2021	68,646
2022	<u>68,646</u>
Total	\$ <u>3,743,981</u>

IV. 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 Healthcare, administers the County plan. During the year ended September 30, 2012, the County paid \$770 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. Individual stop-loss deductible is \$100 per person.

Collin County had a slight decrease in health insurance claims in fiscal year 2012. In spite of the decrease in claims the fund balance decreased to \$3,006,335, down from \$4,177,421 in 2012. Premiums remained the same in the fiscal 2013 with some reductions in benefits. Management continues to monitor the claims and has made changes to coverage to help keep costs down.

(continued)

IV. OTHER INFORMATION

(a) Risk Management

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 \$275,000. 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.

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 the other funds they service. 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 2012 and 2011 follow (in thousands):

	<u>Liability</u>	<u>Estimates</u>	<u>Payments</u>	<u>Liability</u>
2012 Employee Medical	\$ 855	17,818	\$ 17,818	\$ 855
2011 Employee Medical	855	16,771	16,771	855
2012 Workers' Compensation	638	596	596	638
2011 Workers' Compensation	638	557	557	638
2012 Claims Liability	447	939	939	447
2011 Claims Liability	447	862	862	447

(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)

IV. 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 2012 fiscal 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 2012.

(d) Post-Retirement Health Benefits

Plan Description

The County's post-employment benefit plan is a single-employer defined benefit plan. Effective February of 2012 the County offers health benefits at actuarial cost and no longer offers supplements. 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 upon eligibility for Medicare coverage. No post-employment liability exists since retirees are paying the full cost of this benefit.

(e) Retirement Commitments

(1) Plan Description

The County provides retirement, disability and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the 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 or can be viewed at www.tcdrs.org.

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.

(continued)

IV. OTHER INFORMATION (Continued)

(e) Retirement Commitments: (Continued)

(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 an amount of 7.7% in 2012 which was a decrease from the 13.5% in 2012. This decrease was due to the County making a lump sum payment of \$40.5 million in 2012. The actuarial required rate was 7.64% in 2012 and 10.43% in 2012. The contribution rate payable by the employee members for the calendar years of 2012 and 2013 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.

(3) Annual Pension Cost

For the accounting year ended September 30, 2012, the annual pension cost for Collin County to the TCDRS plan for its employees was \$7,603,750 and the actual contributions were \$7,603,750. 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 2009, 2010 and 2011, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2009 and ending with 2011. The December 31, 2011 actuarial valuation is the most recent valuation.

Actuarial Valuation Information			
Actuarial valuation date	12/31/2009	12/31/2010	12/31/2011
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percent of payroll, closed	level percent of payroll, closed	level percent of payroll, closed
Amortization period in years	7.3	20.0	20.0
Asset valuation method			
Subdivision Accumulation Fund value	10-yr smoothed value	10-yr smoothed value	10-yr smoothed
Employees Saving Fund	Fund value	Fund value	Fund value
Assumptions:			
Investment return – includes			
Inflation at the stated rate	8.0%	8.0%	8.0%
Projected salary increases –			
Includes inflation at the stated rate	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

(continued)

IV. OTHER INFORMATION (Continued)

(e) Retirement Commitments (Continued)

Accounting Year Ending	Annual Pension Cost		Net Pension Obligation
	Annual Pension Cost (APC)	Percentage of APC Contributed	
September 30, 2009	\$ 11,642,578	100%	—
September 30, 2010	11,770,220	100%	—
September 30, 2011	11,699,770	100%	—

(f) Cost-Sharing Arrangement

In January of 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 state wide courts system between all the counties currently participating and those who participate in the system in the future.

In March of 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. The court civil case project was implemented in prior years and the criminal case project went live in August of 2010.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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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, 2012

	Budget		Actual	Variance with Final Budget Positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 124,693,000	\$ 124,693,000	\$ 126,555,655	\$ 1,862,655
Licenses and permits	279,000	279,000	282,352	3,352
Federal and state funds	5,868,964	5,868,964	7,042,027	1,173,063
Fees and charges for services	17,235,161	17,235,161	18,435,832	1,200,671
Fines and forfeitures	1,881,000	1,881,000	2,191,532	310,532
Rental	207,600	207,600	222,540	14,940
Interest	2,114,300	2,114,300	1,133,435	(980,865)
Miscellaneous	547,000	547,000	811,304	264,304
Total revenues	<u>152,826,025</u>	<u>152,826,025</u>	<u>156,674,677</u>	<u>3,848,652</u>
Expenditures:				
Current:				
General administration	31,928,910	30,949,612	24,948,893	6,000,719
Judicial	15,272,206	15,425,221	14,551,857	873,364
Financial administration	10,212,175	10,213,598	9,773,492	440,106
Legal	10,480,546	10,576,172	9,969,632	606,540
Public facilities	11,375,354	11,557,728	10,457,208	1,100,520
Equipment services	2,451,779	2,451,779	2,208,379	243,400
Public safety	56,690,681	57,096,630	55,369,495	1,727,135
Health and welfare	11,787,579	12,271,842	11,651,835	620,007
Culture and recreation	1,083,846	1,083,734	1,027,050	56,684
Conservation	260,248	260,248	246,119	14,129
Capital outlay	9,402,575	9,361,032	4,010,412	5,350,620
Total expenditures	<u>160,945,899</u>	<u>161,247,596</u>	<u>144,214,372</u>	<u>17,033,224</u>
Excess of revenues over expenditures	<u>(8,119,874)</u>	<u>(8,421,571)</u>	<u>12,460,305</u>	<u>20,881,876</u>
Other financing sources (uses):				
Transfers in	-	185,704	125,958	(59,746)
Transfers out	(300,000)	(346,348)	(346,348)	-
Sale of assets	-	-	42,885	42,885
Total other financing sources (uses)	<u>(300,000)</u>	<u>(160,644)</u>	<u>(177,505)</u>	<u>(16,861)</u>
Net change in fund balance	<u>(8,419,874)</u>	<u>(8,582,215)</u>	<u>12,282,800</u>	<u>20,865,015</u>
Fund balance – beginning	<u>153,345,261</u>	<u>153,345,261</u>	<u>153,345,261</u>	<u>-</u>
Fund balance – ending	<u>\$ 144,925,387</u>	<u>\$ 144,763,046</u>	<u>\$ 165,628,061</u>	<u>\$ 20,865,015</u>

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, 2012

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 2,160,925	\$ 2,160,925	\$ 2,190,413	\$ 29,488
Licenses and permits	1,300	1,300	1,377	77
Fees and charges for services:				
Road mileage fees	6,500,000	6,500,000	6,258,423	(241,577)
Vehicle title fees	760,000	760,000	814,905	54,905
Road and bridge fees	5,750,000	5,750,000	6,829,175	1,079,175
Total fees and charges for services	13,010,000	13,010,000	13,902,503	892,503
Fines and forfeitures:				
County clerk	1,491,500	1,491,500	1,329,986	(161,514)
District clerk	250,000	250,000	482,995	232,995
Total fines and forfeitures	1,741,500	1,741,500	1,812,981	71,481
Other local government funds	-	-	2,017	2,017
Interest	180,000	180,000	123,371	(56,629)
Miscellaneous:				
Sale of road and bridge materials	200,000	200,000	197,072	(2,928)
Other and grants	19,500	19,500	18,154	(1,346)
Total miscellaneous	219,500	219,500	215,226	(4,274)
Total revenues	17,313,225	17,313,225	18,247,888	934,663
Expenditures:				
Current:				
Public transportation:				
Road and bridge maintenance:				
Salaries and benefits	5,170,568	5,170,568	4,992,052	178,516
Training and travel	11,616	11,616	8,736	2,880
Maintenance and operating	16,841,841	16,848,307	8,871,743	7,976,564
Total road and bridge maintenance	22,024,025	22,030,491	13,872,531	8,157,960
Engineering:				
Salaries and benefits	396,900	396,900	389,514	7,386
Training and travel	12,854	12,854	7,663	5,191
Maintenance and operating	9,291	9,291	5,727	3,564
Total engineering	419,045	419,045	402,904	16,141

(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, 2012

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Expenditures: (Continued)				
Current: (Continued)				
Public transportation: (Continued)				
Services and operations:				
Salaries and benefits	\$ 437,457	\$ 437,457	\$ 430,328	\$ 7,129
Training and travel	10,493	10,493	75	10,418
Maintenance and operating	3,300	3,300	203	3,097
Total services and operations	451,250	451,250	430,606	20,644
Soil conservation:				
Maintenance and operating	44,035	44,035	-	44,035
Special projects:				
Salaries and benefits	207,809	208,949	208,949	-
Training and travel	1,425	285	-	285
Maintenance and operating	600	600	72	528
Total special projects	209,834	209,834	209,021	813
Non-departmental:				
Maintenance and operating	497,039	490,573	234,616	255,957
Total public transportation	23,645,228	23,645,228	15,149,678	8,495,550
Capital outlay:				
Public transportation:				
Road and bridge maintenance	2,810,699	2,810,699	2,129,858	680,841
Total capital outlay	2,810,699	2,810,699	2,129,858	680,841
Total expenditures	26,455,927	26,455,927	17,279,536	9,176,391
Excess (deficiency) of revenues over (under) expenditures	(9,142,702)	(9,142,702)	968,352	10,111,054
Other financing sources (uses):				
Sale of assets	-	-	270,022	270,022
Total other financing sources (uses)	-	-	270,022	270,022
Net change in fund balance	(9,142,702)	(9,142,702)	1,238,374	10,381,076
Fund balance - beginning	17,135,338	17,135,338	17,135,338	-
Fund balance - ending	\$ 7,992,636	\$ 7,992,636	\$ 18,373,712	\$ 10,381,076

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, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal and state funds	\$ 50,000	\$ 50,000	\$ 64,252	\$ 14,252
Fees and charges for services	220,000	220,000	349,029	129,029
Rental	1,193,262	1,193,262	1,142,921	(50,341)
Interest	150,000	150,000	65,331	(84,669)
Miscellaneous	3,500	3,500	21,027	17,527
Total revenues	<u>1,616,762</u>	<u>1,616,762</u>	<u>1,642,560</u>	<u>25,798</u>
Expenditures:				
Current:				
Health and welfare:				
Salaries and benefits	1,513,699	1,513,699	1,357,031	156,668
Training and travel	18,000	18,000	13,889	4,111
Maintenance and operating	2,230,395	2,226,695	1,015,785	1,210,910
Total health and welfare	<u>3,762,094</u>	<u>3,758,394</u>	<u>2,386,705</u>	<u>1,371,689</u>
Public facilities:				
Maintenance and operating	183,915	183,915	114,982	68,933
Total public facilities	<u>183,915</u>	<u>183,915</u>	<u>114,982</u>	<u>68,933</u>
Capital outlay:				
Health and welfare	12,506	16,206	3,653	12,553
Total capital outlay	<u>12,506</u>	<u>16,206</u>	<u>3,653</u>	<u>12,553</u>
Total expenditures	<u>3,958,515</u>	<u>3,958,515</u>	<u>2,505,340</u>	<u>1,453,175</u>
Excess (deficiency) of revenues over (under) expenditures	(2,341,753)	(2,341,753)	(862,780)	1,478,973
Fund balance – beginning	<u>9,299,826</u>	<u>9,299,826</u>	<u>9,299,826</u>	<u>-</u>
Fund balance – ending	<u>\$ 6,958,073</u>	<u>\$ 6,958,073</u>	<u>\$ 8,437,046</u>	<u>\$ 1,478,973</u>

COLLIN COUNTY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2012

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(a) Budgetary Information

Annual budgets are adopted for all governmental funds with the exception of capital project funds and the following special revenue funds: RTR – Wylie Fund, RTR – Outer Loop Phase 3 Fund, Grants Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, LEOSE Education Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, District Attorney Service Fee Fund, SCAAP Fund, and the Grants Fund. The budget for capital project funds is adopted at the time debt is issued, and the budget is rolled from year to year until the funding is exhausted. All grant fund budgets are adopted at the grantor level and adoption is ministerial 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 of 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 there after 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 the County. 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.

Employees Retirement System Schedule of Funding Progress (thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Unfunded) Assets in Excess of AAL (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2009	\$ 220,110	\$ 260,383	\$(40,273)	84.53%	\$ 87,604	45.97%
December 31, 2010	242,207	276,761	(34,554)	87.51%	85,291	40.51%
December 31, 2011	292,342	294,387	(2,045)	99.31%	85,213	2.40%

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APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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Texas
New York
Washington, DC
Connecticut
Seattle
Dubai
London

Bracewell & Giuliani LLP
1445 Ross Avenue
Suite 3800
Dallas, Texas
75202-2711

[CLOSING DATE]

\$ _____
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS,
TAX-EXEMPT SERIES 2013A

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 ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A, dated June 1, 2013.

The Bonds mature, bear interest, are subject to redemption prior to maturity 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 its bond counsel for the 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, on which we have relied in giving our opinion. The transcript contains certified copies of certain

[Closing Date]

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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 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 also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of the Treasury Regulations and published 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; and
- (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 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 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 advisor and the underwriters of the Bonds with respect to matters solely within the knowledge of the Issuer, the Issuer's financial advisor 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 ownership of, receipt of interest on, 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).

The opinions set forth above 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

[Closing Date]

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no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter 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.

Texas
New York
Washington, DC
Connecticut
Seattle
Dubai
London

Bracewell & Giuliani LLP
1445 Ross Avenue
Suite 3800
Dallas, Texas
75202-2711

[CLOSING DATE]

\$ _____
COLLIN COUNTY, TEXAS
UNLIMITED TAX REFUNDING BONDS,
TAXABLE SERIES 2013B

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,
TAXABLE SERIES 2013B, dated June 1, 2013.

The Bonds mature, bear interest, are subject to redemption prior to maturity 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 its bond counsel for the 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. 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, on which we have relied in giving our opinion. The transcript 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

[Closing Date]

Page 2

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 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 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; and
- (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.

We observe that interest on the Bonds is generally includable in gross income for federal income tax purposes under existing law. 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. Prospective purchasers should consult their tax advisors with respect to such matters.

In providing such opinions, we have assumed with your permission the truth and accuracy as to factual matters of all statements and certifications made to us by the Issuer, the

[Closing Date]

Page 3

Issuer's financial advisor and the underwriters. We have relied on representations of 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 we have not independently verified. We have further relied on the Report of the Verification Agent regarding the mathematical accuracy of certain computations.

The opinions set forth above 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 hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

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Texas
New York
Washington, DC
Connecticut
Seattle
Dubai
London

Bracewell & Giuliani LLP
1445 Ross Avenue
Suite 3800
Dallas, Texas
75202-2711

[CLOSING DATE]

\$ _____
COLLIN COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT BONDS,
TAX-EXEMPT SERIES 2013A

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 PERMANENT IMPROVEMENT BONDS, TAX-EXEMPT SERIES 2013A, dated June 1, 2013.

The Bonds mature, bear interest, are subject to redemption prior to maturity 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 its bond counsel for the 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, on which we have relied in giving our opinion. The transcript contains 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. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of the Treasury Regulations and published 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; and
- (B) 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 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 advisor and the underwriters of the Bonds with respect to matters solely within the knowledge of the Issuer, the Issuer's financial advisor and the underwriters,

[Closing Date]

Page 3

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. If such 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 ownership of, receipt of interest on, 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).

The opinions set forth above 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 hereafter come to our attention or to reflect any changes in any law that may hereafter 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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Texas
New York
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Connecticut
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Dubai
London

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75202-2711

[CLOSING DATE]

\$ _____
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS,
TAXABLE SERIES 2013B

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,
TAXABLE SERIES 2013B, dated June 1, 2013.

The Bonds mature, bear interest, are subject to redemption prior to maturity 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 its bond counsel for the 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. 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, on which we have relied in giving our opinion. The transcript 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 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 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; and
- (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:

We observe that interest on the Bonds is generally includable in gross income for federal income tax purposes under existing law. We express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or

[Closing Date]

Page 3

acquisition, ownership or disposition of, the Bonds. Prospective purchasers should consult their tax advisors with respect to such matters.

In providing such opinions, we have assumed with your permission the truth and accuracy as to factual matters of all statements and certifications made to us by the Issuer, the Issuer's financial advisor and the underwriters. We have relied on representations of 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 we have not independently verified. We have further relied on the Report of the Verification Agent regarding the mathematical accuracy of certain computations.

The opinions set forth above 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 hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Financial Advisory Services
Provided By

FirstSouthwest 

OFFICIAL STATEMENT

Dated June 3, 2013

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 Tax-Exempt Unlimited Tax 2013A Bonds is excludable from gross income for federal income tax purposes under existing law and the Tax-Exempt Unlimited Tax 2013A Bonds are not private activity bonds. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations. Interest to be paid on the Taxable Unlimited Tax 2013B Bonds is not excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS - Taxable Bonds".

THE TAX-EXEMPT UNLIMITED TAX 2013A BONDS ARE NOT DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

COLLIN COUNTY, TEXAS

\$40,295,000
UNLIMITED TAX ROAD AND
REFUNDING BONDS, TAX-EXEMPT SERIES 2013A



\$15,970,000
UNLIMITED TAX REFUNDING
BONDS, TAXABLE SERIES 2013B

Dated Date: June 1, 2013

Due: February 15, as shown on page 2 hereof

PAYMENT TERMS . . . Interest on the \$40,295,000 Collin County, Texas Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Unlimited Tax 2013A Bonds") and the \$15,970,000 Collin County, Texas Unlimited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Unlimited Tax 2013B Bonds") and, together with the Tax-Exempt Unlimited Tax 2013A Bonds, the "Unlimited Tax Bonds"). Interest on the Tax-Exempt Unlimited Tax 2013A Bonds and the Taxable Unlimited Tax 2013B Bonds will accrue from June 1, 2013 (the "Dated Date"), and will be payable February 15 and August 15 of each year commencing February 15, 2014, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Taxable Unlimited Tax 2013B Bonds and the Tax-Exempt Unlimited Tax 2013A Bonds will be issued as fully registered obligations in the denominations of \$5,000 of principal amount or any integral multiple thereof for any one stated maturity. 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 the authorized denominations 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 Obligations - 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 Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Tax-Exempt Unlimited Tax 2013A Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and a bond order adopted by the Commissioners Court of the County authorizing the issuance of the Tax-Exempt Unlimited Tax 2013A Bonds (the "Unlimited Tax 2013A Bond Order"), and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, without legal limit as to rate or amount, as provided by the Unlimited Tax 2013A Bond Order (see "THE OBLIGATIONS - Authority for Issuance").

The Taxable Unlimited Tax 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of 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 Taxable Unlimited Tax 2013B Bonds (the "Unlimited Tax 2013B Bond Order" and together with the Unlimited Tax 2013A Bond Order, the "Unlimited Tax Bond Orders") (see "THE OBLIGATIONS - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Tax-Exempt Unlimited Tax 2013A Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including the participation in the cost of joint State highway and joint city-county projects, (ii) refund a portion of the County's outstanding debt described in Schedule I (the "2013A Unlimited Tax Refunded Bonds") for debt service savings, and (iii) pay the costs of issuance associated with the sale of the Unlimited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Unlimited Tax 2013B Bonds will be used to (i) refund a portion of the County's debt described in Schedule I (the "2013B Unlimited Tax Refunded Bonds"), for debt service savings, and (ii) pay the costs of issuance associated with the sale of the Taxable Unlimited Tax 2013B Bonds.

MATURITY SCHEDULE

See Schedules on page 2

SEPARATE ISSUES . . . The Tax-Exempt Unlimited Tax 2013A Bonds and the Taxable Unlimited Tax 2013B Bonds are being offered by the County concurrently with the "Collin County, Texas, Limited Tax Permanent Improvement Refunding Bonds, Tax-Exempt Series 2013" (the "Tax Exempt Limited Tax 2013 Bonds") and the Collin County, Texas, Limited Tax Refunding Bonds, Taxable Series 2013 (the "Taxable Limited Tax 2013B Bonds" and collectively, with the Tax-Exempt Limited Tax 2013A Bonds, the "Limited Tax Bonds"), and such Unlimited Tax Bonds and Limited Tax Bonds are hereinafter sometimes referred to collectively as the "Obligations." The Tax-Exempt Unlimited Tax 2013A Bonds, the Unlimited Tax 2013B Bonds, the Tax-Exempt Limited Tax 2013A Bonds, and the Taxable Limited Tax 2013B Bonds are separate and distinct securities offerings being issued and sold independently except for the Official Statement, and, while the Unlimited Tax Bonds and the Limited 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 of each series are offered for delivery when, as, and if issued and received by the Underwriters and subject to the approving opinions of the Attorney General of Texas and the opinions of Bracewell & Giuliani L.L.P., Bond Counsel, Dallas, Texas (see APPENDIX C - "Form of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Unlimited Tax Bonds will be available for delivery through The Depository Trust Company on July 9, 2013.

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ESTRADA HINOJOSA & COMPANY, INC.

MATURITY SCHEDULES

CUSIP Prefix: 194740 ⁽¹⁾

UNLIMITED TAX ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A

Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 655,000	2014	1.000%	0.250%	EK8	\$ 2,200,000	2023	5.000%	2.360%	EU6
3,490,000	2015	3.000%	0.440%	EL6	2,310,000	2024	5.000%	2.510% ⁽²⁾	EV4
2,680,000	2016	3.000%	0.620%	EM4	2,430,000	2025	5.000%	2.630% ⁽²⁾	EW2
2,760,000	2017	3.000%	0.860%	EN2	2,550,000	2026	5.000%	2.730% ⁽²⁾	EX0
1,750,000	2018	4.000%	1.140%	EP7	1,480,000	2027	3.125%	3.320%	EY8
1,820,000	2019	4.000%	1.440%	EQ5	1,535,000	2028	4.000%	3.240% ⁽²⁾	EZ5
1,895,000	2020	4.000%	1.690%	ER3	1,595,000	2029	4.000%	3.360% ⁽²⁾	FA9
1,990,000	2021	5.000%	1.980%	ES1	1,660,000	2030	4.000%	3.420% ⁽²⁾	FB7
2,095,000	2022	5.000%	2.210%	ET9	1,730,000	2031	4.000%	3.480% ⁽²⁾	FC5

\$3,670,000 4.00% TERM BOND DUE FEBRUARY 15, 2033 PRICED TO YIELD 3.59% ⁽²⁾ CUSIP #194740FD3

(Accrued interest from June 1, 2013 to be added)

UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B

Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 670,000	2015	0.650%	0.650%	EJ1	\$ 950,000	2021	4.000%	2.469%	ED4
2,205,000	2016	3.000%	0.887%	DY9	990,000	2022	4.000%	2.669%	EE2
2,260,000	2017	3.000%	1.214%	DZ6	1,030,000	2023	4.000%	2.869%	EF9
2,160,000	2018	4.000%	1.464%	EA0	1,065,000	2024	3.019%	3.019%	EG7
2,245,000	2019	4.000%	1.792%	EB8	495,000	2025	3.169%	3.169%	EH5
1,900,000	2020	4.000%	2.142%	EC6					

(Accrued interest from June 1, 2013 to be added)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services Bureau, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of owners of the Obligations. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the County, the Financial Advisor nor the Underwriters shall be responsible for the selection or correctness of the CUSIP number set forth herein.

(2) Yield to first call date of February 15, 2023.

REDEMPTION . . . The County reserves the right, at its option, to redeem the Tax-Exempt Unlimited Tax 2013A Bonds, and the Taxable Unlimited Tax 2013B Bonds having stated maturities on and after February 15, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. In addition, the Tax-Exempt Unlimited Tax 2013A Bonds maturing February 15, 2033, are subject to mandatory sinking fund redemption, as further described herein. (See "THE OBLIGATIONS - Optional Redemption" and "THE OBLIGATIONS - Mandatory Redemption" herein.)

Dated June 3, 2013

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 Tax-Exempt Limited Tax 2013 Bonds is excludable from gross income for federal income tax purposes under existing law and the Tax-Exempt Limited Tax 2013A Bonds are not private activity bonds. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations. Interest to be paid on the Taxable Limited Tax 2013 Bonds is not excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS - Taxable Bonds".

THE TAX-EXEMPT LIMITED TAX BONDS ARE NOT DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

COLLIN COUNTY, TEXAS

\$2,200,000

**LIMITED TAX PERMANENT
IMPROVEMENT BONDS, TAX-EXEMPT SERIES 2013A**



\$15,720,000

**LIMITED TAX REFUNDING BONDS,
TAXABLE SERIES 2013B**

Dated Date: June 1, 2013

Due: February 15, as shown on page 4 hereof

PAYMENT TERMS . . . Interest on the \$2,200,000 Collin County, Texas Limited Tax Permanent Improvement Bonds, Series 2013A (the "Tax-Exempt Limited Tax 2013A Bonds") and the \$15,720,000 Collin County, Texas Limited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Limited Tax 2013B Bonds") and, together with the Tax-Exempt Limited Tax 2013A Bonds, the "Limited Tax Bonds") will accrue from June 1, 2013 (the "Dated Date"), and will be payable on February 15, 2014, and on each August 15 and February 15 thereafter until maturity or prior redemption, 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 OBLIGATIONS - 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 OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Tax-Exempt Limited Tax 2013A Bonds are being issued pursuant to the Constitution and general laws of the State, particularly and Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007 and a bond order adopted by the Commissioners Court of the County authorizing the issuance of the Tax-Exempt Limited Tax 2013A Bonds (the "Tax-Exempt Limited Tax 2013A Bond Order"), and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, within the limits prescribed law, as provided by the Tax-Exempt Limited Tax 2013 Bond Order. (see "THE OBLIGATIONS - Authority for Issuance").

The Taxable Limited Tax 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of 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 Taxable Limited Tax 2013B Bonds (the "Taxable Limited Tax 2013B Bond Order" and together with the Tax-Exempt Limited Tax 2013A Bond Order, the "Limited Tax Bond Orders") (see "THE OBLIGATIONS - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Tax-Exempt Limited Tax 2013A Bonds will be used to (i) acquire and improve land for park and open space purposes, including joint county-city projects, and (ii) pay the costs of issuance associated with the sale of the Tax-Exempt Limited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Limited Tax 2013B Bonds will be used to (i) refund a portion of the County's debt described in Schedule II (the "Limited Tax Refunded Bonds"), and (ii) pay the costs of issuance associated with the sale of the Taxable Limited Tax 2013B Bonds.

MATURITY SCHEDULE

See Schedules on page 4

SEPARATE ISSUES . . . The Tax-Exempt Limited Tax 2013A Bonds and the Taxable Limited Tax 2013B Bonds are being offered by the County concurrently with the "Collin County, Texas, Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A" (the "Tax-Exempt Unlimited Tax 2013A Bonds") and the "Collin County, Texas, Unlimited Tax Road Bonds, Taxable Series 2013B" (the "Taxable Unlimited Tax 2013B Bonds" and collectively with the Tax-Exempt Unlimited Tax 2013A Bonds, the "Unlimited Tax Bonds"), and such Limited Tax Bonds and Unlimited Tax Bonds are hereinafter sometimes referred to collectively as the "Obligations." The Tax-Exempt Limited Tax 2013A Bonds, the Taxable Limited Tax 2013B Bonds, the Tax-Exempt Unlimited Tax 2013A Bonds and the Taxable Unlimited Tax 2013B 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 opinions of the Attorney General of Texas and the opinions of Bracewell & Giuliani L.L.P., Bond Counsel, Dallas, Texas (see APPENDIX C - "Form of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P. Dallas, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Limited Tax Bonds will be available for delivery through The Depository Trust Company on July 9, 2013.

MATURITY SCHEDULE

CUSIP Prefix: 194740 ⁽¹⁾

LIMITED TAX PERMANENT IMPROVEMENT BONDS, TAX-EXEMPT SERIES 2013A

Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 70,000	2014	2.500%	0.300%	CQ7	\$ 105,000	2022	2.500%	2.310%	CY0
85,000	2015	2.500%	0.520%	CR5	105,000	2023	2.500%	2.490%	CZ7
90,000	2016	2.500%	0.730%	CS3	110,000	2024	3.000%	2.720% ⁽²⁾	DA1
90,000	2017	2.500%	0.970%	CT1	110,000	2025	3.000%	2.930% ⁽²⁾	DB9
95,000	2018	2.500%	1.240%	CU8	115,000	2026	3.000%	3.140%	DC7
95,000	2019	2.500%	1.550%	CV6	120,000	2027	3.125%	3.330%	DD5
100,000	2020	2.500%	1.800%	CW4	120,000	2028	3.250%	3.400%	DE3
100,000	2021	2.500%	2.080%	CX2					

\$690,000 4.00% TERM BOND DUE FEBRUARY 15, 2033 PRICED TO YIELD 3.60% ⁽²⁾ CUSIP #194740DK9

LIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B

Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Amount	(2-15) Maturity	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 240,000	2014	0.450%	0.450%	DL7	\$ 1,220,000	2020	2.162%	2.162%	DS2
440,000	2015	0.550%	0.550%	DM5	1,220,000	2021	2.489%	2.489%	DT0
1,850,000	2016	0.907%	0.907%	DN3	1,245,000	2022	2.689%	2.689%	DU7
1,875,000	2017	1.234%	1.234%	DP8	1,285,000	2023	2.889%	2.889%	DV5
1,895,000	2018	1.484%	1.484%	DQ6	1,320,000	2024	3.039%	3.039%	DW3
1,925,000	2019	1.812%	1.812%	DR4	1,205,000	2025	3.189%	3.189%	DX1

(Accrued interest from June 1, 2013 to be added)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services Bureau, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of owners of the Obligations. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the County, the Financial Advisor nor the Underwriters shall be responsible for the selection or correctness of the CUSIP number set forth herein.

(2) Yield to first call date of February 15, 2023.

REDEMPTION . . . The County reserves the right, at its option, to redeem the Limited Tax Bonds of either series having stated maturities on and after February 15, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. In addition, the Tax-Exempt Limited Tax 2013A Bonds maturing February 15, 2033, are subject to mandatory sinking fund redemption, as further described herein. (See "THE OBLIGATIONS - Optional Redemption" and " THE OBLIGATIONS - Mandatory Redemption" herein.)

This Official Statement, which includes the cover page, the Schedules 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 Obligations 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 Obligations is to be construed as constituting an agreement with the purchaser of the Obligations. 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 OBLIGATIONS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE OBLIGATIONS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE OBLIGATIONS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE OBLIGATIONS 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 Obligations 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 \$40,295,000 Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Unlimited Tax 2013A Bonds") and \$15,970,000 Unlimited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Unlimited Tax 2013B Bonds" and together with the Tax-Exempt Unlimited Tax 2013A Bonds, the "Unlimited Tax Bonds"). The Tax-Exempt Unlimited Tax 2013A Bonds are issued as serial bonds maturing on February 15, 2014 through 2031 and as Term Bonds maturing on February 15, 2033. The Taxable Unlimited Tax 2013B Bonds are issued as serial bonds maturing on February 15, 2014 through 2025 (see "The Obligations - Description of the Bonds").

THE LIMITED TAX BONDS The Limited Tax Bonds are issued as \$2,200,000 Limited Tax Permanent Improvement Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Limited Tax 2013A Bonds") and \$15,720,000 Limited Tax Refunding Bonds, Taxable Series 2013A (the "Taxable Limited Tax 2013B Bonds" and together with the Tax-Exempt Limited Tax 2013A Bonds, the "Limited Tax Bonds"). The Tax-Exempt Limited Tax 2013A Bonds are issued as serial bonds maturing on February 15, 2014 through 2028 and as Term Bonds maturing on February 15, 2033. The Taxable Limited Tax 2013B Bonds are issued as serial bonds maturing on February 15 in each of the years 2014 through 2025 (see "The Obligations - Description of the Bonds").

PAYMENT OF INTEREST Interest on the Unlimited Tax Bonds and the Limited Tax Bonds will accrue from June 1, 2013, and is payable February 15, 2014, and each August 15 and February 15 thereafter until maturity or prior redemption (See "The Obligations - Description of the Bonds").

AUTHORITY FOR ISSUANCE..... The Tax-Exempt Unlimited Tax 2013A Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207 and 1471, Texas Government Code, as amended, and a County-wide election held on November 6, 2007, as provided in the order authorizing the Unlimited Tax 2013A Bonds (the "Unlimited Tax 2103A Bond Order") adopted by the Commissioners Court of the County (see "The Obligations - Authority for Issuance").

The Taxable Unlimited Tax 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of 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 Unlimited Tax 2013B Bonds (the "Unlimited Tax 2013B Bond Order" and together with the Unlimited Tax 2013A Bond Order, the "Unlimited Tax Bond Orders") (see "The Obligations - Authority for Issuance").

The Tax-Exempt Limited Tax 2013A Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Chapter 331, Texas Local Government Code, as amended, and a County-wide election held on November 6, 2007, as provided in the order authorizing the Tax-Exempt Limited Tax 2013A Bonds (the "Tax-Exempt Limited Tax 2013A Bond Order") adopted by the Commissioners Court of the County (see "The Obligations - Authority for Issuance").

The Taxable Limited Tax 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of 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 Taxable Limited Tax 2013B Bonds (the "Taxable Limited Tax 2013B Bond Order" and together with the Tax-Exempt Limited Tax 2013A Bond Order, the "Limited Tax Bond Orders") (see "The Obligations - 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 OBLIGATIONS - Security and Source of Payment-Unlimited Tax Bonds").

The Limited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County (see "THE OBLIGATIONS - Security and Source of Payment-Limited Tax Bonds").

REDEMPTION The County reserves the right, at its option, to redeem the Unlimited Tax Bonds of either series, having stated maturities on and after February 15, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption"). In addition, the Tax-Exempt Unlimited Tax 2013A Bonds maturing February 15, 2033, are subject to mandatory sinking fund redemption, as further described herein. (See "THE OBLIGATIONS - Mandatory Redemption" herein.)

The County reserves the right, at its option, to redeem the Limited Tax Bonds of either series, having stated maturities on and after February 15, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption"). In addition, the Tax-Exempt Limited Tax 2013A Bonds maturing February 15, 2033, are subject to mandatory sinking fund redemption, as further described herein. (See "THE OBLIGATIONS - Mandatory Redemption" herein.)

TAX EXEMPTION In the opinion of Bond Counsel, under existing law, the interest on the Tax-Exempt Unlimited Tax 2013A Bonds and Tax-Exempt Limited Tax 2013A Bonds will be excludable from gross income for federal income tax purposes and the Tax-Exempt Unlimited Tax 2013A Bonds and Tax-Exempt Limited Tax 2013A 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.

Interest to be paid on the Taxable Unlimited Tax 2013B Bonds and Taxable Limited Tax 2013B Bonds is not excludable from gross income for federal income tax purposes.

USE OF PROCEEDS Proceeds from the sale of the Tax-Exempt Unlimited Tax 2013A Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including the participation in the cost of joint State highway and joint city-county projects, (ii) refund a portion of the County's outstanding debt described in Schedule I (the "2013A Unlimited Tax Refunded Bonds") for debt service savings, and (iii) pay the costs of issuance associated with the sale of the Tax-Exempt Unlimited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Unlimited Tax 2013B Bonds will be used to (i) refund a portion of the County's debt described in Schedule I (the "2013B Unlimited Tax Refunded Bonds") for debt service savings, and (ii) pay the costs of issuance associated with the sale of the Taxable Unlimited Tax 2013B Bonds.

Proceeds from the sale of the Tax-Exempt Limited Tax 2013A Bonds will be used to (i) acquire and improve land for park and open space purposes, including joint county-city projects, and (ii) pay the costs of issuance associated with the sale of the Tax-Exempt Limited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Limited Tax 2013B Bonds will be used to (i) refund a portion of the County's 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 Taxable Limited Tax 2013B Bonds.

RATINGS The Obligations 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 Obligations 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 Obligations may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations 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 Obligations (see "The Obligations - 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
2009	748,050 ⁽²⁾	\$ 71,819,163,811	\$ 96,009	\$ 409,395,000	\$ 547	0.57%	101.51%
2010	782,341 ⁽³⁾	72,388,951,258	92,529	383,805,000	491	0.53%	102.79%
2011	801,865 ⁽²⁾	71,277,687,478	88,890	347,725,000	434	0.49%	102.79%
2012	804,390 ⁽²⁾	72,462,518,559	90,084	393,210,000	489	0.54%	103.08%
2013	813,133 ⁽²⁾	74,640,404,493	91,794	393,350,000 ⁽⁴⁾	484	0.53%	100.84% ⁽⁵⁾

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

(2) Source: County Officials

(3) Source: U.S. Census Bureau

(4) Projected; includes all limited tax and unlimited tax debt of the County, including the Obligations. Excludes the Refunded Bonds.

(5) Collections through April 1, 2013.

COUNTY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

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

OTHER ELECTED AND APPOINTED OFFICIALS

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

CONSULTANTS AND ADVISORS

Certified Public Accountants Pattilla, Brown & Hill, L.L.P.
Waco, Texas

Bond Counsel Bracewell & Giuliani LLP
Dallas, Texas

Financial Advisor First Southwest Company
Fort Worth, Texas

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or

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Fort Worth, Texas 76102
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OFFICIAL STATEMENT

RELATING TO

\$40,295,000
UNLIMITED TAX ROAD AND
REFUNDING BONDS, TAX-EXEMPT SERIES 2013A

\$15,970,000
UNLIMITED TAX REFUNDING
BONDS, TAXABLE SERIES 2013B

\$2,200,000
LIMITED TAX PERMANENT
IMPROVEMENT BONDS, TAX-EXEMPT SERIES 2013A

\$15,720,000
LIMITED TAX REFUNDING BONDS,
TAXABLE SERIES 2013B

INTRODUCTION

This Official Statement, which includes the Appendices and Schedules hereto, provides certain information regarding the issuance of \$40,295,000 Collin County, Texas Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Unlimited Tax 2013A Bonds"), the \$15,970,000 Collin County, Texas Unlimited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Unlimited Tax 2013B Bonds and, together with the Tax-Exempt Unlimited Tax 2013A Bonds, the "Unlimited Tax Bonds"), the \$2,200,000 Collin County, Texas Limited Tax Permanent Improvement Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Limited Tax 2013 Bonds") and the \$15,720,000 Collin County, Texas Limited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Limited Tax 2013B Bonds and, together with the Tax-Exempt Limited Tax 2013A Bonds, the "Limited Tax Bonds"). The Unlimited Tax Bonds and the Limited Tax Bonds are collectively referred to in this Official Statement as the "Obligations". The Obligations are separate and distinct securities offerings being authorized for issuance under separate orders (the "Tax-Exempt Unlimited Tax 2013A Bond Order", the "Taxable Unlimited Tax 2013B Bond Order", the "Tax-Exempt Limited Tax 2013A Bond Order", and the "Taxable Limited Tax 2013B Bond Order", respectively, and collectively, the "Orders") adopted by the Commissioners Court of Collin County (the "County") on June 3, 2013, but are being offered and sold pursuant to a common Official Statement, and while the Obligations share certain common attributes, each issue is separate and apart from the other and should be reviewed and analyzed independently, including the kind and type of obligation being issued, its terms of payment, the security for its payment, the rights of the holders and the covenants and agreements made with respect thereto. Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Orders adopted by the County on the date of sale of the Obligations which authorized the issuance of the Obligations. As used herein, "Unlimited Tax Bond Orders" means the Tax-Exempt Unlimited Tax 2013A Bond Order and the Taxable Unlimited Tax 2013B Bond Order, and "Limited Tax Bond Orders" means the Tax-Exempt Limited Tax 2013A Bond Order and the Taxable Limited Tax 2013B Bond Order.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "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 Tax-Exempt Unlimited Tax 2013A Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including participation in joint city-county projects, (ii) refund a portion of the County's outstanding unlimited tax debt described in Schedule I (the "2013A Unlimited Tax Refunded Bonds") for debt service savings; and (iii) pay costs of issuance associated with the sale of the Tax-Exempt Unlimited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Unlimited Tax 2013B Bonds will be used to (i) refund a portion of the County's debt described in Schedule I (the "2013B Unlimited Tax Refunded Bonds") for debt service savings and (ii) pay the costs of issuance associated with the sale of the Taxable Unlimited Tax 2013B Bonds.

Proceeds from the sale of the Tax-Exempt Limited Tax 2013A Bonds will be used for (i) acquiring and improving land for park and open space purposes, including joint city-county projects, and (ii) pay the costs of issuance associated with the sale of the Limited Tax 2013A Bonds.

Proceeds from the sale of the Taxable Limited Tax 2013B Bonds will be used to (i) refund a portion of the County's 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 Taxable Limited Tax 2013B Bonds.

REFUNDED BONDS . . . As used in this Official Statement, the term "Refunded Bonds" means the 2013A Unlimited Tax Refunded Bonds, the 2013B Unlimited Tax Refunded Bonds and the Limited Tax Refunded Bonds. The principal of and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and redemption dates for the Refunded Bonds as shown on Schedule I hereto, from funds to be deposited pursuant to 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 Orders each will provide that a portion of the proceeds from the sale of the Taxable 2013B Limited Tax Bonds and the Unlimited Tax Bonds, respectively, in amounts sufficient to accomplish the discharge and final payment of the Refunded Bonds, will be deposited with the Escrow Agent pursuant to the Escrow Agreements for deposit to special escrow funds (the "Limited Tax Escrow Fund", the "2013A Unlimited Tax Escrow Fund" and the "2013B Unlimited Tax Escrow Fund" and together, the "Escrow Funds") established under the Escrow Agreements for the payment of the Refunded Bonds. Amounts on deposit in the Escrow Funds will be used to purchase obligations authorized by Chapter 1207, Texas Government Code, as amended (the "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 Taxable 2013B Limited Tax Bonds, the Tax-Exempt Unlimited Tax 2013A Bonds and the Taxable Unlimited Tax 2013B Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the respective Escrow Funds will be sufficient to pay, when due, the principal of and interest on the Taxable 2013B Limited Tax Refunded Bonds, the 2013A Unlimited Tax Refunded Bonds and the 2013B Unlimited Tax Refunded Bonds, respectively. **Maturing principal of and interest on the Securities in the Limited Tax Escrow Fund will not be available to pay the 2013A Unlimited Tax Refunded Bonds or 2013B Unlimited Tax Refunded Bonds. Maturing principal of and interest on the Securities in the 2013A Unlimited Tax Escrow Fund and 2013B Unlimited Tax Escrow Fund will not be available to pay the Limited Tax Refunded Bonds.** (see "Other Information – Verification of Arithmetical and Mathematical Computations").

By the deposit of the Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreements, 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 Securities and any cash held for such purpose by the Escrow Agent and the Refunded Bonds will not be deemed as being outstanding obligations of the County payable from ad valorem taxes nor for the purpose of applying any limitation on the issuance of debt.

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

	Tax-Exempt Unlimited Tax 2013A Bonds	Taxable Unlimited Tax 2013B Bonds
<u>Sources of Funds</u>		
Par Amount of Bonds	\$ 40,295,000.00	\$ 15,970,000.00
Reoffering Premium	4,516,686.15	1,281,053.55
Accrued Interest	171,596.39	58,809.63
Transfer from Prior Issue Debt Service Funds	355,437.50	397,059.38
Total Sources of Funds	\$ 45,338,720.04	\$ 17,706,922.56
<u>Uses of Funds</u>		
Deposit to Escrow Fund	\$ 16,803,779.87	\$ 17,478,594.04
Deposit to Debt Service Fund	171,596.39	58,809.63
Deposit to Construction Fund	28,000,000.00	-
Costs of Issuance ⁽¹⁾	363,343.78	169,518.89
Total Uses of Funds	\$ 45,338,720.04	\$ 17,706,922.56

(1) Includes the Underwriters' Discount.

	Tax-Exempt Limited Tax 2013 Bonds	Taxable Limited Tax 2013 Bonds
Sources of Funds		
Par Amount of Bonds	\$ 2,200,000.00	\$ 15,720,000.00
Reoffering Premium	50,646.70	-
Accrued Interest	7,249.03	32,965.63
Transfer from Prior Issue Debt Service Funds	-	359,169.38
Total Sources of Funds	\$ 2,257,895.73	\$ 16,112,135.01
Uses of Funds		
Deposit to Escrow Fund	\$ -	\$ 15,908,162.14
Deposit to Debt Service Fund	7,249.03	32,965.63
Deposit to Construction Fund	2,200,000.00	-
Costs of Issuance ⁽¹⁾	50,646.70	171,007.24
Total Uses of Funds	\$ 2,257,895.73	\$ 16,112,135.01

(1) Includes the Underwriters' Discount.

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . The Obligations of each series are dated June 1, 2013 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on page 2 and page 4 hereof. Interest on the Obligations will accrue from the Dated Date, and is payable on February 15 and August 15 in each year, commencing February 15, 2014, until maturity or prior redemption. The Obligations will mature on the dates, in the principal amounts, and will bear interest at the rates set forth on pages 2 and 4 of this Official Statement, and such interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

In the event the Book-Entry-Only System should be discontinued, interest on the Obligations will be payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (as defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Obligations is payable at maturity or redemption. If the principal of or interest on the shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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.

The Obligations will be issued only in fully registered form 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. The Obligations will be issued in denominations of \$5,000 of principal amount or any integral thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The principal of and interest on the Obligations 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 Obligations. See "The Obligations - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Tax-Exempt Unlimited Tax 2013A Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and the Tax-Exempt Unlimited Tax 2013A Bond Order, and are direct obligations of the County, payable from a continuing direct ad valorem tax levied on a taxable property within the County, without legal limit as to rate or amount, as provided by the Tax-Exempt Unlimited Tax 2013A Bond Order.

The Taxable Unlimited Tax 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of the County, payable from a continuing ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the Taxable Unlimited Tax 2013B Bond Order.

The Tax-Exempt Limited Tax 2013A Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007 and the Tax-Exempt Limited Tax 2013A Bond Order, and are direct obligations of the County, payable from a continuing direct ad valorem tax levied on a taxable property within the County, within the limits prescribed law, as provided by the Tax-Exempt Limited Tax 2013A Bond Order.

The Taxable Limited Tax 2013B Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of 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 Taxable Limited Tax 2013B 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 Orders. 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 Orders.

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

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

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

Road Maintenance (Special Road and Bridge Tax)... Under Section 256.052, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed \$0.15 on the \$100 valuation of property provided by 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.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem the Obligations of any series (the "Redeemable Obligations") having stated maturities on and after February 15, 2024 in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2023 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Redeemable Obligations of a series are to be redeemed, the County may select the maturities of the Redeemable Obligations, as the case may be, to be redeemed. If less than all the Redeemable Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Redeemable Obligations, as the case may be, are in Book-Entry-Only form) shall determine by lot the Redeemable Obligations, or portions thereof, within such maturity to be redeemed. If a Redeemable Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Redeemable Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date. The County reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Redeemable Obligations conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Redeemable Obligations subject to

conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the County to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

MANDATORY REDEMPTION . . . The Tax-Exempt Unlimited Tax 2013A Bonds maturing on February 15, 2033, (the "Unlimited Tax Term Bonds") are subject to mandatory redemption in part prior to their schedule maturities, and will be redeemed by the District at a redemption price equal to the principal amount of the Unlimited Tax Term Bonds or portions thereof, plus accrued interest to the dates of redemption, on the dates and in the principal amounts as follows:

Redemption Date	Principal Amount
February 15, 2032	\$ 1,800,000
February 15, 2033*	1,870,000

The Tax-Exempt Limited Tax 2013A maturing on February 15, 2033, (the "Limited Tax Term Bonds, and together with the Unlimited Tax Term Bonds, the "Term Bonds") are subject to mandatory redemption in part prior to their schedule maturities, and will be redeemed by the District at a redemption price equal to the principal amount of the Limited Tax Term Bonds or portions thereof, plus accrued interest to the dates of redemption, on the dates and in the principal amounts as follows:

Redemption Date	Principal Amount
February 15, 2029	\$ 125,000
February 15, 2030	130,000
February 15, 2031	140,000
February 15, 2032	145,000
February 15, 2033*	150,000

* Stated maturity.

The Paying Agent/Registrar shall select by lot or other customary method of random selection the Term Bonds of either series to be redeemed on the next following February 15 from moneys set aside for that purpose in the Bond Fund for the Bonds. Any County Term Bonds not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of the Term Bonds of a stated maturity required to be redeemed on a mandatory redemption date shall be 45 reduced, at the option and direction of the County, by the principal amount of Term Bonds of like stated maturity which, at least days prior to the mandatory redemption date, shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and collected by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Term Bonds, plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

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

DEFEASANCE . . . The Orders provide for the defeasance of the Obligations when the payment of the principal of and premium, if any, on the Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Orders provide that "Government Securities" means (a) direct, noncallable 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 of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the County, 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 of their

acquisition or purchase by the County, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The County has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid. The County has reserved the option, to be exercised at the time of the defeasance of the Obligations, to call for redemption, at an earlier date, those Redeemable Obligations which have been defeased to their maturity date, if the County: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Redeemable Obligations immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

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

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

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

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

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations 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 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT. In reading this Official Statement it should be understood that while Obligations 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 Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

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

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

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for each series of the Obligations is The Bank of New York Mellon Trust Company, National Association, 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 Obligations are duly paid and any successor Paying Agent/Registrar shall be a bank or trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

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

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

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

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

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

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. 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 United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are

disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded. The County has authorized the tax freeze on homesteads of taxpayers 65 years of age or older. For additional information, see "Ad Valorem Tax Information - County Application of Tax Code" and "Table 1 - Valuation, Exemptions and General Obligation Bond Debt."

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

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

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

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

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

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

The County is authorized, pursuant to Chapter 381, Texas Local Government Code, as amended ("Chapter 381"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the County. In accordance with a program established pursuant to Chapter 381, the County may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the County. The County may contract with the federal government, the State 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. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process that uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on January 31 of each year and the final installment due on July 31.

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

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

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

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

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

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

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

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

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

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

The County has exempted freeport property from taxation.

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

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

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

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

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

2012/13 Market Valuation Established by the Collin Central Appraisal District
(excluding totally exempt property)

\$ 85,602,091,759

Less Exemptions/Reductions at 100% Market Value:

Over 65 and Disabled	\$1,017,366,905	
Disabled Veterans Exemptions	123,441,161	
Charitable Organizations	25,802,559	
Tax Abatements	829,618,667	
Homestead Exemption	2,014,537,355	
Freeport Exemption	665,597,428	
Pollution Control Property	34,624,781	
Historical Exemption	27,962,426	
Prorated Exempt Property	11,598,397	
Homestead Cap Adjustment	37,971,325	
Limited Income Housing	2,447,355	
Agricultural Productivity, Open Space Land Use Reductions	6,169,032,634	
Other	1,686,273	10,961,687,266

2012/13 Taxable Assessed Valuation

\$ 74,640,404,493

County Funded Debt Payable from Ad Valorem Taxes (as of 4-1-13)

Limited Tax Debt ⁽¹⁾	\$ 112,665,000 ⁽¹⁾
Unlimited Tax Debt ⁽²⁾	206,500,000 ⁽²⁾
The Unlimited Tax Road & Rfdg Bonds, Tax-Exempt Series 2013A	40,295,000
The Unlimited Tax Refunding Bonds, Taxable Series 2013B	15,970,000
The Limited Tax Permanent Improvement Bonds, Tax-Exempt Series 2013A	2,200,000
The Limited Tax Refunding Bonds, Taxable Series 2013B	15,720,000

Funded Debt Payable from Ad Valorem Taxes

\$ 393,350,000

Interest and Sinking Fund (as of 4-1-13)

\$ 16,579,403

Ratio General Obligation Debt to Taxable Assessed Valuation

0.53%

2013 Estimated Population - 813,133

Per Capita Taxable Assessed Valuation - \$91,794

Per Capita Funded Debt Payable from Ad Valorem Taxes - \$484

(1) Excludes the Limited Tax Refunded Bonds.

(2) Excludes the 2013A Unlimited Tax Refunded Bonds and 2013B Unlimited Tax Refunded Bonds.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2013		2012		2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 48,335,459,628	56.47%	\$ 47,803,044,461	57.07%	\$ 47,129,255,659	55.09%
Real, Residential, Multi-Family	4,909,285,970	5.74%	4,462,205,042	5.33%	4,359,373,394	5.26%
Real, Vacant Lots/Tracts	824,879,626	0.96%	892,928,396	1.07%	903,532,169	1.15%
Real, Acreage (Land Only)	7,119,882,130	8.32%	7,090,704,021	8.46%	7,415,809,201	10.42%
Real, Farm and Ranch Improvements	805,914,525	0.94%	817,548,827	0.98%	833,309,201	1.00%
Real, Commercial and Industrial	15,755,099,044	18.41%	15,198,818,038	18.14%	14,844,885,029	17.73%
Real and Intangible Personal, Utilities	1,163,061,803	1.36%	1,128,257,894	1.35%	1,174,373,653	1.36%
Tangible Personal, Business	5,720,297,694	6.68%	5,485,905,795	6.55%	5,146,374,881	6.06%
Tangible Personal, Other	45,864,441	0.05%	40,668,941	0.05%	42,760,159	0.05%
Inventory	734,478,360	0.86%	681,181,171	0.81%	755,930,021	1.88%
Special Inventory Tax	187,868,538	0.22%	167,581,030	0.20%	146,010,145	0.00%
Total Appraised Value Before Exemptions	\$ 85,602,091,759	100.00%	\$ 83,768,843,616	100.00%	\$ 82,751,613,512	100.00%
Less: Total Exemption/Reductions	(10,961,687,266)		(11,306,325,057)		(11,473,926,034)	
Taxable Assessed Value	\$ 74,640,404,493		\$ 72,462,518,559		\$ 71,277,687,478	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2010		2009	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 47,023,799,761	55.92%	\$ 46,258,543,676	55.09%
Real, Residential, Multi-Family	4,418,373,249	5.25%	4,414,102,159	5.26%
Real, Vacant Lots/Tracts	897,382,927	1.07%	961,953,962	1.15%
Real, Acreage (Land Only)	7,982,962,832	9.49%	8,749,195,627	10.42%
Real, Farm and Ranch Improvements	826,660,638	0.98%	839,821,464	1.00%
Real, Commercial and Industrial	15,448,987,640	18.37%	14,890,198,384	17.73%
Real and Intangible Personal, Utilities	1,099,988,202	1.31%	1,138,977,111	1.36%
Tangible Personal, Business	5,161,195,686	6.14%	5,091,154,776	6.06%
Tangible Personal, Other	45,207,373	0.05%	44,839,724	0.05%
Inventory	1,013,621,038	1.21%	1,577,903,038	1.88%
Special Inventory Tax	167,718,060	0.20%	-	
Total Appraised Value Before Exemptions	\$ 84,085,897,406	100.00%	\$ 83,966,689,921	100.00%
Less: Total Exemptions/Reductions	(11,696,946,148)		(12,147,526,110)	
Taxable Assessed Value	\$ 72,388,951,258		\$ 71,819,163,811	

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
2009	748,050	⁽²⁾ \$ 71,819,163,811	\$ 96,009	\$ 409,395,000	0.57%	\$ 547
2010	782,341	⁽³⁾ 72,388,951,258	92,529	383,805,000	0.53%	491
2011	801,865	⁽²⁾ 71,277,687,478	88,890	347,725,000	0.49%	434
2012	804,390	⁽²⁾ 72,462,518,559	90,084	393,210,000	0.54%	489
2013	813,133	⁽²⁾ 74,640,404,493	91,794	393,350,000 ⁽⁴⁾	0.53%	484

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

(2) Source: County Officials

(3) Source: U.S. Census Bureau

(4) Projected; includes the Obligations. 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
2009	\$ 0.24250	\$0.18426	\$ 0.058240	\$ 174,161,472	100.06%	101.51%
2010	0.24250	0.18708	0.055420	175,543,207	101.04%	102.79%
2011	0.24000	0.18458	0.055420	170,749,824	100.27%	102.79%
2012	0.24000	0.17605	0.063950	170,204,902	101.39%	103.08%
2013	0.24000	0.17466	0.065340	179,136,971	99.66% ⁽¹⁾	100.84% ⁽¹⁾

(1) Collections through April 1, 2013.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Tax Year				
	2012	2011	2010	2009	2008
<u>Limited Constitutional Taxes ⁽¹⁾</u>					
Operating Fund	\$ 0.1730	\$ 0.1760	\$ 0.1846	\$ 0.1871	\$ 0.1843
Limited Tax Debt Service Fund	0.0262	0.0233	0.0197	0.0198	0.0216
Total Constitutional Tax Rate	\$ 0.1992	\$ 0.1993	\$ 0.2043	\$ 0.2069	\$ 0.2058
<u>Unlimited Constitutional Taxes ⁽²⁾</u>					
Road Maintenance	\$ 0.0030	\$ 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	0.0378	0.0407	0.0357	0.0356	0.0367
Total Tax Rate	\$ 0.2400	\$ 0.2400	\$ 0.2400	\$ 0.2425	\$ 0.2425

(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	2012/13 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oncor Electric Delivery Company	\$ 461,211,196	0.62%
Stonebriar Mall Ltd. Partnership	232,137,734	0.31%
Health Care Service Corporation	208,172,377	0.28%
Cisco Systems Inc	171,484,217	0.23%
J.C. Penney Company	163,195,767	0.22%
Legacy Campus LP	152,500,000	0.20%
AT&T Mobility LLC	150,721,071	0.20%
Village at Allen LP	136,534,873	0.18%
Bank of America NA	132,676,129	0.18%
BPR Shopping Center LP	118,250,000	0.16%
	<u>\$ 1,926,883,364</u>	<u>2.58%</u>

TABLE 7 - TAX ADEQUACY ⁽¹⁾

2013 Principal and Interest Requirements	\$ 44,802,196
\$0.0613 Tax Rate at 98% Collection Produces	\$ 44,839,477
Average Annual Principal and Interest Requirements, 2013 - 2033	\$ 28,236,321
\$0.0387 Tax Rate at 98% Collection Produces	\$ 28,308,120
Maximum Principal and Interest Requirements, 2013	\$ 44,802,196
\$0.0613 Tax Rate at 98% Collection Produces	\$ 44,839,477

(1) For all tax supported indebtedness (limited and unlimited), including the Obligations. Excludes the Refunded Bonds.

TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

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

<u>Governmental Subdivision</u>	2012/13 Taxable Assessed Value	2012/13 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 4-1-13
Collin County	\$ 74,640,404,493	\$ 0.240000	\$ 393,350,000 ⁽¹⁾	100.00%	\$ 393,350,000 ⁽¹⁾
<u>Special Districts</u>					
Collin County Community College District	\$ 71,134,134,559	\$ 0.086300	\$ 41,870,000	100.00%	\$ 41,870,000
Seis Lagos Utility District	109,625,850	0.462500	579,000	100.00%	579,000
Total Districts					\$ 42,449,000
<u>Cities</u>					
Allen	\$ 8,029,910,554	\$ 0.552000	\$ 107,425,000	100.00%	\$ 107,425,000
Anna	376,578,308	0.650300	12,805,000	100.00%	12,805,000
Blue Ridge	24,899,845	0.614600	1,113,000	100.00%	1,113,000
Celina	482,230,390	0.645000	20,770,000	100.00%	20,770,000
Fairview	1,204,423,017	0.360000	27,835,000	100.00%	27,835,000
Farmersville	145,923,829	0.697500	5,325,000	100.00%	5,325,000
Josephine	30,896,268	0.570000	515,000	95.23%	490,435
Lucas	537,026,409	0.374200	12,110,000	100.00%	12,110,000
McKinney	11,028,180,495	0.585500	219,120,000	100.00%	219,120,000
Melissa	343,859,583	0.610000	29,150,000	100.00%	29,150,000
Murphy	1,544,660,430	0.570000	45,655,000	100.00%	45,655,000
Parker	517,308,211	0.377100	7,060,000	100.00%	7,060,000
Princeton	260,822,678	0.756900	15,540,000	100.00%	15,540,000
Prosper	1,347,409,280	0.520000	45,205,000	90.95%	41,113,948
Wylie	2,272,033,582	0.888900	120,388,209	97.82%	117,763,746
<u>County-Line Cities</u>					
Carrollton	\$ 9,153,567,573	\$ 0.617900	\$ 170,740,000	0.50%	\$ 853,700
Dallas	81,161,567,602	0.797000	1,659,072,336	4.19%	69,515,131
Frisco	14,741,049,643	0.461910	638,025,000	63.83%	407,251,358
Plano	24,155,930,827	0.488600	368,280,000	96.45%	355,206,060
Richardson	10,079,565,561	0.635160	292,935,000	39.24%	114,947,694
Royse City	469,359,733	0.685300	23,778,000	15.80%	3,756,924
Sachse	1,224,861,232	0.770800	4,032,500	34.81%	1,403,713
Total Cities					\$ 1,616,210,707

(1) Includes the Obligations. Excludes the Refunded Bonds.

	2012/13 Taxable Assessed Value	2012/13 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 4-1-13
<u>School Districts</u>					
Allen ISD	\$ 7,504,736,174	\$ 1.670000	\$ 502,018,037	100.00%	\$ 502,018,037
Anna ISD	508,769,940	1.540000	94,885,024	100.00%	94,885,024
Farmersville ISD	329,117,527	1.370000	14,194,998	100.00%	14,194,998
Lovejoy ISD	1,633,527,074	1.535000	137,005,471	100.00%	137,005,471
McKinney ISD	9,135,504,595	1.540000	475,610,000	100.00%	475,610,000
Melissa ISD	398,645,311	1.540000	38,608,467	100.00%	38,608,467
Plano ISD	31,855,214,960	1.373400	1,051,111,946	100.00%	1,051,111,946
Princeton ISD	458,309,142	1.480000	71,046,427	100.00%	71,046,427
Wylie ISD	3,093,797,216	1.640000	250,722,591	100.00%	250,722,591
<u>County-Line School Districts</u>					
Bland ISD	\$ 118,185,763	\$ 1.520000	\$ 14,349,981	9.04%	\$ 1,297,238
Blue Ridge ISD	127,016,972	1.617000	15,915,950	98.60%	15,693,127
Celina ISD	601,919,731	1.640000	60,341,602	93.30%	56,298,715
Community ISD	427,654,453	1.625000	30,093,570	98.56%	29,660,223
Frisco ISD	17,546,270,244	1.460000	1,363,613,455	72.69%	991,210,620
Gunter ISD	186,541,781	1.580000	15,935,000	0.83%	132,261
Leonard ISD	125,968,905	1.271100	1,730,000	7.28%	125,944
Prosper ISD	1,954,141,128	1.670000	236,853,912	92.52%	219,137,239
Royse City ISD	1,071,243,936	1.670000	113,250,790	8.22%	9,309,215
Trenton ISD	135,502,070	1.460000	14,189,993	4.03%	571,857
Van Alstyne ISD	421,926,528	1.520000	33,374,197	9.53%	3,180,561
Whitewright ISD	158,054,594	1.435000	8,085,630	2.76%	223,163
Total School Districts					\$ 3,962,043,123
Total Direct and Overlapping Funded Debt					\$ 6,014,157,813
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation					8.45%
Per Capita Overlapping Funded Debt					\$ 7,396

TABLE 9 –GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending	Unlimited Tax Outstanding Debt ⁽¹⁾				Limited Tax Outstanding Debt ⁽²⁾		The Tax-Exempt Unlimited Tax 2013A Bonds ⁽³⁾		The Taxable Unlimited Tax 2013B Bonds ⁽³⁾		The Tax-Exempt Limited Tax 2013A Bonds ⁽⁴⁾		The Taxable Limited Tax 2013B Bonds ⁽⁵⁾		Total Debt	% of Principal Retired		
	Principal		Interest ⁽⁵⁾		Principal		Interest		Principal		Interest		Principal				Interest	
	\$		\$		\$		\$		\$		\$		\$				\$	
9/30	\$ 15,820,000	\$ 10,937,771	\$ 12,215,000	\$ 5,829,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,802,196			
2013	16,800,000	8,803,449	9,400,000	4,772,069	655,000	1,956,536	-	671,668	70,000	81,917	240,000	375,962	43,826,601					
2014	16,800,000	8,803,449	9,400,000	4,772,069	655,000	1,956,536	-	671,668	70,000	81,917	240,000	375,962	43,826,601					
2015	14,440,000	8,126,974	9,665,000	4,354,506	3,490,000	1,566,750	670,000	554,966	85,000	65,863	440,000	310,016	43,769,075					
2016	13,135,000	7,536,024	8,390,000	3,946,531	2,680,000	1,474,200	2,205,000	519,714	90,000	63,675	1,850,000	300,416	42,190,560					
2017	13,785,000	6,962,899	8,765,000	3,560,050	2,760,000	1,392,600	2,260,000	452,739	90,000	61,425	1,875,000	280,458	42,245,170	33.67%				
2018	14,530,000	6,348,799	9,255,000	3,174,301	1,750,000	1,316,200	2,160,000	375,639	95,000	59,113	1,895,000	254,828	41,213,879					
2019	15,270,000	5,687,670	9,605,000	2,789,031	1,820,000	1,244,800	2,245,000	287,539	95,000	56,738	1,925,000	223,327	41,249,104					
2020	12,800,000	5,068,129	7,925,000	2,430,460	1,895,000	1,170,500	1,900,000	204,639	100,000	54,300	1,220,000	192,698	34,960,726					
2021	12,310,000	4,511,607	8,215,000	2,112,569	1,990,000	1,082,850	950,000	147,639	100,000	51,800	1,220,000	164,327	32,855,792					
2022	11,730,000	3,971,601	8,140,000	1,796,497	2,095,000	980,725	990,000	108,839	105,000	49,238	1,245,000	132,405	31,344,305	65.84%				
2023	12,280,000	3,434,814	6,350,000	1,489,310	2,200,000	873,350	1,030,000	68,439	105,000	46,613	1,285,000	97,104	29,259,629					
2024	12,845,000	2,899,947	6,660,000	1,185,106	2,310,000	760,600	1,065,000	31,763	110,000	43,650	1,320,000	58,485	29,289,551					
2025	10,640,000	2,405,698	6,275,000	883,478	2,430,000	642,100	495,000	7,843	110,000	40,350	1,205,000	19,214	25,153,682					
2026	10,680,000	1,925,100	5,205,000	609,204	2,550,000	517,600	-	-	115,000	36,975	-	-	21,638,879	90.25%				
2027	11,190,000	1,406,125	2,790,000	402,731	1,480,000	430,725	-	-	120,000	33,375	-	-	17,852,956					
2028	7,925,000	947,998	2,730,000	247,815	1,535,000	376,900	-	-	120,000	29,550	-	-	13,912,263					
2029	5,110,000	634,868	2,325,000	102,568	1,595,000	314,300	-	-	125,000	25,100	-	-	10,231,835					
2030	4,210,000	414,700	365,000	27,706	1,660,000	249,200	-	-	130,000	20,000	-	-	7,076,606					
2031	4,420,000	219,825	375,000	14,344	1,730,000	181,400	-	-	140,000	14,600	-	-	7,095,169					
2032	2,400,000	60,000	230,000	3,738	1,800,000	110,800	-	-	145,000	8,900	-	-	4,758,438	99.52%				
2033	-	-	-	-	1,870,000	37,400	-	-	150,000	3,000	-	-	2,060,400	100.00%				
Totals	\$ 222,320,000	\$ 82,303,995	\$ 124,880,000	\$ 39,731,440	\$ 40,295,000	\$ 16,679,536	\$ 15,970,000	\$ 3,431,427	\$ 2,200,000	\$ 846,179	\$ 15,720,000	\$ 2,409,239	\$ 566,786,816					

DEBT INFORMATION

(1) Excludes the 2013A Unlimited Tax Refunded Bonds and 2013B Unlimited Tax Refunded Bonds. Does not take into account Build America Bond Subsidy.
 (2) Excludes the Limited Tax Refunded Bonds. Does not include Build America Bond Subsidy.

(3) Average life of the issue – 9.741 years. Interest on the Tax-Exempt Unlimited Tax 2013A Bonds has been calculated at the rates illustrated on page 2 herein.

(4) Average life of the issue – 5.907 years. Interest on the Taxable Unlimited Tax 2013B Bonds has been calculated at the rates illustrated on page 2 herein.

(5) Average life of the issue – 11.251 years. Interest on the Tax-Exempt Limited Tax 2013A Bonds has been calculated at the rates illustrated on page 4 herein.

(6) Average life of the issue – 6.482 years. Interest on the Taxable Limited Tax 2013B Bonds has been calculated at the rates illustrated on page 4 herein.

TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/13	\$ 45,913,862
Estimated Interest and Sinking Fund, 9/30/12	\$ 6,151,226
Budgeted Interest and Sinking Fund Tax Levy	48,904,436
Non-Tax Revenues	164,350
	<u>55,220,012</u>
Estimated Balance, 9/30/13	\$ 9,306,150

TABLE 11 - AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Park ⁽¹⁾	11/6/2007	\$ 17,000,000	\$ 8,000,000	\$ 2,200,000	\$ 6,800,000
Road ⁽²⁾	11/6/2007	235,600,000	105,845,000	28,000,000	101,755,000
Court Buildings ⁽¹⁾	11/6/2007	76,300,000	30,500,000	-	45,800,000
		<u>\$ 328,900,000</u>	<u>\$ 144,345,000</u>	<u>\$ 30,200,000</u>	<u>\$ 154,355,000</u>

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

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

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The Commissioners Court annually adopts a capital improvement plan (the "CIP") as part of the County's annual budget. The CIP is made for planning purposes and may identify projects that will be deferred or omitted entirely in future years. In addition, as conditions change, new projects may be added that are not currently identified. The improvements included in the CIP plan are generally funded from a blend of bond proceeds, tax notes, reserves or current year revenue sources. The current CIP covers fiscal years 2003 through 2018, and includes total capital expenditures of \$214.0 million, of which \$30.2 million are scheduled for fiscal year 2013. Most of the planned expenditures will be funded with proceeds of prior bond and tax note issues. As shown in Table 11, after the issuance of the Obligations, the County will have \$154,355,000 of authorized but unissued bonds. The County anticipates issuing approximately \$30,100,000 of such amount in fiscal year 2013-14 and the remaining bond authorization over the following four years in amounts that will allow the County to maintain a level debt service tax rate over such period.

TABLE 12 - OTHER OBLIGATIONS

The County has no unfunded debt outstanding as of September 30, 2012.

PENSION FUND . . . The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed Chapter 841, Texas Government Code, as amended (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 TCERS Act. The County has elected the annually determined contribution rate (variable rate) plan provisions of the TCERS 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 TCERS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 7.7% in FYE 2012 along with a one-time lump sum payment of \$40.5 million. 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 TCERS 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 TCERS 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 . . . In February 2011, the Commissioners Court elected to discontinue a post-retirement health benefit plan for retired County employees that had been in existence since January 1, 2007. Under the prior post-retirement health benefit plan, the County paid a portion of the health insurance premiums (ranging from 25%-100%) of retired County employees beginning at age 65 based on the years of continuous service to the County. State law requires that counties provide retirees with a health insurance plan, but does not require counties to pay the cost of such coverage. As a result of the elimination of this post-retirement health benefit plan, the County does not currently offer any "other post-retirement benefits" ("OPEBs") for retired County employees.

FINANCIAL INFORMATION

TABLE 13 - CHANGES AND NET ASSETS ⁽¹⁾

	Fiscal Year Ended September 30, (000's)				
	2012	2011	2010	2009	2008
<u>Revenues:</u>					
Program Revenues:					
Charges for Services	\$ 40,328,746	\$ 39,499,797	\$ 38,596,963	\$ 42,048,000	\$ 46,646,000
Operating Grants and Contributions	14,516,234	17,903,172	14,336,973	16,374,000	14,239,000
Capital Grants and Contributions	1,059,413	387,681	631,454	1,064,000	465,000
Total Program Revenues	\$ 55,904,393	\$ 57,790,650	\$ 53,565,390	\$ 59,486,000	\$ 61,350,000
General Revenues:					
Taxes	\$ 177,761,766	\$ 173,193,625	\$ 178,396,150	\$ 176,960,000	\$ 172,965,000
Unrestricted Investment Earnings	2,314,418	1,977,093	2,300,812	3,690,000	7,486,000
Gain (Loss) on Sale of Assets	-	-	-	-	-
Miscellaneous	903,048	195,152	203,048	73,000	1,425,000
Total General Revenues	\$ 180,979,232	\$ 175,365,870	\$ 180,900,010	\$ 180,723,000	\$ 181,876,000
Total Revenues	\$ 236,883,625	\$ 233,156,520	\$ 234,465,400	\$ 240,209,000	\$ 243,226,000
<u>Expenses:</u>					
General Administration	\$ 29,244,085	\$ 67,690,144	\$ 36,468,596	\$ 34,518,000	\$ 28,473,000
Judicial	16,068,834	14,109,924	17,436,080	17,195,000	16,910,000
Financial Administration	10,027,826	8,821,845	10,753,583	10,891,000	10,183,000
Legal	10,204,545	9,292,969	11,436,163	11,254,000	10,793,000
Public Facilities	18,700,897	17,040,033	16,981,488	18,129,000	17,751,000
Equipment Services	2,858,704	2,494,730	2,484,792	2,320,000	2,558,000
Public Safety	57,155,752	50,874,877	62,472,977	61,904,000	61,213,000
Public Transportation	45,514,784	70,789,320	87,756,972	25,491,000	35,834,000
Health and Welfare	17,188,582	18,074,594	19,088,453	18,369,000	17,814,000
Culture and Recreation	1,591,047	1,521,696	1,622,389	1,720,000	1,617,000
Conservation	249,193	235,128	293,137	295,000	317,000
Debt Service, Interest and Fiscal Charges	22,193,212	17,588,985	17,078,488	19,267,000	17,618,000
Total Expenses - Before Transfers	\$ 230,997,461	\$ 278,534,245	\$ 283,873,118	\$ 221,353,000	\$ 221,081,000
Change in Net Assets	\$ 5,886,164	\$ (45,377,725)	\$ (49,407,718)	\$ 18,856,000	\$ 22,145,000
Adjustments	-	(9)	-	-	(4,983,000)
Net Assets as of October 1	355,982,341	401,360,075	450,767,793	431,912,000	414,750,000
Net Assets as of September 30	\$ 361,868,505	\$ 355,982,341	\$ 401,360,075	\$ 450,768,000	\$ 431,912,000

(1) In accordance with GASB 34, the County's financial statements for the fiscal year ended September 30, 2012, which are attached hereto as Appendix B, include a management discussion and analysis of the operating results of such fiscal year. Reference is made to Appendix B for such information. Government Activities only.

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

Revenues	Fiscal Year Ended September 30,				
	2012	2011	2010	2009	2008
Taxes	\$ 126,555,655	\$ 131,828,854	\$ 130,271,143	\$ 119,981,000	\$ 117,399,000
License and Permits	282,352	-	-	-	-
Federal and State Funds	7,042,027	6,379,302	3,908,666	3,993,000	3,979,000
Fees and Charges for Services	18,435,832	17,368,901	16,070,485	16,654,000	16,746,000
Fines and Forfeitures	2,191,532	1,992,671	1,821,451	2,270,000	2,689,000
Other Local Government Funds	-	-	-	-	-
Rental Revenues	222,540	-	-	-	-
Interest	1,133,435	2,117,949	2,189,100	3,484,000	6,719,000
Miscellaneous	811,304	932,685	598,633	817,000	517,000
Total Revenues	\$ 156,674,677	\$ 160,620,362	\$ 154,859,478	\$ 147,199,000	\$ 148,049,000
Expenditures					
General Administration	\$ 24,948,893	\$ 63,529,742	\$ 28,875,085	\$ 23,809,000	\$ 21,010,000
Judicial	14,551,857	14,954,776	14,141,857	13,846,000	13,687,000
Financial Administration	9,773,492	10,093,805	9,970,218	9,946,000	9,512,000
Legal	9,969,632	10,465,059	10,655,750	10,322,000	9,865,000
Public Safety	55,369,495	57,793,126	46,021,607	44,931,000	44,192,000
Public Health and Welfare	11,651,835	12,011,123	10,767,712	11,315,000	10,832,000
Public Facilities	10,457,208	10,159,746	9,652,871	10,172,000	10,401,000
Culture and Recreation	1,027,050	1,028,684	424,024	496,000	425,000
Equipment Services	2,208,379	2,094,787	1,940,815	1,919,000	2,271,000
Capital Outlay	4,010,412	11,600,278	1,990,979	2,315,000	1,810,000
Conservation	246,119	278,096	276,767	285,000	296,000
Principal Retirement	-	-	-	4,096,000	-
Debt Service	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	414,000	-
Total Expenditures	\$ 144,214,372	\$ 194,009,222	\$ 134,717,685	\$ 133,866,000	\$ 124,301,000
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,460,305	\$ (33,388,860)	\$ 20,141,793	\$ 13,333,000	\$ 23,748,000
Other Financing Sources (Uses)					
Sale of Capital and Non-Capital Assets	\$ 42,885	\$ 20,353	\$ 109,520	\$ 80,000	\$ 222,000
Operating Transfers In	125,958	25,557	110,829	162,000	1,339,000
Operating Transfers Out	(346,348)	(1,001,263)	(8,581,000)	(9,462,000)	(18,047,000)
Total Other Financing Sources (Uses)	\$ (177,505)	\$ (955,353)	\$ (8,360,651)	\$ (9,220,000)	\$ (16,486,000)
Net Change in Fund Balances	\$ 12,282,800	\$ (34,344,213)	\$ 11,781,142	\$ 4,113,000	\$ 7,262,000
Beginning Fund Balance	153,345,261	187,689,474	133,626,241	129,513,000	122,251,000
Ending Fund Balance	\$ 165,628,061	\$ 153,345,261	\$ 145,407,383	\$ 133,626,000	\$ 129,513,000

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

LEGAL INVESTMENTS . . . Under the PFIA, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by the explicit full faith and credit of the United States; (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, including obligations that are fully guaranteed or insured by the FDIC or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit that are issued by a state or national bank domiciled in the State of Texas, a savings bank domiciled in the State of Texas, or a state or federal credit union domiciled in the State of Texas and 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 obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits, (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits or (a) where the funds are invested by an investing entity through: (i) a broker that has its main office or a branch office in this state and is selected from a list adopted by the County; or (ii) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity; (b) where the broker or the depository institution selected by the investing entity under (a) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints the depository institution selected by the investing entity under (a), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the County; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State 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-load 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 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. The County may not 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, certificates of deposit, or obligations of the United States or its agencies and instrumentalities.

TABLE 14 - CURRENT INVESTMENTS

As of April 1, 2013, the County's investable funds were invested in the following categories:

Description	Percent	Book Value	Market Value
Local Government Investment Pools ⁽¹⁾	58.43%	\$ 224,149,687	\$ 224,149,687
U.S. Agency Securities	3.21%	12,309,919	12,360,002
Certificates of Deposit	27.34%	104,898,869	104,898,869
Municipal Bonds	5.37%	20,590,184	20,942,683
Money Market	5.65%	21,683,122	21,683,122
	100.00%	<u>\$ 383,631,781</u>	<u>\$ 384,034,363</u>

As of such date, 64.013% of the County's investment portfolio is available upon demand. The market value of the investment portfolio was approximately 100.105% of its purchase price.

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

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

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Bracewell & Giuliani LLP, Bond Counsel, (i) interest on the Tax-Exempt Unlimited Tax 2013A Bonds and Tax-Exempt Limited Tax 2013 Bonds (the "Tax-Exempt Bonds") is excludable from gross income for federal income tax purposes under existing law and (ii) the Tax-Exempt 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 Tax-Exempt Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The County has covenanted in the Orders that it will comply with these requirements.

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

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences

Prospective purchasers of the Tax-Exempt 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 Tax-Exempt Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Tax-Exempt 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 Tax-Exempt Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Tax-Exempt Bonds may exceed the stated redemption price payable at maturity of such Tax-Exempt Bonds. Such Tax-Exempt 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 Tax-Exempt Bond.

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

Tax Legislative Changes

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

TAXABLE BONDS

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS OF THE TAXABLE BONDS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH HOLDERS UNDER THE CODE ; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE HOLDERS OF THE TAXABLE BONDS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

General

The following discussion summarizes certain U.S. federal income tax considerations that may be relevant to the acquisition, ownership and disposition of the Taxable Unlimited Tax 2013B Bonds and the Taxable Limited Tax 2013 Bonds (the "Taxable Bonds") by a U.S. holder (as defined below). This discussion is based upon the provisions of the Code, applicable U.S. Treasury Regulations promulgated thereunder, judicial authority and administrative interpretations, as of the date of this document, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. We cannot assure you that the Service will not challenge one or more of the tax consequences described in this discussion, and we have not obtained, nor do we intend to obtain, a ruling from the Service or an opinion of counsel with respect to the U.S. federal tax consequences of acquiring, holding or disposing of the Taxable bonds.

This discussion is limited to U.S. holders who purchase the Taxable Bonds in this offering for a price equal to the issue price of the Taxable Bonds (i.e., the first price at which a substantial amount of the Taxable Bonds is sold for cash other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Taxable Bonds as capital assets (generally, property held for investment). This discussion does not address the tax considerations arising under the laws of any foreign, state, local or other jurisdiction or income tax treaties or any U.S. federal estate or gift tax considerations. In addition, this discussion does not address all tax considerations that may be important to a particular holder in light of the holder's circumstances, or to certain categories of investors that may be subject to special rules, such as:

- dealers in securities or currencies;
- traders in securities that have elected the mark-to-market method of accounting for their securities;
- U.S. holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding the Taxable Bonds as part of a hedge, straddle, conversion or other "synthetic security" or integrated transaction;
- certain U.S. expatriates;
- financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- persons subject to the alternative minimum tax;
- entities that are tax-exempt for U.S. federal income tax purposes; and
- partnerships and other pass-through entities and holders of interests therein.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds the Taxable Bonds, the tax treatment of a partner of the partnership generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership acquiring the Taxable Bonds should consult his/her own tax advisor about the U.S. federal income tax consequences of acquiring, holding and disposing of the Taxable Bonds.

INVESTORS CONSIDERING THE PURCHASE OF THE TAXABLE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE TAXABLE BONDS UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Premium Redemption: In certain circumstances (see “Description of the Taxable Bonds—Optional Redemption”) the City may be obligated to pay amounts on the Taxable Bonds that are in excess of stated interest or principal on the Taxable Bonds. The City does not intend to treat the possibility of paying such additional amounts as causing the Taxable Bonds to be treated as “contingent payment debt instruments.” However, additional income will be recognized if any such additional payment is made. It is possible that the Service may take a different position, in which case a bondholder might be required to accrue interest income at a higher rate than the stated interest rate and to treat as ordinary interest income any gain realized on the taxable disposition of the Taxable Bond. The remainder of this discussion assumes that the Taxable Bonds will not be treated as contingent payment debt instruments. Investors should consult their own tax advisors regarding the possible application of the contingent payment debt instrument rules to the Taxable Bonds.

Tax Consequences to U.S. Holders

As used herein “U.S. holder” means a beneficial owner of the Taxable Bond and who or that is, for U.S. federal income tax purposes:

- an individual who is a U.S. citizen or U.S. resident alien;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

Interest on the Taxable Bonds and Original Issue Discount

Interest on the Taxable Bonds generally will be taxable to a bondholder as ordinary income at the time it is received or accrued in accordance with the bondholder’s regular method of accounting for U.S. federal income tax purposes. In addition, all or a portion of the Taxable Bonds may be issued with original issue discount (“OID”) for U.S. federal income tax purposes. The amount of OID is generally equal to the excess of the principal amount of the notes over the issue price of the notes. The issue price of a Taxable Bond will be equal to the first price at which a substantial amount of Taxable Bonds are sold for cash (excluding sales to underwriters or placement agents). Accordingly, a bond holder will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest, before the receipt of cash payments attributable to this income. Under this method, a bondholder generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Disposition of the Taxable Bonds

A bondholder will generally recognize capital gain or loss on the sale, redemption, exchange, retirement or other taxable disposition of a Taxable Bond. This gain or loss will equal the difference between the bondholder’s adjusted tax basis in the Taxable Bond and the proceeds received (excluding any proceeds attributable to accrued but unpaid stated interest which will be recognized as ordinary interest income to the extent you have not previously included such amounts in income) by the bondholder. The proceeds the bondholder receives will include the amount of any cash and the fair market value of any other property received for the Taxable Bond. The adjusted tax basis in the Taxable Bond will generally equal the amount the bondholder paid for the Taxable Bond. The gain or loss will be long-term capital gain or loss if the bondholder held the Taxable Bond for more than one year at the time of the sale, redemption, exchange, retirement or other disposition. Long-term capital gains of individuals, estates and trusts currently are subject to a reduced rate of U.S. federal income tax. The deductibility of capital losses is subject to certain limitations.

Information Reporting and Backup Withholding

Information reporting will apply to payments of interest on, and the proceeds of the sale, redemption, exchange, retirement or other disposition of, the Taxable Bonds held by a bondholder, and backup withholding may apply to such payments unless that bondholder provides the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information. Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against a bondholder’s U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the bondholder’s actual U.S. federal income tax liability and the bondholder timely provides the required information or appropriate claim form to the Service.

New Legislation Relating to Net Investment Income

For taxable years beginning after December 31, 2012, newly-enacted legislation is scheduled to impose a 3.8% tax on the “net investment income” of certain United States citizens and resident aliens and on the undistributed “net investment income” of certain estates and trusts. Among other items, “net investment income” generally would include interest and certain net gain from the sale, redemption, exchange, retirement or other taxable disposition of a Taxable Bond, less certain deductions.

Prospective holders should consult their tax advisors with respect to the tax consequences of the new legislation described above.

Tax Consequences to Non-U.S. Holders

As used herein, a “non-U.S. holder” means a beneficial owner of a Taxable Bond that is an individual, corporation, estate or trust that is not a U.S. holder.

Interest on the Taxable Bonds

Payments to a non-U.S. holder of interest on the Taxable Bonds generally will be exempt from withholding of U.S. federal tax under the “portfolio interest” exemption if the bondholder properly certifies as to the bondholder’s foreign status as described below, and:

- the bondholder does not own, actually or constructively, 10% or more of the City’s capital or profits interests;
- the bondholder is not a “controlled foreign corporation” for U.S. federal income tax purposes that is related to the City (actually or constructively);
- the bondholder is not a bank whose receipt of interest on the Taxable Bonds is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of the bondholder’s trade or business; and
- interest on the Taxable Bonds is not effectively connected with the bondholder’s conduct of a U.S. trade or business.

The portfolio interest exemption and several of the special rules for non-U.S. holders described below generally apply only if a non-U.S. holder appropriately certifies as to the bondholder’s foreign status. A bondholder can generally meet this certification requirement by providing a properly executed Internal Revenue Service Form W-8BEN or appropriate substitute form to the withholding agent. If a non-U.S. holder holds the Taxable Bonds through a financial institution or other agent acting on the bondholder’s behalf, the bondholder may be required to provide appropriate certifications to the agent. The agent will then generally be required to provide appropriate certifications to the withholding agent, either directly or through other intermediaries. Special rules apply to foreign partnerships, estates and trusts, and in certain circumstances certifications as to foreign status of partners, trust owners or beneficiaries may have to be provided to the City or its paying agent. In addition, special rules apply to qualified intermediaries that enter into withholding agreements with the Service.

If a non-U.S. holder cannot satisfy the requirements described above, payments of interest made to the bondholder will be subject to U.S. federal withholding tax at a 30% rate, unless the bondholder provides the withholding agent with a properly executed Internal Revenue Service Form W-8BEN (or successor form) claiming an exemption from (or a reduction of) withholding under the benefit of an applicable income tax treaty, or the payments of interest are effectively connected with the bondholder’s conduct of a trade or business in the United States and the bondholder meets the certification requirements described below. (See “—Tax Consequences to Non-U.S. Holders—Income or Gain Effectively Connected With a U.S. Trade or Business”).

Disposition of the Taxable Bonds

A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement or other taxable disposition of a Taxable Bond unless:

- the gain is effectively connected with the conduct by the bondholder of a U.S. trade or business (and, if required by an applicable income tax treaty, is treated as attributable to a permanent establishment maintained by the bondholder in the United States); or
- the bondholder is a nonresident alien individual who has been present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met.

If a bondholder is a non-U.S. holder described in the first bullet point above, the bondholder generally will be subject to U.S. federal income tax in the same manner as a U.S. holder (See “—Tax Consequences to Non-U.S. Holders—Income or Gain Effectively Connected With a U.S. Trade or Business”). If a bondholder is a non-U.S. holder described in the second bullet point above, the bondholder generally will be subject to U.S. federal income tax at a flat rate of 30% on the gain derived from the sale or other disposition, which may be offset by U.S. source capital losses.

Income or Gain Effectively Connected with a U.S. Trade or Business

If any interest on the Taxable Bonds or gain from the sale, redemption, exchange, retirement or other taxable disposition of the Taxable Bonds is effectively connected with a U.S. trade or business conducted by a non-U.S. holder, then the income or gain will be subject to U.S. federal income tax at regular graduated income tax rates in the same manner as a U.S. holder unless an applicable tax treaty provides otherwise. Effectively connected income will not be subject to U.S. withholding tax if a non-U.S. holder satisfies certain certification requirements by providing to the withholding agent a properly executed Internal Revenue Service Form W-8ECI or Internal Revenue Service Form W-8BEN (claiming exemption under an income tax treaty). For a non-U.S. holder that is a corporation, that portion of your earnings and profits that is effectively connected with your U.S. trade or business may also be subject to a “branch profits tax” at a 30% rate, although an applicable income tax treaty may provide for a lower rate.

Information Reporting and Backup Withholding

Payments to you of interest on a Taxable Bond, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to the non-U.S. holder. Copies of the information returns reporting such interest may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of a treaty or agreement.

United States backup withholding generally will not apply to payments to a non-U.S. holder of interest on a Taxable Bond if the statement described in "See last paragraph under Tax Consequences to Non-U.S. Holders – Interest on the Taxable Bonds -Tax Consequences to Non-U.S. Holders—Interest on the Taxable Bonds" is duly provided or the bondholder otherwise establishes an exemption, provided that the City does not have actual knowledge or reason to know that the bondholder is a United States person.

Payment of the proceeds of a disposition of a Taxable Bond effected by the U.S. office of a U.S. or foreign broker will be subject to information reporting requirements and backup withholding unless a non-U.S. holder properly certifies under penalties of perjury as to the bondholder's foreign status and certain other conditions are met or the bondholder otherwise establishes an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a Taxable Bond effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records that a bondholder is a non-U.S. holder and certain other conditions are met, or the bondholder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the disposition of a Taxable Bond effected outside the United States by such a broker if the broker is:

- a United States person;
- a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States;
- a controlled foreign corporation for U.S. federal income tax purposes; or
- a foreign partnership that, at any time during its taxable year, has more than 50% of its income or capital interests owned by United States persons or is engaged in the conduct of a U.S. trade or business.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against a non-U.S. holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed your actual U.S. federal income tax liability and you timely provide the required information or appropriate claim form to the Service.

THE PRECEDING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. WE URGE EACH PROSPECTIVE INVESTOR TO CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR THE TAXABLE BONDS, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

CONTINUING DISCLOSURE OF INFORMATION

In each Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. 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, 2013. 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.

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

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

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

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations 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 Obligations 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 Obligations 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 Obligations. 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 Obligations in the primary offering of the Obligations. 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 Obligations 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 Obligations.

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 Obligations, 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 Obligations or that affects the payment and security of the Obligations or in any other manner questioning the issuance, sale or delivery of the Obligations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Obligations 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 Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The County assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations 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 Obligations 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 Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the PFIA, requires that the Obligations 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 Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations 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 Obligations 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 Obligations of each series are valid and binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel to the effect that the Obligations issued in compliance with the provisions of the Orders are valid and legally binding obligations of the County and the interest on the Tax-Exempt Bonds is excludable from gross income for federal income tax purposes under existing law and the Tax-Exempt 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 "Remedies of Owners of Obligations"), "Tax Matters" and "Continuing Disclosure of Information" (except for the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Obligations 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 each series of the

Obligations are contingent on the sale and delivery thereof. The legal opinion will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P. Dallas, Texas, Counsel to the Underwriters. The legal fees to be paid to Underwriters' Counsel for services rendered in connection with the issuance of the Obligations of each series are contingent on the sale and delivery thereof.

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 Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations of each series is contingent upon the issuance and delivery thereof. 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 Obligations, 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 Tax-Exempt Unlimited Tax 2013A Bonds from the County, at an underwriting discount of \$203,806.48 from the initial offering prices to the public. The Underwriters will be obligated to purchase all of the Tax-Exempt Unlimited Tax 2013A Bonds if any Tax-Exempt Unlimited Tax 2013A Bonds are purchased. The Tax-Exempt Unlimited Tax 2013A Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Tax-Exempt Unlimited Tax 2013A Bonds into investment trusts) at prices lower than the public offering prices of such Tax-Exempt Unlimited Tax 2013A 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 Taxable Unlimited Tax 2013B Bonds from the County, at an underwriting discount of \$75,057.85 from the initial offering prices to the public. The Underwriters will be obligated to purchase all of the Taxable Unlimited Tax 2013B Bonds if any Taxable Unlimited Tax 2013B Bonds are purchased. The Unlimited Tax 2013B Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Taxable Unlimited Tax 2013B Bonds into investment trusts) at prices lower than the public offering prices of such Taxable Unlimited Tax 2013B 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 Tax-Exempt Limited Tax Series 2013A Bonds from the County, at an underwriting discount of \$14,933.75 from the initial offering prices to the public. The Underwriters will be obligated to purchase all of the Tax-Exempt Limited Tax 2013A Bonds if any Tax-Exempt Limited Tax 2013A Bonds are purchased. The Tax-Exempt Limited Tax 2013A Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Tax-Exempt Limited Tax 2013A Bonds into investment trusts) at prices lower than the public offering prices of such Tax-Exempt Limited Tax 2013A 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 Taxable Limited Tax 2013B Bonds from the County, at an underwriting discount of \$77,572.30 from the initial offering prices to the public. The Underwriters will be obligated to purchase all of the Taxable Limited Tax 2013B Bonds if any Taxable Limited Tax 2013B Bonds are purchased. The Taxable Limited Tax 2013B Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Taxable Limited Tax 2013B Bonds into investment trusts) at prices lower than the public offering prices of such Taxable Limited Tax 2013B 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 Official Statement in accordance with, and as part of, their responsibility 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 Securities and the forecasted payments of principal and interest to pay the Refunded Bonds and (b) computation of the yields of the Tax-Exempt Unlimited Tax 2013A Bonds, and the restricted Securities will be verified by Grant Thornton LLP, certified public accountants. Such computations will be based solely on assumptions and information supplied by First Southwest Company on behalf of the County. Grant Thornton LLP will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations will be based and, accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

MISCELLANEOUS

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

The Orders 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 Obligations by the Underwriters.

KEITH SELF
County Judge
Collin County, Texas

ATTEST:

STACEY KEMP
County Clerk

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SCHEDULE OF REFUNDED BONDS

TAX-EXEMPT UNLIMITED TAX 2013A BONDS & TAXABLE UNLIMITED TAX 2013B BONDS

Unlimited Tax Road & Refunding Bonds, Series 2004

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded by Tax-Exempt UT 2013A Bonds	Principal Amount Refunded by Taxable UT 2013B Bonds
3/15/2004	2/15/2015	5.000%	\$ 3,120,000	\$ 2,560,000	\$ 560,000
	2/15/2016	5.000%	580,000	-	580,000
	2/15/2017	4.750%	595,000	-	595,000
	2/15/2018	4.750%	440,000	-	440,000
	2/15/2019	4.750%	460,000	-	460,000
	2/15/2020	4.750%	485,000	-	485,000
	2/15/2021	4.750%	505,000	-	505,000
	2/15/2022	4.750%	530,000	-	530,000
	2/15/2023	4.750%	555,000	-	555,000
	2/15/2024	4.500%	585,000	-	585,000
			<u>\$ 7,855,000</u>	<u>\$ 2,560,000</u>	<u>\$ 5,295,000</u>

The 2015-2024 maturities will be redeemed prior to their original maturity on February 15, 2014 at a price of par.

Unlimited Tax Road & Refunding Bonds, Series 2005

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded by Tax-Exempt UT 2013A Bonds	Principal Amount Refunded by Taxable UT 2013B Bonds
3/1/2005	2/15/2016	5.000%	\$ 3,315,000	\$ 1,765,000	\$ 1,550,000
	2/15/2017	5.000%	3,490,000	1,860,000	1,630,000
	2/15/2018	5.000%	1,715,000	-	1,715,000
	2/15/2019	5.000%	1,800,000	-	1,800,000
	2/15/2020	5.000%	1,450,000	-	1,450,000
	2/15/2021	5.000%	500,000	-	500,000
	2/15/2022	5.000%	525,000	-	525,000
	2/15/2023	5.000%	550,000	-	550,000
	2/15/2024	5.000%	575,000	-	575,000
	2/15/2025	4.375%	605,000	-	605,000
			<u>\$ 14,525,000</u>	<u>\$ 3,625,000</u>	<u>\$ 10,900,000</u>

The 2016 – 2025 maturities will be redeemed prior to their original maturity on February 15, 2015 at a price of par.

Unlimited Tax Road Bonds, Series 2006

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded by Tax-Exempt UT 2013A Bonds
3/15/2006	2/15/2018	4.250%	\$ 835,000	\$ 835,000
	2/15/2019	4.250%	870,000	870,000
	2/15/2020	4.375%	910,000	910,000
	2/15/2021	4.500%	955,000	955,000
	2/15/2022	4.500%	1,000,000	1,000,000
	2/15/2023	4.500%	1,045,000	1,045,000
	2/15/2024	4.500%	1,090,000	1,090,000
	2/15/2025	4.500%	1,145,000	1,145,000
	2/15/2026	4.500%	1,195,000	1,195,000
			<u>\$ 9,045,000</u>	<u>\$ 9,045,000</u>

The 2018 through 2026 maturities will be redeemed prior to their original maturity on February 15, 2016 at a price of par.

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SCHEDULE OF REFUNDED BONDS
TAXABLE LIMITED TAX 2013B BONDS

Limited Tax Permanent Improvement & Refunding Bonds, Series 2004

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/15/2004	2/15/2015	4.000%	\$ 780,000	\$ 140,000
	2/15/2016	4.000%	110,000	110,000
	2/15/2017	4.000%	115,000	115,000
	2/15/2018	4.000%	115,000	115,000
	2/15/2019	4.000%	120,000	120,000
	2/15/2020	4.100%	125,000	125,000
	2/15/2021	4.200%	135,000	135,000
	2/15/2022	4.250%	140,000	140,000
	2/15/2023	4.375%	145,000	145,000
	2/15/2024	4.500%	150,000	150,000
			<u>\$ 1,935,000</u>	<u>\$ 1,295,000</u>

The 2015 – 2024 maturities will be redeemed prior to their original maturity on February 15, 2014 at a price of par.

Limited Tax Permanent Improvement & Refunding Bonds, Series 2005

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/1/2005	2/15/2016	5.000%	\$ 3,150,000	\$ 1,470,000
	2/15/2017	5.000%	1,550,000	1,550,000
	2/15/2018	5.000%	1,630,000	1,630,000
	2/15/2019	5.000%	1,710,000	1,710,000
	2/15/2020	5.000%	1,045,000	1,045,000
	2/15/2021	5.000%	1,065,000	1,065,000
	2/15/2022	5.000%	1,115,000	1,115,000
	2/15/2023	5.000%	1,175,000	1,175,000
	2/15/2024	5.000%	1,235,000	1,235,000
	2/15/2025	5.000%	1,295,000	1,295,000
			<u>\$ 14,970,000</u>	<u>\$ 13,290,000</u>

The 2016 – 2025 maturities will be redeemed prior to their original maturity on February 15, 2015 at a price of par.

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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, 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, at the 2010 census, 782,341, and the 2013 estimated population is 813,133.

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:

<u>Company</u>	<u>Number of Employees</u>
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:

	<u>April</u>	<u>Average Annual</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Civilian Labor Force	454,484	447,064	434,999	421,754	409,675	404,668
Employed	429,721	419,914	404,549	390,106	379,610	386,020
Unemployed	24,763	27,150	30,450	31,648	30,065	18,648
Percent Unemployed	5.45%	6.07%	7.00%	7.50%	7.34%	4.61%

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.

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, 2012

The information contained in this Appendix consists of excerpts from the Collin County, Texas Annual Financial Report for the Year Ended September 30, 2012, 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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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, 2012, 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, 2012, 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 30, 2013, 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.

The management's discussion and analysis and budgetary comparison on pages 3 through 25 and pages 75 through 79 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 30, 2013

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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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, 2012. 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 \$361.9 million on a government-wide basis at September 30, 2012, an increase of \$5.9 million from FY2011.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$236.9 million. The primary revenue sources for governmental activities were property (ad valorem) taxes (\$175.5 million), charges for services (\$40.3 million) and operating grants and contributions (\$14.5 million). These three revenue sources accounted for 74.1%, 17.0%, and 6.1%, respectively, or 97.3% of total governmental activity revenues.
- Total expenses were \$231.0 million. The functional areas with the largest expense amounts were public safety (\$57.2 million), public transportation (\$45.5 million), and general administration (\$29.2 million).
- Net capital assets were \$437.7 million from governmental type activities. Net depreciation expense attributable to assets of governmental activities amounted to \$22.3 million for 2012.

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 amounts for FY2012 reflect the requirements of GASB 54.

- The County's governmental funds reported an increase in fund balance of \$33.9 million for fiscal year 2012, as compared to a decrease of \$51.9 million for fiscal year 2011.
- The General Fund reported a fund balance of \$165.6 million for September 30, 2012, an increase of \$12.3 million from September 30, 2011. General Fund revenues fell by \$3.9 million, due to a lower allocation of property taxes to the General Fund. The lower revenues were offset by even lower expenditures. The resulting focus on expenditures contributed a reduction in expenditures from FY2012 vs. FY2011 of \$49.8 million. Higher expenditures in FY2011 were primarily due to a \$40.5 million prefunding payment toward outstanding liabilities in the state retirement system. The payment reduced the monthly contribution rate in FY2012 from 13.5% to 7.7%, with a continuing benefit of lower retirement costs in future periods.

General Financial Highlights

- In FY2012, using a \$12 million state grant received at the end of FY2011, the County continued its work on the Outer Loop, spending \$3.5 million in 2012 to construct access roads on the section connecting US Highway 75 to Texas Highway 121. Total contracts for construction awarded to date exceed \$9 million.
- 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 2012, the County transferred a net of \$10.7 million from Deferred Contributions for the completion of projects (primarily roads) the county donated to other governmental entities. Although the County will not maintain or own 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 payments on long-term debt.

The County created its first Enterprise Fund in FY2009 to record the activity of the Collin County Toll Road Authority. The County Commissioners Court is also the Trustee for 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. In late FY2011, the county received a \$12 million grant from the state to assist in the construction of access roads for the first section of the Outer Loop from US 75 to State Highway 121.

The County operates an animal shelter that works with local cities and unincorporated areas of the County to handle the disposition of unwanted animals. Each participating city, as well as the County, pays a pro rata share of the operating expenses and construction costs. The animal shelter is not considered an Enterprise Fund but operates as an Internal Service 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 legally separate blended-component units: the Collin County Health Care Foundation and the Collin County Housing Finance Corporation. The County Commissioners act as the Board of Trustees for component units whose activities are blended with those of the primary government because it functions as part of 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.

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for periods that begin after June 15, 2011. The objective of GASB 54 is to enhance the usefulness of fund balance information by 1) clarifying existing governmental fund type definitions, and 2) providing clearer fund balance classifications that can be more consistently applied. Collin County implemented the GASB 54 reporting as of September 30, 2011, in accordance with GASB requirements.

GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The classifications are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Restricted or committed specific revenue sources should comprise a *substantial portion of the fund's resources*.

GASB 54 requires fund balance to be reported by purpose or function of restriction, using one of the following five categories:

- **Nonspendable** - Generally means the asset is not expected to be converted to cash, such as inventories; the asset can also be related to monies legally or contractually required to be maintained intact, such as a debt service reserve fund.
- **Restricted** - Resources whose use is constrained by either externally imposed (i.e., creditors, contributors, grantors, or laws of other governments), or imposed by law through constitutional

provisions of enabling legislation, such as authorization to assess, levy, charge, or otherwise mandate payment of resources. This includes a legally enforceable requirement that resources be used only for the specific purpose.

- **Committed** - Constraints imposed by formal action of the Collin County Commissioners Court to set aside, by court order, a commitment of specific use of resources. Constraints can only be removed or changed by taking the same type of action employed to commit those amounts.
- **Assigned** – An amount intended to be used for a specific purpose, but the amount is neither restricted nor committed. Intent may be expressed by the Commissioners Court or by an official or group to which the governing body has delegated the authority to assign amounts. Assigned fund balances include all remaining amounts reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, or committed. In governmental funds other than General Fund, assigned fund balance represents the amount intended to be used for the purpose of that fund. Collin County has no assigned fund balances in 2012.
- **Unassigned** - Residual amount for the General Fund; it is the fund balance that has not been restricted, committed, or assigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. The only classification that can report a negative fund balance is the unassigned category.

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
- Regional Toll Road – Wylie (FM 1378)
- Regional Toll Road – Outer Loop PH3 (Phase 3) from US Highway 75 to State Highway 121
- Debt Service
- 2003 Road Bonds
- 2007 Road Bonds

Each of these funds is classified as a major fund for FY2012. Financial results from the other governmental funds (non-major funds) are combined into a single, aggregated presentation and included in the total. Individual fund data for each of the non-major governmental funds is 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 exceptions are Grant Funds and Capital Projects Funds, which are budgeted according to the project budget, with an assigned project number for tracking and recording each transaction by project.) Budgetary comparison statements for major governmental funds are presented as required or additional 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 reports eight proprietary type funds – the Collin County Toll Road Authority and seven Internal Service Funds (see list below.) Internal Service Funds are used to accumulate and allocate costs internally among various county functions. The Internal Service Funds provide benefits to 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

Internal Service Funds are combined into a single aggregated presentation in the proprietary fund financial statements. Internal Service Funds are accounted for on the full-accrual method of accounting. 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 fines belong to the state. After collection, the monies owed to the other entities are remitted to those entities on a periodic basis. Agency funds are also used for recording receipts of funds by elected officials.

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, certain required supplementary information schedules are also presented in this report with additional information regarding the results of the County's financial activities.

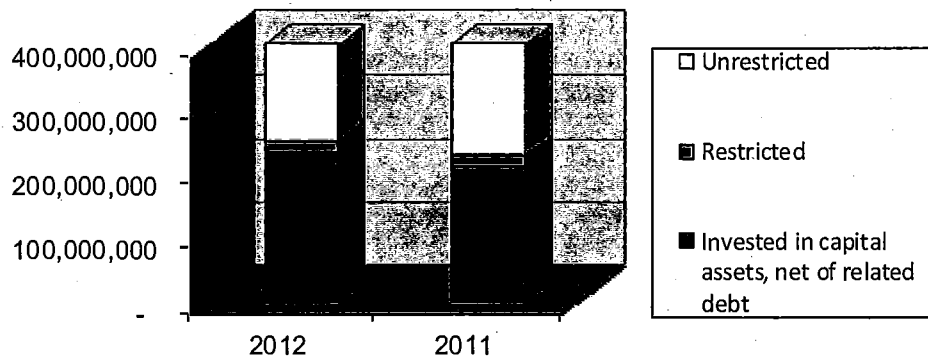
The combining statements and individual fund schedules are presented immediately following the required supplementary information.

Unaudited statistical information is provided for trend and historical analysis.

Government-Wide Financial Analysis

Net assets of the County as of September 30, 2012 and 2011, are summarized and analyzed below:

Composition of Net Assets of Collin County as of September 30

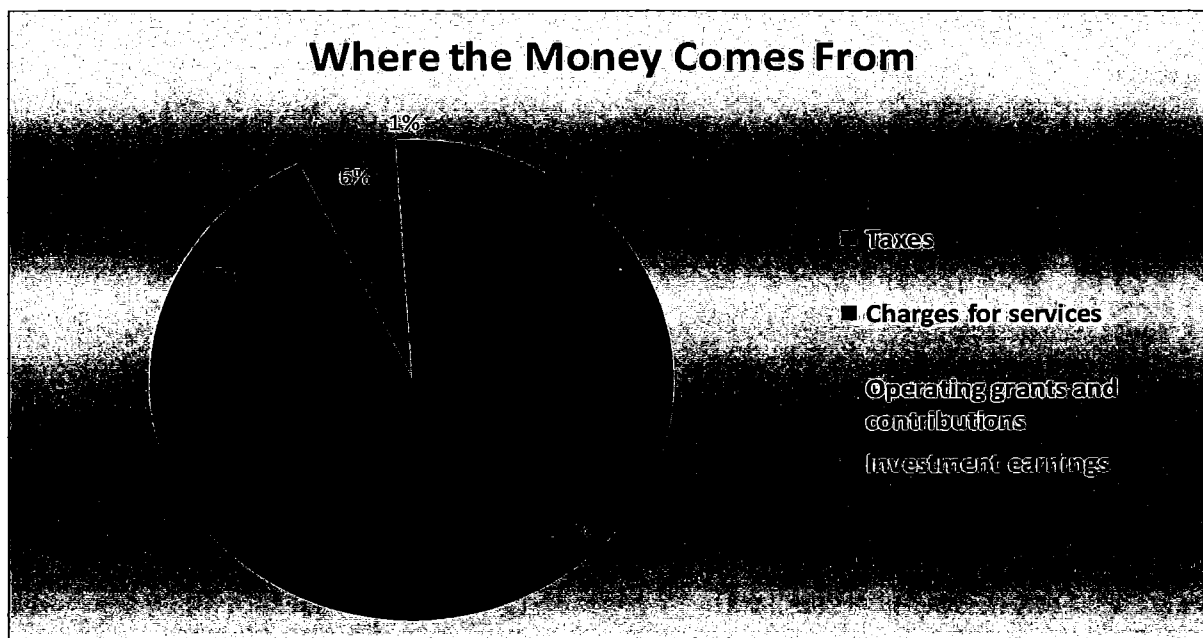


Statement of Net Assets As of September 30 (\$ in thousands)		
	2012	2011
Assets		
Current and Other Assets	\$ 136,489	\$ 85,266
Capital Assets	265,016	270,790
Total Assets	\$ 401,505	\$ 356,056
Liabilities		
Current Liabilities	2,321	2,451
Long-term Liabilities	42,832	41,521
Total Liabilities	\$ 45,153	\$ 43,972
Net Assets		
Invested in capital assets, net of related debt	220,632	200,001
Restricted	21,764	17,445
Unrestricted	159,109	138,610
Total Net Assets	\$ 401,505	\$ 356,056

- Net assets serve as a useful indicator of financial position. Assets exceeded liabilities by \$361.9 million as of September 30, 2012, and by \$356.0 million as of September 30, 2011, a net increase of \$5.9 million.
- 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 (63.4%). 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 will be used to liquidate the debt.

- Restricted Net Assets (5.8%) represent resources subject to external restrictions on their use. Of these restricted net assets, 29.2% of the restricted assets are to repay long-term debt, 39.9% are restricted to provide health care services (as established upon sale of the County hospital), 30.9% (of restricted) are for grant programs, and the balance is for the County's Myers Park Foundation.
- The remaining portion of the County's net assets (30.7%) is unrestricted and may be used to meet ongoing obligations.
- At September 30, 2012, the County had positive balances in all three categories of net assets.

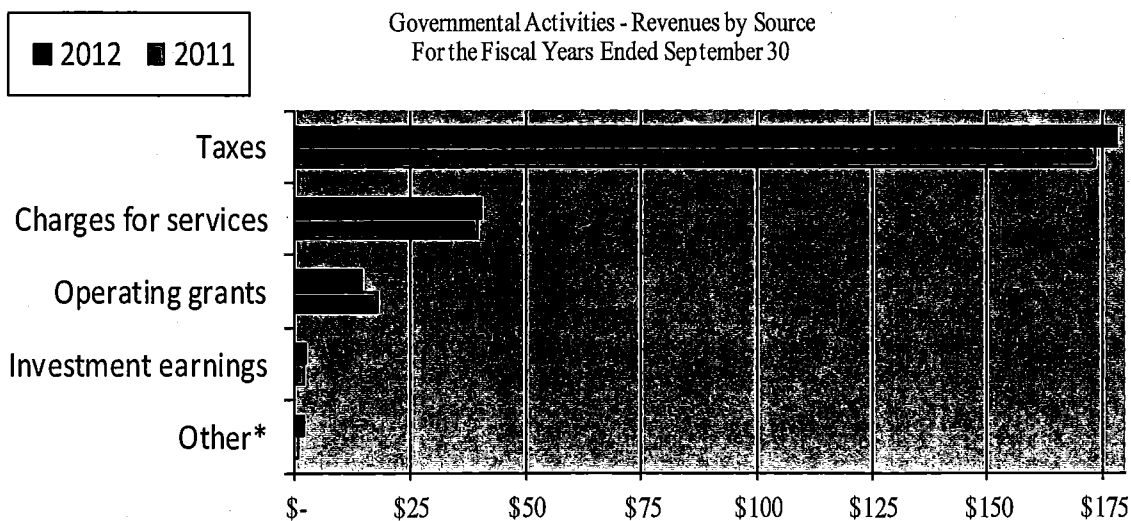
Reflected below is a comparison of Collin County revenues by source.

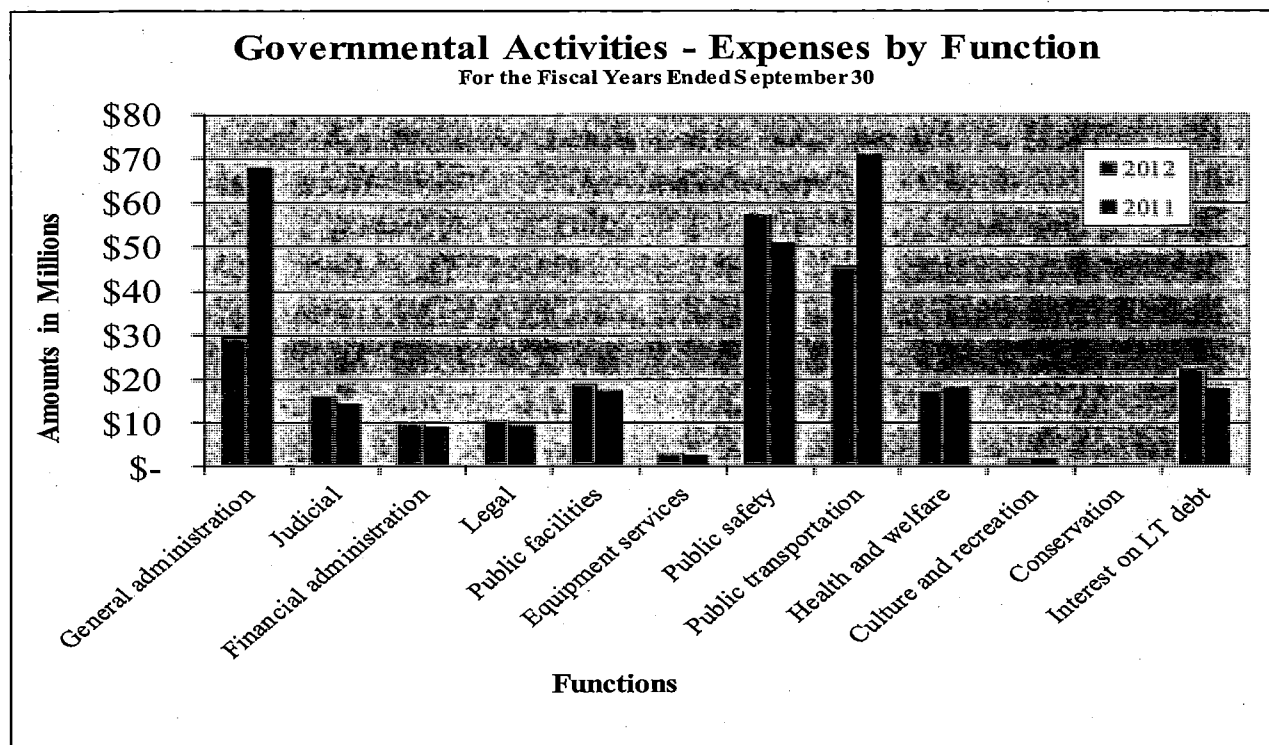


Overall government-wide revenues increased in 2012 over 2011 by \$3.7 million (1.6%), due primarily to higher taxes collected (\$4.6 million, or 2.6%). Investment earnings increased by \$0.3 million (17.1%). Program revenues decreased in FY2012 by \$1.9 million (-3.3%) over FY2011. A summary of the amounts and more detailed explanation is provided below the graph.

Summary of Changes in Net Assets
For the Fiscal Years Ended September 30
(\$ in thousands)

	2012		2011	
Revenues				
<i><u>Program Revenues:</u></i>				
Charges for services	\$	40,329	\$	39,504
Operating grants and contributions		14,516		17,942
Capital grants and contributions		<u>1,059</u>	<u>388</u>	\$ 57,834
		\$ 55,904		
<i><u>General Revenues:</u></i>				
Taxes	\$	177,762	\$	173,193
Unrestricted investment earnings		2,317		1,980
Miscellaneous		<u>903</u>	<u>195</u>	<u>175,368</u>
Total revenues		\$ 236,886		\$ 233,202
Expenses				
General administration	\$	29,244	\$	67,690
Judicial		16,069		14,110
Financial administration		10,028		8,822
Legal		10,204		9,293
Public facilities		18,701		17,040
Equipment services		2,859		2,494
Public safety		57,156		50,875
Public transportation		45,515		70,789
Health and welfare		17,189		18,075
Culture and recreation		1,591		1,522
Conservation		249		235
Interest on long-term debt		<u>22,193</u>		<u>17,589</u>
Total expenses – before transfers		<u>230,998</u>		<u>278,534</u>
Change in Net Assets	\$	5,888	\$	(45,332)
Net assets as of October 1, 2012 and 2011		<u>356,042</u>		<u>401,374</u>
Net assets as of September 30, 2012 and 2011	\$	<u>361,930</u>	\$	<u>356,042</u>

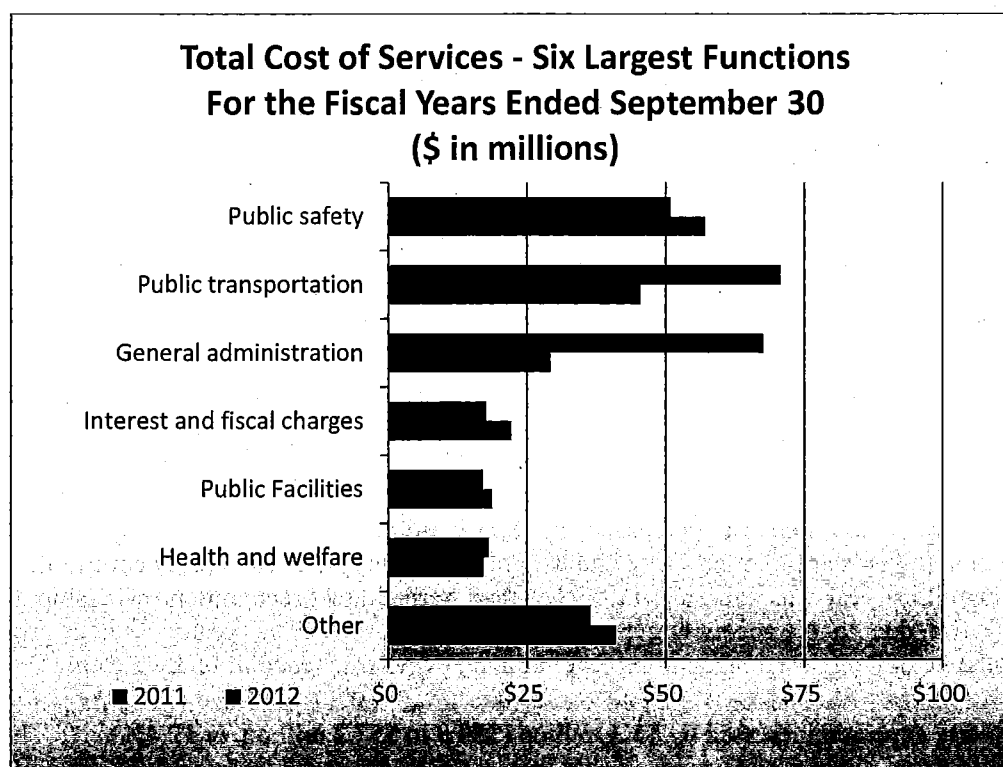




Summarized above are details of government-wide activities of the County for FY2012 and 2011.

- Program revenues include 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 government-wide activities decreased by \$1.9 million or 3.3%.
- General revenues consist of taxes (property and mixed beverage) and interest, as well as miscellaneous transactions, not attributable or allocable to a specific program. Property taxes, the largest of the revenues, increased by \$4.8 million or 2.8%.
- Public transportation expense decreased by \$25.3 million or 35.7%. Many of the road construction projects are joint efforts with cities in the County, with each party contributing 50% of the cost. Last year was unusual with higher than normal asset recognition ownership activity by the cities due to an accounting procedural change. Current year activities are more representative of the normal recognition level of asset ownership recognition by the cities.
- Public safety expenses increased by \$6.3 million (\$50.9 to \$57.2 million, or 12.4%).
- General administration decreased, from \$67.7 million to \$29.2 million (-56.8%). This reflects the additional payment in FY2011 (and not repeated in FY2012) for the County retirement plan with the Texas County and District Retirement System. The additional funding was used to pay toward the County's unpaid liability for employee retirement and to reduce the future funding required.

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)				
Functions/Programs	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Public safety	\$ 57,156	\$ 50,875	\$ 43,659	\$ 38,135
Public transportation	45,515	70,789	27,304	49,437
General administration	29,244	67,690	20,529	60,153
Interest and fiscal charges	22,193	17,589	21,880	17,073
Public Facilities	18,701	17,040	18,597	16,771
Health and welfare	17,189	18,075	11,547	11,767
Other	41,000	36,476	31,577	27,365
Total	<u>\$ 230,998</u>	<u>\$ 278,534</u>	<u>\$ 175,093</u>	<u>\$ 220,701</u>



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. Unassigned 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 \$340.1 million, an increase of \$33.9 million (10.0%) from the prior year.

As required by GASB 54, the classifications of fund balance have changed to reflect the nature of the expected use of the amounts included in the balance. In FY2010 (pre-GASB54), fund balance was classified as reserved and unreserved, with unreserved further divided into designated or undesignated. In FY2012, fund balance is split into as many as five uses: nonspendable, restricted, committed, assigned, or unassigned. For Collin County, the fund balance is only categorized into nonspendable, restricted, committed or unassigned; the County does not have assigned uses of fund balance.

A portion of fund balance (65.1%, or \$221.3 million) of the governmental funds has been designated as nonspendable, restricted, or committed. The remaining \$118.9 million is classified as unassigned and is available for spending as determined by the Commissioners Court. The unassigned fund balance can only exist in the General Fund.

Governmental Funds - Total Fund Balance				
as of September 30, 2012				
(in thousands)				
Fund Balance:				Use
Nonspendable	\$ 21,181	6.2%		Inventories, Toll Road, Conservation District, Animal Shelter
Restricted	166,390	48.9%		Housing Finance, Records, Road Construction, Debt Service, Special Revenues
Committed	33,689	9.9%		Healthcare, Permanent Improvement, Capital Murder Cases, Special Elections, Utility Price Changes, Pre-trial Release, Jury, Myers Park, Code Inspection
Unassigned	<u>118,873</u>	<u>35.0%</u>		General Fund
	<u>\$ 340,133</u>	<u>100.0%</u>		

Changes in Fund Balance – Major Funds

In FY 2012, the County is presenting eight major funds:

- General Fund
- General Road and Bridge Fund
- Health Care Foundation Fund
- RTR – Wylie
- RTR – Outer Loop
- Debt Service
- 2003 Road Bond
- 2007 Road Bond

Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. Any other fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

General Fund

The General Fund is the chief operating fund of the County. 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, fines, fees, intergovernmental revenues and investment income.

Primary expenditures are for general administration, public safety, judicial, public welfare, health services and capital acquisition.

At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$118.9 million. The total fund balance in the General Fund is \$165.6 million, an increase of \$12.3 million or 8.0% from FY2011.

To get a more detailed picture of the liquidity of the General Fund, the reader may find it useful to compare the unassigned fund balance to total expenditures plus transfers in/out. Total General Fund expenditures plus transfers in/out for FY2012 were \$144.0 million. Unassigned fund balance represents 82.6% (approximately 301 days) of General Fund expenditures plus net transfers for FY2012.

Key factors in the change in fund balance in the General Fund are as follows:

General Fund Revenues:

- Property tax revenues decreased by \$5.3 million, as a result of the reallocation of tax rates between funds.
- Federal and state funds were up \$0.6 million.
- Fees and Charges for Services for FY2012 increased by \$1.4 million, reflecting (albeit at a lower property sales value) an increase in County Clerk fee revenues more than the prior year due to increasing property sales and recording of related deeds, as well as an increase in fees revenues by the District Clerk of \$0.3 million in judicial fees; an increase in fee revenues for trial jury services of \$0.2 million; and an increase in fee revenues at Myers Park of \$0.2.
- Fines increased by \$0.2 million in the Justice of the Peace Offices.
- Investment earnings were down \$1.0 million due to lower interest earnings and continuing low rates.
- Other revenues increased \$0.8 million in the Tax Assessor/Collector office.

General Fund Expenditures:

- General administration expenditures decreased by \$38.6 million, due to payments to the state retirement system totaling \$40.5 million in FY2011; the payments were to reduce outstanding liabilities for county employee retirement benefits.
- Public safety expenditures were \$2.4 million lower than FY2011.
- Capital Outlay expenditures decreased by \$7.6 million as the county completed its consolidation of County Courts, District Courts, and District Attorney into the new Courthouse.

General Road and Bridge Fund

The General Road and Bridge Fund is the primary funding for maintenance of county roads. This 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.

In FY 2005, Collin County began a program to convert all rock roads to asphalt to reduce dust and to 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 37 miles in FY2012. As of 09/30/12, the County had resurfaced 377 miles of roads, or an average of 38 miles per year.

At the end of FY2012, the fund balance of the General Road and Bridge Fund was \$18.4 million, an increase over FY2011 of \$1.3 million, or 7.2% higher. General Road and Bridge Fund revenues include fees and permits, property taxes, and fines and forfeitures.

Key factors in the change in fund balance in the General Road and Bridge Fund are as follows:

General Road and Bridge Revenues

- Property taxes were not allocated to the Fund in FY2011, requiring the use of fund balance; in FY 2012, a portion of property taxes collected were set aside for the General Road and Bridge Fund, with a total collected of \$2.2 million in FY2012.
- Revenues from Fees and Charges for Services increased by \$1.1 million in FY2012. The higher revenues are attributed to an increase in revenues from vehicle registrations.
- Fines and Forfeitures were essentially the same in in FY2012 as they were in FY2011, with 2012 about \$7,000 less than FY2011.
- Interest and miscellaneous revenues decreased by \$0.1 million from FY2011.

General Road and Bridge Expenditures

- Road construction and maintenance expenditures decreased in FY2012 by \$1.1 million.
- Capital outlay expenditures increased in FY2012 by \$0.9 million, primarily due to upgrades in road construction equipment.

Health Care Foundation Fund

The Health Care Foundation Fund is used to account for receipt of investment earnings and authorized health care expenditures as administered by the Collin County Health Care Foundation.

The Fund was created after the sale of the county hospital in 1983. The proceeds of the sale were used to purchase real estate office buildings in order 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 County departments and unrelated third parties. The rental revenue is a steady source of income that provided 73.8% of the funding for the Health Care Foundation Fund in FY2012.

Fund balance was lower by \$0.9 million in FY2012; key factors in the change in fund balance in the Health Care Foundation Fund were:

Health Care Revenues

- Revenues were lower in FY2012 by \$0.1 million due to lower interest earnings.

Health Care Expenditures

- Expenditures were lower in FY2012 by \$0.9 million. Most of that reduction came in health and welfare operating expenditures about \$0.5 lower than FY2011. Further reductions came from maintenance and operating expenditures on rental property being \$0.2 million less in FY2012 compared to FY2011.

RTR – Wylie Fund

The Regional Toll Road – Wylie (FM 1378) Special Revenue Fund is used to account for a grant from the State of Texas funded with Regional Toll Revenue (RTR) which is related to the sale of roads to the North Texas Toll Road Authority. These funds will be used to rebuild FM 1378 within the city limits of the City of Wylie, Texas. The liabilities of the fund met the major fund requirement. All activity to date has been in project accounts related to construction-in-progress on the road. The City of Wylie is managing the project and the County serves as a pass-through agency from the state. Revenues are deferred until expenditures are recognized, which results in zero dollars in fund balance. There were no revenues or expenditures recognized in 2012.

RTR – Outer Loop

The Regional Toll Revenue – Outer Loop Phase 3 Special Revenue Fund is used to account for a grant from the State of Texas funded with Regional Toll Revenue. These funds will be used to construct a portion of the new Outer Loop (Loop 9) within Collin County. The liabilities of the fund met the major fund requirement. All activity to date has been in project accounts related to construction-in-progress on the road. Revenues are deferred until expenditures are recognized, which results in zero dollars in fund balance.

RTR – Outer Loop Revenues

- State funds received for construction were \$4.4 million in FY2012.

RTR – Wylie Expenditures

- Expenditures for the regional toll road outer loop construction in FY2012 were \$4.4 million.

Debt Service Fund

The Debt Service Fund is used to account for property tax revenues restricted to be used to meet Collin County's debt obligations. Expenditures for payments of principal and interest on the outstanding debt are paid from this fund, as are the expenditures for fiscal agent fees.

Fund balance increased in FY 2012 by \$4.4 million over the FY 2011 ending balance. Since it is funded by property taxes, a change in the tax rate allocation has a direct impact on funds available for debt service. As part of the budgeting process, the County must determine the funding needed to meet the principal and interest payments for each issue of debt, as well as the expected fiscal agent fees to be paid annually.

Each year during the budget process, a portion of the tax rate is set aside for funding debt service; taxes collected are restricted specifically for that purpose. Debt service expenditures are based on the bond payment requirements and other debt-related expenditures. The County sets aside a portion of property taxes to meet its debt service requirements.

Key factors in the change in fund balance in the Debt Service Fund were:

Debt Service Fund Revenues

- In FY2012, property taxes allocated to pay debt service were \$46.7 million, or about \$7.1 million higher than FY 2011. The increase tax allocation was required due to higher debt service in 2012.
- Interest earned was about \$0.2 million higher due to an increase in idle funds, compared to 2011.

Debt Service Fund Expenditures

- Debt service expenditures for FY2012 debt service and fees were \$47.2 million. The amount paid was \$1.6 million higher than FY 2011.

Debt Service Refundings

- The County continually analyzes its outstanding debt to determine if certain issues could be refunded to reduce future interest cost, and in 2012, the County chose to refund certain debt. As a result, the refunded bonds did not require payment in 2012 of budgeted principal and interest payments on the refunded bonds. The result was a \$4.1 million increase in Fund Balance.

2003 Road Bond Capital Projects

The 2003 Road Bond Capital Projects is used to account for road bond proceeds for road bonds authorized by voters on November 4, 2003 in an amount of \$142,000,000. Each series is accounted for separately but presented as one fund. All of the bonds have been issued in five series, beginning 2004 and ending 2008:

- Series 2004: \$44,550,000 issued April 27, 2004
- Series 2005: \$17,360,000 issued April 5, 2005
- Series 2006: \$15,920,000 issued May 3, 2006
- Series 2007: \$48,190,000 issued March 20, 2007
- Series 2008: \$15,980,000 issued July 14, 2008

In FY2012, fund balance dropped \$4.9 million; key factors in the change in fund balance are:

2003 Road Bond Capital Projects Revenues

- Interest revenues declined \$0.1 million.

2003 Road Bond Capital Projects Expenditures

- Capital outlay for road projects constructed from the bond proceeds was \$5.0 million.

2007 Road Bond Capital Projects

The 2007 Road Bond Capital Project is used to account for road bond proceeds for road bonds authorized by voters on November 6, 2007. Total authorized for roads and highways is \$235,600,000. Only a portion of the bonds have been issued to-date (in four series), beginning in 2008 and ending in 2012. The remainder of the bonds will be sold as needed. The total issued through September 30, 2012 is \$100,535,000:

- Series 2008: \$25,020,000 issued July 14, 2008
- Series 2009: \$10,070,000 issued September 29, 2009
- Series 2009B: \$ 5,590,000 issued September 29, 2009
- Series 2011: \$28,490,000 issued June 16, 2011
- Series 2012: \$31,365,000 issued June 14, 2012

In FY2012 fund balance increased \$26.8 million; key factors in the change in fund balance are:

2007 Road Bond Capital Projects Revenues

- FY2012 revenues were \$0.2 million from interest on investment of unspent cash. The interest earned was down slightly from FY2011.

2007 Road Bond Capital Projects Expenditures

- Capital outlay for road projects in FY2012 was \$9.9 million, which is \$1.7 million more than FY2011.

2007 Road Bond Capital Projects

- Proceeds from bonds issued in FY2012 were \$31.4 million, with an additional \$5.1 million premium from sale of the bonds. The total from Other Financing Sources was \$8.0 million more than FY2011.

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;
- Training and travel;
- Maintenance and operating; and
- Capital outlay.

With the changes brought about from the implementation of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the General Fund now includes the following funds which were previously reported separately:

- Housing Finance Corporation
- Juvenile Probation
- Pre-Trial Release
- Jury
- Myers Park Operating
- Code Inspection
- Juvenile Alternative Education
- Juvenile Out of County Sex Offender Program
- Permanent Improvement

The final amended budget for the combined General Fund expenditure appropriation was \$161.2 million, or \$0.3 million higher than the original approved budget of \$160.9 million. Actual expenditures for FY2012 were \$144.2 million, or 10.6% less than the final amended budget.

General Fund revenue estimates for FY2012 were more than the estimate by \$3.8 million, as follows:

- Taxes – \$1.9 million higher
- Federal and state funds - \$1.2 million higher
- Fees and Charges for Services - \$1.2 million higher
- Fines and forfeitures - \$0.3 million higher
- Interest – \$1.0 million lower
- Miscellaneous revenues - \$0.3 million higher

The General Fund is the primary source for expenditures related to the overall operation and administration of the County. In 2012, there were departments that contributed to actual expenditures being \$17.0 million lower than budgeted expenditures. They include:

- General administration was less than budget by \$6.0 million, due to:
 - Actual expenses for the County Clerk were \$0.1 million less than budgeted expenditures, split fairly evenly among the salary and benefits, training and travel, and maintenance and operating budget categories.
 - Actual expenses for the Human Resources department were \$0.1 million more than budget, primarily in salary and benefits, and maintenance and operating.
 - Actual expenses for Support Services were less than budget by \$0.1 million, primarily postage expenses below budget.
 - Veterans Services Department were less than budget by \$0.1 million, due to a vacancy in the office for about one-half year; the part time person budgeted at about half of the difference was not hired.
 - Actual expenses for Non-Departmental activities were less than budgeted by \$3.3 million, due to:
 - Salaries and benefits - \$1.0 million in temporary full-time staff and overtime not required
 - Maintenance and operating - \$2.3 million below budget, primarily for:
 - Legal - \$0.4 million
 - Computer maintenance - \$0.3 million
 - Software maintenance - \$0.1 million
 - Phone system maintenance - \$0.1 million
 - Radio maintenance - \$0.1 million
 - TIF Zone Participation – \$0.8 million
 - Retirement budgeted expenditure not made – (\$2.0 million)
 - Miscellaneous budget reduced – (\$0.4 million)
 - Program contingency - \$2.9 million
 - Actual expenses for non-departmental capital replacement activities were less than budget by \$0.4 million for non-capitalized computer equipment
 - Actual expenses for Information Technology activities were less than budget by \$0.3 million, due to:
 - Salaries and benefits - \$0.1 million
 - Maintenance and operating - \$0.2 million for consultants
 - Actual expenses for Telecommunication activities were less than budget by \$0.4 million, due to:
 - Maintenance and operating:
 - \$0.2 million for phone services
 - \$0.1 million for cellular services
 - \$0.1 million for non-capitalized computer equipment

- Judicial actual expenditures were less than budget by \$0.9 million, due to:
 - Salaries and benefits:
 - County Court at Law II - \$0.2 million
 - County Court at Law Clerks - \$0.1 million
 - District Clerk - \$0.1 million, due to closing passport office in satellite city
 - Maintenance and operating:
 - County Clerks-Probate/Mental - \$0.1 million due to fewer commitments
 - Jury expense was less than budget by \$0.3 million due to fewer cases requiring jurors and related lower mailing costs
- Financial administration actual expenditures were less than budget by \$0.4 million, due to:
 - Salaries and benefits:
 - County Court At Law Clerks/Collections - \$0.1 million due to office delay in startup, reducing costs for staff
 - Tax Assessor/Collector - \$0.2 million for lower staffing costs during heavy collection period (Dec – Feb) and related operating costs
 - Maintenance and operating:
 - Tax Appraiser - \$0.1 million from lower fees paid for collecting property taxes
- Legal actual expenditures for the District Attorney office were less than budget by \$0.6 million, due to:
 - Salaries and benefits lower than budgeted by \$0.5 million, due to employee turnover (replacing retiring and leaving employees with lower cost attorneys an staff)
 - Maintenance and operating expenses were lower than budget by \$0.1 million, due to lower trial and witness costs
- Public facilities maintenance and operating expenditures were less than budget by \$1.1 million, primarily due to:
 - \$0.1 million under budget caused by lower cleaning service costs in all buildings, due to consolidation of offices
 - \$0.1 million under budget in maintenance costs, also related to consolidation of offices and newer offices requiring less maintenance
 - \$0.9 million under budget for contingency expenditures not required
- Equipment services expenditures were lower than budget by \$0.2 million, due to:
 - \$0.1 million over budget for fuel costs
 - \$0.1 million under budget for heavy equipment repair
 - \$0.1 million under budget for vehicle reconditioning expenses to extend vehicle useful life
 - \$0.1 million under budget due to lower auto maintenance costs, as the County changes its fleet to new energy efficient vehicles
- Public safety expenditures were lower than budget by \$1.7 million, due to:
 - \$0.1 million under budget for ambulance operation costs
 - \$0.1 million under budget for salary and benefits for constable offices
 - \$0.2 million under budget for Sheriff's Office administration expenditures for salaries and benefits, and for general maintenance and operating expenditures
 - \$0.8 million under budget for food costs in jail operations and minimum security
 - \$0.1 million under budget for geographical data expenditures for the GIS/911 Rural Addressing
 - \$0.1 million under budget for Holding Facility salary and benefits expenditures
 - \$0.2 million under budget for Homeland Security salary and benefits from unfilled positions

- Health and welfare expenses were \$0.6 million lower than budget due to lower than budgeted expenditures for mental health and retardation and inmate health care services.
 - \$0.5 million under budget for inmate health infirmity expenses
 - \$0.1 million under budget for salaries and benefits in Substance Abuse department due to unfilled positions
- Capital outlay, which is presented separately from functional activities, was \$5.4 million below budget for capital equipment:
 - \$0.1 million for budgeted Non-Departmental training and consultant expenditures were not spent
 - \$0.4 million for Non-Departmental Replacement Capital program for computer equipment planned but not spent
 - \$0.4 million for Telecommunication computer equipment budgeted but not spent
 - \$3.9 million for Public Facilities not required due to new buildings opened, which reduced the repair and maintenance cost for the older buildings that were replace
 - \$0.5 million reduction in Equipment Services planned computer upgrade (\$0.1 million) was delayed as some types of fleet replacements were delayed and \$0.4 planned automobile purchases were delayed or due date changed
 - \$0.1 million purchase of new vehicles for Sheriff's Office was delayed

Capital Assets and Debt Administration

Capital Assets

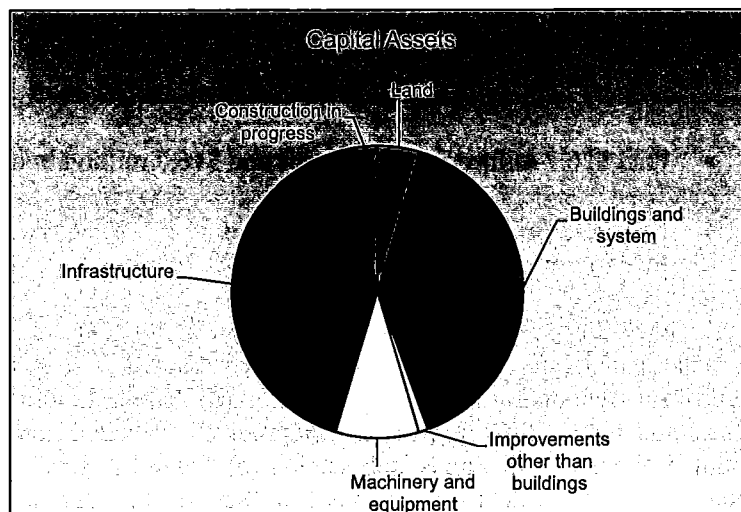
The County's investment in capital assets for governmental activities (including business-type activities), net of accumulated depreciation at September 30, 2012, was \$453.0 million, an increase of \$2.6 million over FY2011.

Graphically, the contribution of each type of asset is shown at right.

Details by type of activity are summarized below.

Major changes for FY2012 are:

- Added right of way for planned road construction to land: \$0.8 million.
- Additions to buildings: \$5.8 million for courthouse addition.
- Added purchases of \$4.5 million to Machinery and Equipment; purchases were offset by \$0.3 million in items written off when sold as surplus or traded in.
- Infrastructure increased by \$11.0 million, primarily for road construction.



Capital Assets As of September 30 (\$ in thousands)		
	2012	2011
Land	\$ 31,549	\$ 30,680
Buildings and system	268,132	262,365
Improvements other than buildings	6,865	6,377
Machinery and equipment	62,442	58,272
Infrastructure	286,476	275,452
Construction in progress	19,341	16,988
Total capital assets	674,805	650,134
Less: Accumulated Depreciation	(221,789)	(199,744)
Total capital assets	<u>\$ 453,016</u>	<u>\$ 450,390</u>

- Construction in Progress increased by a net of \$2.4 million (\$5.5 million increase for new projects less \$3.1 million for the courthouse addition to combine the county courts and expand the District Clerk and District Attorney operations.)
- Accumulated Depreciation includes \$0.3 million in reductions due to surplus items sold and depreciation expense for 2012 of \$22.3 million – a net increase of \$22.0 million.

Long-term Debt

Outstanding Long-Term Debt		
As of September 30		
(\$ in thousands)		
	2012	2011
Roads	\$185,222	\$178,732
Re-funding Prior Debt	120,685	102,937
Permanent Improvements	40,602	43,175
New Courts Facility/Courthouse	44,211	56,596
Outdoor Youth Camp	-	1,250
Software	2,490	4,890
	\$393,210	\$387,580

At September 30, 2012, the County had \$393.2 million in outstanding debt, an increase of \$5.6 million (1.5%).

In FY2012, the County:

- Issued \$20.7 million in Limited Tax Permanent Improvement and Refunding Debt and \$50.8 million in Unlimited Tax Road and Refunding Debt.
- New issues refunded \$18.6 million in permanent improvement debt and \$21.3 million in road debt
- Paid \$26.7 million in debt service and \$16.7 million in interest costs for debt
- From the Build America Bonds issued in FY 2009, the County received an interest rate subsidy from the federal government in the amount of \$0.2 million.

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 Obligations." Detailed notes on capital assets can be found in "Section IV. Detailed Notes on All Funds, 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 FY2012 General Fund and other budgets:

- The percentage increase in real property assessed value for FY2012 was 2.4% (FY2011 increase was 0.1%).
- The average unemployment rate in Collin County for 2012 was 5.7% (7.6% in 2011).
- Tax receipts for FY2012 were \$175.4 million, which is \$4.0 million (2.4%) higher than FY2011 tax receipts of \$171.4 million.

After experiencing a drop in taxable assessed value starting in 2009, the County has added to its taxable assessed value in FY2012 with an increase over FY2011 of 2.4%.

The County economy did not suffer as much in the 2009 Great Recession as did the state and national economy; however, there were some areas affected: unemployment, reduced property values, and a slower rate of influx of new residents. For example, unemployment in Collin County was 3.9% in 2007; it jumped to a high of 7.8% in 2009. This year the unemployment rate recovered to an annual rate of 5.7%. Property values and the resulting taxes collected were easy to see, as property tax revenues were lower. Since 1980, an average of 72 new residents relocated to Collin County each day. While we are not completely recovered, the improvement we have seen in the past several months may be a harbinger of things to come, as we continue to improve roads and infrastructure, ensure public safety, and meet the local governmental needs in the County.

Throughout the recession, Collin County maintained 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 living and conducting business. With a local unemployment rate at 5.7% (two points below the national average and lower than the rate for Texas), the County, with its large and stable professional workforce, is sought after by major corporations looking to relocate offices.

During the fiscal year ended September 30, 2012, an average of 949 people moved into the County each month; this is an average of 31 persons per day. In FY2012, Collin County maintained its position as one of the fastest growing counties in the country. In the last ten years the County's population has grown by 36.1%. The rate of and absolute numbers of growth continue to provide challenges in keeping up with roads and other infrastructure needs.

The 2011 Census was released for Texas in February, 2012, and showed the County population at 782,341 as of April 1, 2011. The 2011 Census is a 196% increase over the 1990 census of 264,036, and a 59% increase over the 2000 census of 491,772. The estimated population due to additional growth after the 2010 Census is 813,133 at September 30, 2012. Updated changes in population released March 14, 2013, for December 31, 2012, show the estimated population of the County at 834,642, an increase since the 2010 census of 52,301 or a 6.3% increase in population from 2010 to 2012. Collin County is ranked 6th in population, 4th in growth for the large urban (over 500,000 residents) counties, and 10th in growth for Texas counties.

The County is a member of the North Central Texas Council of Governments, along with 15 other counties in the area. The Council is a voluntary association established to assist local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. For example, Mobility 2035 is a master transportation plan updated annually by the association members to address the needs of both rural and urban counties in the area.

The Dallas North Tollway (built and operated by the North Texas Tollway Authority (NTTA) opened a six-lane divided toll road between State Highway 121 and U.S. Highway 380 in FY 2009; frontage roads for the extension of the Tollway north to the county line have been built. The Dallas North Tollway, when completed, will provide a major highway from Grayson County to the north through Collin County to Dallas. Extensive commercial development continues along the North Dallas Tollway, and provides a major source of employment for Collin County residents.

Sam Rayburn Tollway is the primary link between McKinney, the county seat of Collin County, and Dallas-Fort Worth International Airport. Construction on expanding this two-lane road to relieve traffic congestion began in 2005 by building frontage roads and grade separations. The County sold the rights in 2009 to toll State Highway 121 to the North Texas Toll Authority, which also operates the Dallas North Tollway. The Sam Rayburn Tollway was dedicated in FY2011 and now provides easy access to the DFW International Airport, Fort Worth and points west.

In FY 2009, the County created the Collin County Toll Road Authority (CCTRA) for the purpose of building and operating a 56-mile toll road along the northern and eastern boundaries of the County. The toll road will connect Interstate 35 with Interstate 30 and allow traffic to loop around the Dallas-Fort Worth metroplex. The toll road is to be built in six phases, with completion of the final phase expected in 2030.

Now open as a two lane access road is the portion of the toll road connecting U.S. Highway 75 and State Highway 121. This area of the County is experiencing rapid growth. Frontage roads are being built first, with main lanes expected to be completed by 2014. CCTRA has also begun construction on the frontage roads to connect the Dallas North Tollway and State Highway 289 (Preston Road). The next phase will continue the toll road past State Highway 289 to U.S. Highway 75. Planning and purchases of land for right of way are on-going for the remaining phases.

Conversion of State Highway 121 to a Regional Toll Road (RTR) to be built, operated and managed by NTTA will continue to fund road construction for years to come. Texas and Collin County, along with the major cities in the County that contain portions of the roadway, have identified projects and are in the process of completing time schedules and establishing priorities for various road and bridge projects.

Budgeted revenues in FY 2013 are \$259.6 million, an increase of 13.5% over FY2012 actual revenues of \$236.3 million. Property taxes of \$178.5 million account for the bulk of receipts, as 68.8% of the budgeted revenues for FY 2013 are from property taxes.

Budgeted appropriations for FY 2013, which include expenditures and transfers out, total \$245.5 million. The General Fund appropriations total \$154.6 million, or 63.0% of the total. Debt service is \$44.8 million (18.2% of the total) and other funds, primarily capital project funds, total \$46.1 million, or 18.8% of the total.

There are several significant events expected to have an impact in FY2013 and beyond:

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 2012 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. 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. The new National Health Care Plan is continuing to be studied to determine its impact on the county. The new Medicaid 1115 plans are being put in place, with the County as the central partner in a new state regional provider.

As of September 30, 2012, the unassigned fund balance for the General Fund was \$118.9 million; this is 76.9% of budgeted General Fund expenditures for FY 2013. Management has placed the County in sound financial position to continue its growth and mitigate the effects of the 2009 Great Recession. As such, the County continues to closely monitor its expenditures to ensure taxpayer dollars are spent wisely and in accordance with sound fiscal management policies.

In June 2012, the County completed its building program to consolidate its administration and courts buildings in one location. The funding for this project, approved by voters in November 2007, provided a major source of new funding for facilities. Total funding approved by voters was \$328.9 million, with \$235.6 million for roads, \$76.3 million for facilities, and \$17.0 million for open space. Funding to complete the project was made from reserves and bond issues.

The County recognized its need to upgrade its financial software, including all sub-systems, and in FY2012 reviewed vendor responses to business requirements and selected a vendor. The County is in the process of implementing the new financial system and expects it to be on-line and in use by June 1, 2013.

The County has now completed implementation of a performance-based pay system for employees. This project will generate long-term benefits by compensating employees according to performance of assigned goals.

The County began in FY 2006 a partnership with 11 other large counties to customize and implement a new case management software system. This is a multi-year project, with specific groups being implemented over a five year period. The sheriff's office and jail administration were completed in December 2011.

- Probate court implemented February 2007
- Civil courts came on-line March 2008
- Justice of the peace courts implemented July 2009
- Configuration testing in process for criminal courts module, sheriff's office and jail administration
- District attorney implement in FY2010
- Constables implemented in FY2011
- Sheriff's office, jail administration and community supervision implemented in December 2011

The tax rate for FY2012 was maintained at the FY2011 tax rate of \$0.24/\$100 of valuation. Property owners continue to benefit from one of the lowest county tax rates in the state. The expected growth of the County and related increases in property values should be sufficient for the time being to fund County operations. Collin County will use its existing fund balance reserves to make up any revenue shortfalls. However, fiscal pressure from rising health care costs, demand for constituent services, and costs of road construction may cause the County to have to adjust the tax rate in the future.

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.

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BASIC FINANCIAL STATEMENTS

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COLLIN COUNTY, TEXAS

Statement of Net Assets

September 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 171,445,039	\$ 1,827,804	\$ 173,272,843	\$ 154,907
Investments	177,276,874	-	177,276,874	-
Receivables (net of allowance for uncollectibles)	7,946,649	1,101	7,947,750	200
Internal balances	17,039,366	(17,039,366)	-	-
Inventories	2,991,180	-	2,991,180	-
Capital assets (net of accumulated depreciation):				
Land	22,470,327	9,079,292	31,549,619	-
Buildings and system	188,376,959	-	188,376,959	-
Improvements other than buildings	4,125,906	-	4,125,906	-
Machinery and equipment	22,745,713	-	22,745,713	-
Infrastructure	186,876,744	-	186,876,744	-
Construction in progress	13,141,992	6,199,416	19,341,408	-
Total assets	<u>814,436,749</u>	<u>68,247</u>	<u>814,504,996</u>	<u>155,107</u>
Liabilities:				
Accounts payable and other current liabilities	13,741,815	6,250	13,748,065	152,109
Due to other governments	891	-	891	-
Unearned revenue	9,171,939	-	9,171,939	-
Noncurrent liabilities:				
Due within one year	37,194,908	-	37,194,908	-
Due in more than one year	392,458,694	-	392,458,694	-
Total liabilities	<u>452,568,247</u>	<u>6,250</u>	<u>452,574,497</u>	<u>152,109</u>
Net assets:				
Invested in capital assets, net of related debt	214,253,331	15,278,708	229,532,039	-
Restricted for:				
Debt service	6,178,596	-	6,178,596	-
Health Care Foundation	8,437,046	-	8,437,046	-
Meyers Park Foundation	15,327	-	15,327	-
Grant programs	6,532,763	-	6,532,763	-
Unrestricted	126,451,439	(15,216,711)	111,234,728	2,998
Total net assets	<u>\$ 361,868,502</u>	<u>\$ 61,997</u>	<u>\$ 361,930,499</u>	<u>\$ 2,998</u>

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, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities
Primary government:						
Government activities:						
General administration	\$ 29,244,085	\$ 7,933,951	\$ 185,136	\$ 595,561	\$(20,529,437)	\$ (20,529,437)
Judicial	16,068,834	4,861,226	717,145	-	(10,490,463)	(10,490,463)
Financial administration	10,027,826	3,022,817	160,636	-	(6,844,373)	(6,844,373)
Legal	10,204,545	279,982	166,131	-	(9,758,432)	(9,758,432)
Public facilities	18,700,897	-	21,639	82,512	(18,596,746)	(18,596,746)
Equipment services	2,858,704	-	5,116	-	(2,853,588)	(2,853,588)
Public safety	57,155,752	9,677,514	3,605,469	213,868	(43,658,901)	(43,658,901)
Public transportation	45,514,784	14,102,036	4,068,208	40,538	(27,304,002)	(27,304,002)
Health and welfare	17,188,582	450,180	5,068,301	123,207	(11,546,894)	(11,546,894)
Culture and recreation	1,591,047	1,040	204,754	3,727	(1,381,526)	(1,381,526)
Conservation	249,193	-	-	-	(249,193)	(249,193)
Interest and fiscal charges	22,193,212	-	313,699	-	(21,879,513)	(21,879,513)
Total government activities	230,997,461	40,328,746	14,516,234	1,059,413	(175,093,068)	(175,093,068)
Business-type activities:						
Toll Road Authority	\$ -	\$ -	\$ -	\$ -	-	-
Total business-type activities	-	-	-	-	-	-
Total primary government	\$ 230,997,461	\$ 40,328,746	\$ 14,516,234	\$ 1,059,413	(175,093,068)	(175,093,068)
Component unit:						
Health and welfare	\$ 38,621	\$ -	\$ 30,256	\$ -	-	\$(8,365)
Total component unit	\$ 38,621	\$ -	\$ 30,256	\$ -	(8,365)	(8,365)
General revenues						
Property taxes					175,548,525	175,548,525
Mixed beverage tax					2,213,241	2,213,241
Unrestricted investment earnings					2,314,418	2,317,079
Miscellaneous					903,048	903,048
Total general revenues					180,979,232	180,981,893
Change in net assets					5,886,164	5,888,825
Net assets - beginning of year					355,982,338	356,041,674
Net assets - end of year					\$ 361,868,502	\$ 361,930,499
						\$ 2,998

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2012

Assets	General Fund	General Road and Bridge	Health Care Foundation	RTR - Wylie
Cash and cash equivalents	\$ 67,091,472	\$ 6,746,934	\$ 1,600,510	\$ 4,211,556
Investments	88,037,182	9,615,480	7,021,721	-
Receivables:				
Taxes (net of allowance for uncollectibles)	2,205,139	38,537	-	-
Fines and fees	1,368,894	766,158	-	-
Due from other governments	1,116,666	131,997	-	-
Due from other funds	689,187	-	-	-
Advance to other funds	16,534,531	-	-	-
Interest	205,236	-	2,132	-
Miscellaneous	120,375	40,075	616	-
Inventories	551,167	2,440,013	-	-
Total assets	<u>\$ 177,919,849</u>	<u>\$ 19,779,194</u>	<u>\$ 8,624,979</u>	<u>\$ 4,211,556</u>
Liabilities				
Accounts payable	\$ 4,212,841	\$ 478,212	\$ 103,047	\$ -
Payroll related costs payable	4,564,440	119,262	37,428	-
Lease deposits payable	-	-	47,458	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	1,535,871	766,158	-	4,211,556
Deferred tax revenue	1,978,636	41,850	-	-
Total liabilities	<u>12,291,788</u>	<u>1,405,482</u>	<u>187,933</u>	<u>4,211,556</u>
Fund balances				
Nonspendable	17,385,699	2,440,013	-	-
Restricted	4,116,734	15,933,699	-	-
Committed	25,252,246	-	8,437,046	-
Unassigned	118,873,382	-	-	-
Total fund balances	<u>165,628,061</u>	<u>18,373,712</u>	<u>8,437,046</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 177,919,849</u>	<u>\$ 19,779,194</u>	<u>\$ 8,624,979</u>	<u>\$ 4,211,556</u>

The notes to the financial statements are an integral part of this statement.

RTR - Outer Loop Phase 3	Debt Service	2003 Road Bond	2007 Road Bond	Other Governmental Funds	Total
\$ 2,623,205 2,257,161	\$ 6,039,789 -	\$ 14,788,269 8,222,723	\$ 25,835,618 49,892,988	\$ 35,577,962 7,919,418	\$ 164,515,315 172,966,673
-	839,302	-	-	247	3,083,225
-	-	-	-	-	2,135,052
-	-	-	-	851,120	2,099,783
-	-	-	-	-	689,187
-	-	14,499	-	1,340,558	17,889,588
-	-	-	1,166	-	208,534
-	57,727	-	-	117,420	336,213
-	-	-	-	-	2,991,180
<u>\$ 4,880,366</u>	<u>\$ 6,936,818</u>	<u>\$ 23,025,491</u>	<u>\$ 75,729,772</u>	<u>\$ 45,806,725</u>	<u>\$ 366,914,750</u>
\$ 771,822	\$ -	\$ 829,790	\$ 10,408	\$ 661,999	\$ 7,068,119
-	-	-	-	54,862	4,775,992
-	-	-	-	-	47,458
-	-	-	-	891	891
-	-	-	-	689,187	689,187
4,108,544	-	-	-	798,904	11,421,033
-	758,222	-	-	247	2,778,955
<u>4,880,366</u>	<u>758,222</u>	<u>829,790</u>	<u>10,408</u>	<u>2,206,090</u>	<u>26,781,635</u>
-	-	14,499	-	1,340,558	21,180,769
-	6,178,596	22,181,202	75,719,364	42,260,077	166,389,672
-	-	-	-	-	33,689,292
-	-	-	-	-	118,873,382
-	6,178,596	22,195,701	75,719,364	43,600,635	340,133,115
<u>\$ 4,880,366</u>	<u>\$ 6,936,818</u>	<u>\$ 23,025,491</u>	<u>\$ 75,729,772</u>	<u>\$ 45,806,725</u>	<u>\$ 366,914,750</u>

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COLLIN COUNTY, TEXAS
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Assets
September 30, 2012

Total fund balances – governmental funds \$ 340,133,115

Amounts reported for governmental activities in the statement of
net assets are different because:

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	\$	22,470,327
Buildings and systems		186,122,503
Improvements other than buildings		4,125,906
Machinery equipment		22,676,729
Infrastructure		186,876,744
Construction in progress		<u>13,141,992</u>

Total capital assets 435,414,201

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.

114,042

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.

2,135,052

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.

2,778,955

Total deferred revenues 5,028,049

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.

8,130,455

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	(	1,793,417)
Bonds, notes and loans payable		(393,210,044)
Compensated absences		(6,685,695)
Unamortized bond premiums		<u>(25,148,162)</u>

Total liabilities (426,837,318)

Net assets of governmental activities \$ 361,868,502

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2012

	<u>General</u>	<u>General Road and Bridge</u>	<u>Health Care Foundation</u>	<u>RTR - Wylie</u>
Revenues:				
Taxes:				
Property	\$ 126,555,655	\$ 2,190,413	\$ -	\$ -
Licenses and permits	282,352	1,377	-	-
Federal and state funds	7,042,027	-	64,252	-
Fees and charges for services	18,435,832	13,902,503	349,029	-
Fines and forfeitures	2,191,532	1,812,981	-	-
Other local government funds	-	2,017	-	-
Rental	222,540	-	1,142,921	-
Interest	1,133,435	123,371	65,331	-
Miscellaneous	811,304	215,226	21,027	-
Total revenues	<u>156,674,677</u>	<u>18,247,888</u>	<u>1,642,560</u>	<u>-</u>
Expenditures:				
Current:				
General administration	24,948,893	-	-	-
Judicial	14,551,857	-	-	-
Financial administration	9,773,492	-	-	-
Legal	9,969,632	-	-	-
Public facilities	10,457,208	-	114,982	-
Equipment services	2,208,379	-	-	-
Public safety	55,369,495	-	-	-
Public transportation	-	15,149,678	-	-
Health and welfare	11,651,835	-	2,386,705	-
Culture and recreation	1,027,050	-	-	-
Conservation	246,119	-	-	-
Capital outlay	4,010,412	2,129,858	3,653	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Advance refunding escrow	-	-	-	-
Total expenditures	<u>144,214,372</u>	<u>17,279,536</u>	<u>2,505,340</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,460,305</u>	<u>968,352</u>	<u>(862,780)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	125,958	-	-	-
Transfers out	(346,348)	-	-	-
Sale of assets	42,885	270,022	-	-
Debt issuance	-	-	-	-
Refunding escrow payments	-	-	-	-
Premium (discount) on sale of bonds	-	-	-	-
Total other financing sources (uses)	<u>(177,505)</u>	<u>270,022</u>	<u>-</u>	<u>-</u>
Net change in fund balances	12,282,800	1,238,374	(862,780)	-
Fund balances – beginning	<u>153,345,261</u>	<u>17,135,338</u>	<u>9,299,826</u>	<u>-</u>
Fund balances – ending	<u>\$ 165,628,061</u>	<u>\$ 18,373,712</u>	<u>\$ 8,437,046</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement

<u>RTR - Outer Loop Phase 3</u>	<u>Debt Service</u>	<u>2003 Road Bond</u>	<u>2007 Road Bond</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ 46,695,224	\$ -	\$ -	\$ 400	\$ 175,441,692
-	-	-	-	-	283,729
3,475,206	313,699	-	-	4,801,284	15,696,468
-	-	-	-	3,068,259	35,755,623
-	-	-	-	97,494	4,102,007
-	-	13,501	-	155,999	171,517
-	-	-	-	-	1,365,461
-	454,592	125,744	236,882	110,823	2,250,178
-	-	-	-	219,445	1,267,002
<u>3,475,206</u>	<u>47,463,515</u>	<u>139,245</u>	<u>236,882</u>	<u>8,453,704</u>	<u>236,333,677</u>
-	-	-	-	1,197,442	26,146,335
-	-	-	-	1,314,073	15,865,930
-	-	-	-	-	9,773,492
-	-	-	-	123,701	10,093,333
-	-	-	-	32,680	10,604,870
-	-	-	-	9,463	2,217,842
-	-	-	-	720,707	56,090,202
-	-	-	-	348,677	15,498,355
-	-	-	-	2,887,676	16,926,216
-	-	-	-	6,741	1,033,791
-	-	-	-	-	246,119
3,475,206	-	5,056,591	9,943,352	10,570,582	35,189,654
-	26,050,000	-	-	-	26,050,000
-	16,107,474	-	-	-	16,107,474
-	349,107	-	-	-	349,107
-	4,678,400	-	-	-	4,678,400
<u>3,475,206</u>	<u>47,184,981</u>	<u>5,056,591</u>	<u>9,943,352</u>	<u>17,211,742</u>	<u>246,871,120</u>
-	278,534	(4,917,346)	(9,706,470)	(8,758,038)	(10,537,443)
-	-	-	-	318,924	444,882
-	-	-	-	(96,982)	(443,330)
-	-	-	-	4,635	317,542
-	36,900,000	-	31,365,000	3,270,000	71,535,000
-	(39,855,000)	-	-	-	(39,855,000)
-	7,042,442	-	5,135,000	230,000	12,407,442
-	4,087,442	-	36,500,000	3,726,577	44,406,536
-	4,365,976	(4,917,346)	26,793,530	(5,031,461)	33,869,093
-	1,812,620	27,113,047	48,925,834	48,632,096	306,264,022
<u>\$ -</u>	<u>\$ 6,178,596</u>	<u>\$ 22,195,701</u>	<u>\$ 75,719,364</u>	<u>\$ 43,600,635</u>	<u>\$ 340,133,115</u>

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, 2012

Net change in fund balances – governmental funds \$ 33,869,093

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	\$ 24,523,437	
Capital assets decreases	(10,764,341)	
Depreciation expense for all capital assets	(22,208,729)	
Total change in capital assets activity		(8,449,633)

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.	(71,535,000)	
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.	65,905,000	
Bond premiums and bond discounts require the use of current financial resources but are amortized over the life of the bond in the statement of activities.	(13,703,979)	
Total long-term debt		(19,333,979)

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. (595,070)

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	106,432	
Fines and forfeitures	86,724	
Total changes in revenues		193,156

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	238,306	
Compensated absences	(35,709)	
Total changes in long-term liabilities		202,597
Change in net assets of governmental activities		\$ 5,886,164

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Net Assets

Proprietary Funds

September 30, 2012

	<u>Business-type Activities – Collin County Toll Road Authority</u>	<u>Governmental Activities – Internal Service Funds</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,827,804	\$ 6,929,724
Investments	-	4,310,201
Receivables:		
Miscellaneous receivables	<u>1,101</u>	<u>83,842</u>
Total current assets	<u>1,828,905</u>	<u>11,323,767</u>
Capital assets (net of accumulated depreciation):		
Land	9,079,292	-
Buildings and systems	-	2,254,456
Machinery and equipment	-	68,984
Construction in progress	<u>6,199,416</u>	<u>-</u>
Total capital assets	<u>15,278,708</u>	<u>2,323,440</u>
Total assets	<u>17,107,613</u>	<u>13,647,207</u>
Liabilities:		
Current liabilities:		
Accounts payable	6,250	2,713,042
Payroll payable	-	14,099
Claims payable	<u>-</u>	<u>1,939,389</u>
Total current liabilities	<u>6,250</u>	<u>4,666,530</u>
Noncurrent liabilities:		
Advance from other funds	<u>17,039,366</u>	<u>850,222</u>
Total liabilities	<u>17,045,616</u>	<u>5,516,752</u>
Net assets:		
Invested in capital assets	15,278,708	2,323,440
Unrestricted	<u>(15,216,711)</u>	<u>5,807,015</u>
Total net assets	<u>\$ 61,997</u>	<u>\$ 8,130,455</u>

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, 2012

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Operating revenues:		
Premiums	\$ -	\$ 23,001,662
Charges for services	-	1,362,976
Other	-	1,672,818
Total operating revenues	-	26,037,456
Operating expenses:		
Administration	-	3,593,712
Benefits	-	22,996,800
Depreciation	-	106,254
Total operating expenses	-	26,696,766
Operating loss	-	(659,310)
Non-operating revenues (expenses):		
Interest income	2,661	64,240
Total non-operating revenues (expenses)	2,661	64,240
Change in net assets	2,661	(595,070)
Total net assets – beginning	59,336	8,725,525
Total net assets – ending	\$ 61,997	\$ 8,130,455

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, 2012

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	\$ -	\$ 24,342,021
Insurance recovery	-	1,613,283
Administration costs	-	(4,097,257)
Benefits paid	-	(22,704,940)
Net cash used by operating activities	<u>-</u>	<u>(846,893)</u>
Cash flows from capital financing activities:		
Purchases of capital assets	(493,056)	<u>-</u>
Net cash used by capital financing activities	<u>(493,056)</u>	<u>-</u>
Cash flows from investing activities:		
Sale (purchase) of investment	-	(3,135,133)
Advance from other funds	1,552	-
Interest income	<u>2,660</u>	<u>64,240</u>
Net cash provided by investing activities	<u>4,212</u>	<u>(3,070,893)</u>
Net increase (decrease) in cash and cash equivalents	(488,844)	(3,917,786)
Cash and cash equivalents – October 1, 2011	<u>2,316,648</u>	<u>10,847,510</u>
Cash and cash equivalents – September 30, 2012	<u>\$ 1,827,804</u>	<u>\$ 6,929,724</u>
Reconciliation of operating loss to net cash provided (used) in operating activities:		
Operating loss	\$ -	\$(659,310)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	-	106,254
Other nonoperating expenses	-	(72,314)
Change in intergovernmental receivable	-	(82,153)
Change in accounts payable	-	301,956
Change in payroll payable	-	(13,331)
Change in due to other funds	-	(144,588)
Change in advance from other funds	<u>-</u>	<u>(283,407)</u>
Total adjustments	<u>-</u>	<u>(187,583)</u>
Net cash used in operating activities	<u>\$ -</u>	<u>\$(846,893)</u>

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Net Assets

Fiduciary Funds

September 30, 2012

Assets	
Cash and cash equivalents	\$ 29,516,836
Investments	10,967,909
Assets held as security deposits	3,134,244
Receivables:	
Miscellaneous receivables	<u>27,670</u>
Total assets	<u>\$ 43,646,659</u>
Liabilities	
Due to other governments	\$ 7,374,375
Due to others/vouchers payable	33,914,328
Cash bonds outstanding	2,290,577
Cost deposits outstanding	<u>67,379</u>
Total liabilities	<u>\$ 43,646,659</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**

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COLLIN COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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.

In fiscal year 2012, the County implemented GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The fiscal year 2012 financial reports continue to reflect these changes. GASB Statement Number 54 is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The implementation of this statement resulted in the County reclassifying fund balances of its governmental funds.

(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.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Reporting Entity (Continued)

Blended Component Units

For reporting purposes, the Collin County Housing Finance Corporation (HFC), the Collin County Toll Road Authority (CCTRA) and the Collin County Health Care Foundation (HCF) qualify as blended component units. The Commissioners Court sits as the governing board of the HFC, CCTRA 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.

Complete financial statements for the Health Care Foundation 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.

Discretely presented component unit

The Child Protective Services Board is the County's only discretely presented component unit. Child Protective Services Board provides additional assistance to foster children in the care of the State. The Board is appointed by the Commissioner's Court but functions independent of County influence other than a limited amount of County budgeted funding which is supplemented with grant funds. The Board proposes to the County for funding and the Commissioner's Court authorized the budget as part of the County's annual adopted budget. The Board raises other funds that are independent of County influence.

(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 inter-fund transfers has been removed from these statements but continues to be reflected on the fund statements. Inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities primary support is derived from taxes, fees, and federal and state funding.

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.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Government-wide and Fund Financial Statements

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, the General Road and Bridge Special Revenue Fund, the RTR – Wylie Special Revenue Fund, the RTR – Outer Loop Special Revenue Fund, the Debt Service Fund, the 2003 Road Bond Capital Project Fund, and the 2007 Road Bond Capital Project Fund meet the criteria or have been selected by management as *major governmental funds*. The Health Care Foundation Special Revenue Fund is being reported as major fund even though it did not meet the requirement criteria because it serves a major function of the County, indigent health care. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue 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.

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, 2010 that were due October 1, 2010 have been assessed to finance the budget of the fiscal year beginning October 1, 2010. In accordance with the modified accrual basis of accounting, the balances outstanding at November 30, 2010, 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 government reports the following major governmental funds:

The General Fund is the general operating fund of the County. 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, intergovernmental revenues, fines and investment income. Primary expenditures are for general administration, public safety, and judicial, state prosecution, and capital outlay.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (Continued)

The 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 in part by a designated part of the annual property tax levy, court fines and fees associated with vehicle registration.

The Health Care Foundation Special Revenue Fund is used to account for receipts restricted for indigent health care and related expenditures as administered by the Collin County Health Care Foundation.

The RTR – Wylie (FM 1378) Special Revenue Fund is used to account for a grant from the State of Texas funded with Regional Toll Revenue (RTR) which is related to the sale of roads to the North Texas Toll Road Authority. These funds will be used to rebuild FM 1378 within the city limits of the City of Wylie, Texas.

The Regional Toll Revenue – Outer Loop Phase 3 Special Revenue Fund is used to account for a grant from the State of Texas funded with Regional Toll Revenue. These funds will be used to construct a portion of the Outer Loop project.

The Debt Service Fund is used to account for property tax revenues restricted to be used to meet Collin County's debt obligations.

The 2003 Road Bond Capital Projects Fund is to account for road bond proceeds for road bonds authorized by voters on November 4, 2003, in an amount of \$142,000,000. All of the bonds have been issued in five series, beginning 2004 and ending 2008.

Series 2004 - \$44,550,000 issued April 27, 2004
Series 2005 - \$17,360,000 issued April 5, 2005
Series 2006 - \$15,920,000 issued May 3, 2006
Series 2007 - \$48,190,000 issued March 20, 2007
Series 2008 - \$15,980,000 issued July 14, 2008

The 2007 Road Bond Capital Project Fund is to account for road bond proceeds for road bonds authorized by voters on November 6, 2007. Total authorized for roads and highways is \$235,600,000. Only a portion of the bonds have been issued to-date in five series, beginning 2008 and ending 2012. The remainder of the bonds will be sold as needed. The total sold through September 30, 2012 is \$100,535,000.

Series 2008 - \$25,020,000 issued July 14, 2008
Series 2009 - \$10,070,000 issued September 29, 2009
Series 2009B - \$5,590,000 issued September 29, 2009
Series 2012 - \$28,490,000 issued June 16, 2012
Series 2012 - \$31,365,000 issued June 14, 2012

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (Continued)

Additionally, the government reports the following non-major funds:

Special Revenue Funds are used to account for specific revenue sources (other than debt proceeds) that are restricted from an outside source to be used for specified purposes.

Capital Project Funds are used to account for debt proceeds to be used for the acquisition or construction of major capital assets and infrastructure.

Internal Service Funds are used to account for financing activities internally for the Collin County or a combination of other governments including Collin County on a cost-reimbursement basis. This includes activities for employee health care, workers' compensation insurance, liability insurance, and optional payroll deductions as well as an animal shelter that services the County as well as other cities within Collin County.

Enterprise Fund are used to account for business-type activities. The County's only enterprise fund is the Collin County Toll Road Authority Fund (CCTRA). Commissioners Court authorized the creation of the CCTRA enterprise fund in fiscal year 2009. 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 road construction. It is the intention of Commissioners Court to eventually generate toll revenues to support this activity.

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.

The County's fund balance policy indicates that the County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but the County reserves the right to deviate from this general strategy.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

In accordance with State of Texas statutes and the County's Investment Policy idle funds are currently invested in obligations of the U. S. Agencies, municipal bonds, certificate of deposit and other bank accounts that are collateralized with eligible investments.

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. 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. Inter-fund 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

(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 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 in the equipment category are defined as equipment with an acquisition value 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)

Capital assets and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
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 fulltime 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, fulltime employees accrue 7.39 hours of paid time off (PTO) 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 PTO 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.

(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 deferred gain or loss on re-funding of debt, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the year the bonds are issued.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs in the current fiscal year. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources (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 IV(a)).

(9) Fund Equity

In the fund financial statements governmental funds report fund balances that are not available for appropriation or are legally restricted by outside parties for a specific purpose. As required by GASB Statement Number 54 these fund balance amounts are reported as nonspendable, restricted, committed or assigned. Collin County has no assigned fund balances.

1. Nonspendable Fund Balance

The nonspendable fund balance is in a form that is not available for use. Collin County has two types of nonspendable fund balance, advances to others and inventories as shown below:

Fund Balances:

Nonspendable:

General Fund:

Advances:

Collin County Toll Road Authority \$ 15,684,310

North Texas Groundwater Conservation District 300,000

Animal Shelter 850,222

Inventories 551,167

Total General Fund 17,385,699

General Road and Bridge Fund:

Inventories 2,440,013

2003 Road Bond:

Advances:

Collin County Toll Road Authority 14,499

Other Governmental Funds:

Advances:

Collin County Toll Road Authority 1,340,558

Total Nonspendable \$ 21,180,769

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

2. Restricted Fund Balance

Limitations are imposed on a portion of fund balance by creditors, grantors, contributors, or laws and regulations of the state or federal governments. These funds are classified as restricted funds. Restricted fund reported in the governmental fund statements are as follows:

Fund Balances:

Restricted

General Fund:

Housing Finance Corporation	\$ 1,036,320	
Records Archive	2,894,044	
District Court Records Technology	<u>186,370</u>	
Total General Fund		\$ <u>4,116,734</u>

General Road and Bridge		
Public transportation		<u>15,933,699</u>

RTR - Outer Loop		
Public transportation		<u>-</u>

Debt Service Funds		
Debt service activity		<u>6,178,596</u>

2003 Road Bond		
Road and bridge projects		<u>22,181,202</u>

2007 Road Bond		
Road and bridge projects		<u>75,719,364</u>

Other Governmental Funds:

General administration	18,207,684	
Judicial	5,506,080	
Financial administration	1,910	
Legal	855,924	
Public facilities	7,056,305	
Public safety	1,641,301	
Public transportation	4,147,074	
Health and welfare	73,804	
Culture and recreation	<u>4,769,995</u>	

Total Other Governmental Funds 42,260,077

Total Restricted \$ 166,389,672

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

3. Committed Fund Balance

Fund balance that has self-imposed limitations placed by the Commissioners Court. The Commissioners Court ordered these restrictions with a Commissioners Court Order and in some cases adopted in the annual budget in separate funds for management which are rolled into the general fund for reporting. Committed fund balance is reported in the governmental fund statements as follows:

Fund Balances:

Committed

General Fund:

Disaster Recovery	\$	10,000,000	
Capital murder cases		2,000,000	
Special elections		200,000	
Utilities price spikes		500,000	
Pre-Trial Release		87,289	
Jury		1,202,999	
Myers Park Operating		50,783	
Code Inspection		135,321	
Permanent Improvement		11,075,854	
Total General Fund			\$ 25,252,246

Healthcare Foundation

Indigent healthcare			8,437,046

Total Committed			\$ 33,689,292

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(a) Budgetary Information

Annual budgets are adopted for all governmental funds with the exception capital project funds and the following special revenue funds: RTR – Wylie Fund, RTR – Outer Loop Phase 3 Fund, Grants Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, LEOSE Education Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, District Attorney Service Fee Fund, SCAAP Fund, and the Grants Fund. The budget for capital project funds is adopted by project on a project-life term at the time debt is issued, and the budget is carried over from year to year until the funding is exhausted. All grant fund budgets are adopted at the grantor level and adoption is ministerial 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 of 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 there after the budget and the tax rate are adopted with tax notices mailed on or after October 1.

(continued)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

(a) Budgetary Information (Continued)

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 the County. Encumbrances (i.e. outstanding purchase orders, contracts) outstanding at year end are reported as restrictions or commitments of fund balance and do not constitute expenditures or liabilities because the expenditures are not recognized until the goods or services have been received. The encumbrances at year-end are carried forward to the next year and the budget is increase to accommodate the additional expenditures.

III. 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 group of funds. In addition, it includes an "Investment Strategy Statement" that specifically addresses each fund group's investment options and describes the priorities of preservation and safety of principal, liquidity, marketability, diversification, and yield.

The County Investment Officers, the County Auditor and the Budget Director, 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.

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.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(a) Deposits and Investments (Continued)

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. 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 principle and interest on which an unconditional guaranteed 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;
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. Certificates of deposit issued by a state or national bank, a savings and loan association domiciled in this state, or a state or federal credit union domiciled in this state and is:
 - a. Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor,
 - b. Secured by obligations that are described by Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by section 2256.009(b),
 - c. Secured in any other manner and amount provided by law for deposits of the investing entity, and
 - d. Solicited by bid orally, in writing, electronically, or any combination of these methods Outlined under Texas Government Code 2256.005(c).

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(a) Deposits and Investments (Continued)

7. Fully collateralized repurchase agreements, as defined in the Public Funds Investment Act, Government Code Section 2256.011(a)(14), (b), (c), and (d), is an authorized investment if the repurchase agreement:
 - a. Has a defined termination date,
 - b. Is secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act,
 - c. Requires 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. Is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the state of Texas.

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. TexPool and TexSTAR are rated AAAM and must maintain a weighted average maturity not to exceed 60 days. The County considers the holdings in these funds to have a one day weighted average maturity 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.

The portfolio balances of all investments including cash equivalents for all funds at September 30, 2012, are as follows:

Type of Investment	
Local government investment pools	\$155,429,871
Federal agency bonds	31,412,679
Municipal bonds	21,018,409
Certificates of deposits	87,040,313
CDARS	<u>48,773,379</u>
Total cash equivalents and investments	<u>\$343,674,651</u>

The risk exposures for governmental individual major funds, non-major 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 fund-group categories: General Operating Fund Group, Debt Service Fund Group; Capital Project Bond Fund Group; and Other Funds Group.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(a) *Deposits and Investments* (Continued)

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 which the County transacts, sufficient collateralization, portfolio diversification, and limiting maturities.

Credit Risk

The County's portfolio does not contain any investments in commercial paper or Corporate bonds. As of September 30, 2012, the local government pools (38% of the portfolio) were rated AAAM by Standard and Poor's. The federal agency bonds (10% of the portfolio) was rated AA+ by Standards and Poor's. The Municipal Bonds (7% of the portfolio) were rated AA or better by Standard and Poors. The Certificates of Deposits (39% of the portfolio) were fully collateralized in Collin County's name at the Federal Home Loan Bank of Dallas. CDARS (7% of the portfolio) is fully insured by the FDIC.

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 which are limited to five years. The dollar weighted average maturity for all securities was 0.53 years, a decrease from 0.75 years from the prior year.

(b) *Deposits*

The September 30, 2012, carrying amount of deposits was as follows:

	<u>Bank Deposits</u>
Governmental funds	\$30,642,718
Proprietary type funds	98,927
Fiduciary type funds	<u>16,254,306</u>
Total	<u>\$46,043,772</u>

All bank accounts were either insured by the FDIC 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, 2012.

(c) *Property Taxes and Other Receivables*

Property taxes attach 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;

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(c) *Property Taxes and Other Receivables* (Continued)

2. Independent School Districts of Allen, Anna, Blue Ridge, Celina, Community, Farmersville, Lovejoy, McKinney, Melissa, Plano, Princeton, Prosper, and Wylie;
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:

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(c) *Property Taxes and Other Receivables* (Continued)

	<u>Deferred Amount</u>
Delinquent property taxes (net of allowance for uncollectable):	
General Fund	\$ 1,978,636
Debt Service Fund	758,222
General Road and Bridge Fund	41,850
Other Special Revenue Funds	<u>247</u>
	<u>2,778,955</u>
 Fines and fees:	
General Fund	1,535,871
General Road and Bridge	<u>766,158</u>
	<u>2,302,029</u>
 Unearned Grant Revenues:	
RTR-Wylie Special Revenue Fund	4,211,556
RTR-Outer Loop Phase 3 Fund	4,108,544
Non-major Special Revenue Funds	<u>798,904</u>
	<u>9,119,004</u>
 Total deferred revenues	 <u>\$ 14,199,988</u>

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.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(c) *Property Taxes and Other Receivables* (Continued)

Receivables

Receivables as of year end for the government'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 (in thousands):

	General Fund	General Road and Bridge Special Revenue Fund	Health Care Foundatio n Special Revenue Fund	Debt Service Fund	Other Major and Non- Major Funds
Receivables:					
Taxes	\$ 2,295	\$ 40	\$ -	\$ 874	\$ -
Fines and fees	3,995	2,236	-	-	-
Due from other governments	1,117	132	-	-	851
Due from other funds	689	-	-	-	-
Advance to other funds	16,535	-	-	-	1,355
Interest	205	-	2	-	1
Miscellaneous	120	40	1	58	117
Gross receivables	24,956	2,448	3	932	2,324
Less allowance for uncollectible	2,716	1,471	-	35	-
Net receivables	\$ 22,240	\$ 977	\$ 3	\$ 897	\$ 2,324

(d) *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. The capitalization threshold for equipment is five thousand dollars. 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.

Many road projects and technology improvement projects have been ongoing in 2012. A summary of changes in capital assets follows:

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(d) Capital Assets (Continued)

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Governmental activities:					
Capital assets, not depreciated:					
Land	\$ 21,618,453	\$ 853,426	\$ -	\$ (1,552)	\$ 22,470,327
Construction in progress	11,221,963	5,045,161	(3,125,132)		13,141,992
Historical treasures	89,760				89,760
Total capital assets, not depreciated:	32,930,176	5,898,587	(3,125,132)	(1,552)	35,702,079
Capital assets, being depreciated:					
Buildings	262,364,901	5,766,797			268,131,698
Improvements other than buildings	6,376,765	488,415			6,865,180
Machinery and equipment	58,181,913	4,471,182	(301,123)		62,351,972
Infrastructure	275,452,299	11,284,031	(260,442)		286,475,888
Total assets being depreciated	602,375,878	22,010,425	(561,565)		623,824,738
Less accumulated depreciation for:					
Buildings	(71,497,038)	(8,257,701)			(79,754,739)
Improvements other than buildings	(2,398,718)	(340,556)			(2,739,274)
Machinery and equipment	(34,409,710)	(5,555,964)	269,655		(39,696,019)
Infrastructure	(91,438,380)	(8,160,764)	-		(99,599,144)
Total accumulated depreciation	(199,743,846)	(22,314,985)	269,655	-	(221,789,176)
Net capital assets, being depreciated	402,632,032	(304,560)	(291,910)	-	402,035,562
Governmental activities, capital assets	\$ 435,562,208	\$ 5,594,027	\$ (3,417,042)	\$ (1,552)	\$ 437,737,641
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 9,061,859	\$ 15,881	\$ -	\$ 1,552	\$ 9,079,292
Construction in progress	5,766,377	433,039	-	-	6,199,416
Total capital assets, not depreciated	14,828,236	448,920	-	1,552	15,278,708
Business-type activities, capital assets	\$ 14,828,236	\$ 448,920	\$ -	\$ 1,552	\$ 15,278,708

The transfer of \$1,552 from governmental activities to business-type activities is due to right-of-way land being transferred from governmental funds to the Collin County Toll Road Authority Fund.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(d) Capital Assets (Continued)

Depreciation expense for FY 2012 was charged to functions/programs of the primary government as follows:

Depreciation:

Governmental activities:

General administration	\$ 2,511,100
Judicial	60,562
Financial administration	173,657
Public facilities	8,145,519
Equipment services	632,088
Public safety	799,806
Public transportation	9,266,804
Health and welfare	174,960
Culture and recreation	<u>550,489</u>

Total depreciation expense - governmental activities \$ 22,314,985

Construction Commitments

Collin County has active construction projects as of September 30, 2012. The projects include road and bridge construction and new facility construction. At year-end the County's outstanding commitments with contractors are as follows (in thousands):

Construction In Progress:

<u>Project Type</u>	<u>Remaining Commitment</u>
Public transportation	\$ 17,548,806
Public facilities	1,721,049
Public parks	<u>368,608</u>
Total commitment - governmental activities	\$ 19,638,463

(e) Long-term Debt

New Bond Issues

Collin County issues general obligation bonds and tax notes to finance major capital projects. The original issue amounts of outstanding general obligation bonds and tax notes was \$553,200,000. The County issued two new bond series. The first was the Limited Tax Refunding and Permanent Improvement Bonds 2012 of which \$3,270,000 was new issue to provide funding for park and open space projects as well as \$17,465,000 for bond refundings. The second issue was the Unlimited Tax Road and Refunding Bonds 2012 of which \$31,365,000 is new debt to be used for road projects and \$19,435,000 for bond refundings.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

New Bond Issues (Continued)

The following are general obligation bonds and tax notes outstanding at September 30, 2012, and are for governmental activities only:

Bond Issue	Interest Rates	Year Issued	Maturity	Due as of September 30, 2012
Limited Tax Permanent Improvement and Refunding Bond 2004	2.250% to 4.500%	2004	2024	3,445,000
Limited Tax Permanent Improvement and Refunding Bond 2005	3.000% to 5.000%	2005	2025	26,405,000
Limited Tax Permanent Improvement Bond 2006	4.000% to 5.000%	2006	2026	26,935,000
Limited Tax Permanent Improvement Bond 2007	4.250% to 5.000%	2007	2027	1,850,000
Limited Tax Refunding and Permanent Improvement Bond 2008	3.625% to 5.000%	2008	2028	10,965,000
Limited Tax Refunding and Permanent Improvement Bond 2009	2.000% to 5.000%	2009	2025	26,870,000
Limited Tax Permanent Improvement Build America Bond 2009B	2.000% to 5.000%	2009	2029	9,990,000
Limited Tax Refunding Bond 2010	2.000% to 4.000%	2010	2017	7,725,000
Limited Tax Permanent Improvement Bonds 2011	3.000% to 4.250%	2011	2031	2,055,000
Limited Tax Refunding and Permanent Improvement Bonds 2012	2.000% to 5.000%	2012	2025	20,735,000
Unlimited Tax Road and Refunding Bond 2004	2.000% to 5.000%	2004	2024	13,820,000
Unlimited Tax Road and Refunding Bond 2005	3.000% to 5.000%	2005	2025	23,535,000
Unlimited Tax Road Bond 2006	4.000% to 5.000%	2006	2026	12,690,000
Unlimited Tax Road and Refunding Bond 2007	4.000% to 5.000%	2007	2027	56,240,000
Unlimited Tax Road Bond 2008	4.000% to 5.500%	2008	2028	35,720,000
Unlimited Tax Road and Refunding Bond 2009	2.000% to 5.000%	2009	2025	14,745,000
Unlimited Tax Road Build America Bond 2009B	4.600% to 6.300%	2009	2029	5,590,000
Unlimited Tax Refunding Bond 2010	2.000% to 5.000%	2010	2020	12,710,000
Unlimited Tax Road Bonds 2011	2.000% to 4.000%	2011	2029	27,895,000
Unlimited Tax Road and Refunding Bonds 2012	2.000% to 5.000%	2012	2032	50,800,000
Tax Notes Series 2006	4.000% to 5.000%	2006	2013	2,490,000
				<u>\$ 393,210,000</u>

Limited Tax Permanent Improvement and Refunding Bonds, Series 2004

(new issue authorized by voters on November 4, 2003, issued April 27, 2004)

\$14,165,000 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 \$555,000 to \$825,000. 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 rebateable arbitrage and is reviewed annually. 90% of any rebateable liability will be paid on the five-year anniversary dates.

\$11,450,000 – New issue

2,715,000 – Refunding

\$14,165,000 – Total to be paid to bondholders

\$ 3,445,000 – Owed to bondholders at September 30, 2012

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Limited Tax Permanent Improvement and Refunding Bonds, Series 2005

(new issue authorized by voters on November 4, 2003, issued April 5, 2005)

\$53,865,000 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 15th, 2006 with installments ranging from \$435,000 to \$4,000,000. 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 15th, 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.

\$37,350,000 – New issue

\$16,515,000 – Refunding

\$53,865,000 – Total to be paid to bondholders

\$26,405,000 – Owed to bondholders at September 30, 2012

Limited Tax Permanent Improvement Bonds, Series 2006

(new issue authorized by voters on November 4, 2003, issued May 3, 2006)

\$33,800,000 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; (iii) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15th, 2006 with installments ranging from \$680,000 to \$2,535,000. 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 15th, 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.

\$33,800,000 – New issue

\$26,935,000 – Owed to bondholders at September 30, 2012

Limited Tax Permanent Improvement Bonds, Series 2007

(new issue authorized by voters on November 4, 2003, issued March 20, 2007)

\$2,190,000 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 15th, 2008 with installments ranging from \$20,000 to \$130,000. 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 15th, 2022. 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)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Limited Tax Permanent Improvement Bonds, Series 2007 (Continued)

(new issue authorized by voters on November 4, 2003, issued March 20, 2007)

\$ 2,190,000 – New issue

\$ 1,850,000 – Owed to bondholders at September 30, 2012

Limited Tax Permanent Improvement and Refunding Bonds, Series 2008

(new issue authorized by voters on November 4, 2003 and November 6, 2007, issued July 14, 2008)

\$16,715,000 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 there for; (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 occur annually beginning on February 15th, 2009 with installments ranging from \$270,000 to \$2,710,000. 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 15th, 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.

\$ 2,200,000 – New issue (2003 Bond Election)

4,500,000 – New issue (2007 Bond Election)

10,015,000 – Refunding

\$16,715,000 – Total to be paid to bondholders

\$10,965,000 – Owed to bondholders at September 30, 2012

Limited Tax Refunding and Permanent Improvement Bonds, Series 2009

(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

\$30,080,000 Limited Tax Refunding and Permanent Improvement Bonds, Series 2009 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 there for; (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 15th, 2009 with installments ranging from \$1,055,000 to \$3,780,000. 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 15th, 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.

\$17,420,000 – New issue

12,660,000 – Refunding

\$30,080,000 – Total to be paid to bondholders

\$26,870,000 – Owed to bondholders at September 30, 2012

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Limited Tax Permanent Improvement Bonds, Taxable Series 2009B

(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

\$9,990,000 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 there for; and (iii) pay the cost of issuance associated with the sale of the these bonds. A principal amount of \$2,560 matures on February 15th, 2019, and the remaining principal amount of \$7,430,000 matures on February 15th, 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 15th, 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.

\$ 9,990,000 – New issue

\$ 9,990,000 – Owed to bondholders at September 30, 2012

Limited Tax Refunding Bonds, Series 2010

(authorized by Commissioners Court and issued on November 17, 2010)

\$8,120,000 Limited Tax Refunding Bonds, Series 2010 will be used to (i) refund a portion of the County's outstanding limited tax debt for debt service savings and (ii) pay costs of issuance associated with the sale of Limited Tax Bonds. Principal maturities will occur annually beginning February, 2012, with installments ranging from \$110,000 to \$1,660,000. Interest payments occur annually on February 15th and August 15th ranging from 2.0% to 4.0%. The final principal and interest payment is due on February 15th, 2017. 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.

\$ 8,120,000 – Refunding

\$ 7,725,000 – Owed to bondholders at September 30, 2012

Limited Tax Permanent Improvement Bonds, Series 2011

(new issue authorized by voters on November 6, 2007, issued June 16, 2012)

\$2,100,000 Limited Tax Permanent Improvement Bonds, Series 2012 were to (i) acquire and improve land for park and open space purposes, including joint county-city projects and (ii) pay the cost of issuance associated with the sale of the these bonds. Principal maturities will occur annually beginning on February 15th, 2012 with installments ranging from \$45,000 to \$155,000. Interest payments occur annually on February 15th and August 15th ranging from 3.0 to 4.25%. The final principal and interest payment is due on February 15th, 2031. 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.

\$ 2,100,000 – New issue

\$ 2,055,000 – Owed to bondholders at September 30, 2012

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Limited Tax Permanent Improvement Bonds, Series 2012

(new issue authorized by voters on November 6, 2007, issued May 1, 2012)

\$20,735,000 Limited Tax Permanent Improvement Bonds, Series 2012 were to (i) acquire and improve land for park and open space purposes, including joint county-city projects and (ii) pay the cost of issuance associated with the sale of these bonds. Principal maturities will occur annually beginning on February 15th, 2013 with installments ranging from \$80,000 to \$2,535,000. 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 15th, 2032. 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.

\$ 3,270,000 – New issue

17,465,000 – Refunding

\$20,735,000 – Total to be paid to bondholders

\$20,735,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road & Refunding, Series 2004

(new issue authorized by voters on November 4, 2003, issued April 27, 2004)

\$54,910,000 Unlimited Tax Road & Refunding, Series 2004 were issued for the purpose of road and highway construction; to refund a portion of the County's 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 \$1,440,000 to \$4,050,000. Interest payments fall on February 15th and August 15th of each year and 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 rebateable arbitrage and is reviewed annually with 90% of any rebateable liability being paid on the five-year anniversary dates.

\$44,550,000 – New issue

10,360,000 – Refunding

\$54,910,000 – Total to be paid to bondholders

\$13,820,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road and Refunding Bonds, Series 2005

(new issue authorized by voters on November 4, 2003, issued April 5, 2005)

\$43,175,000 Unlimited Tax Road and Refunding Bonds, Series 2005 were issued for the purpose of (i) constructing roads and highways throughout the County and (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, 2006 with installments ranging from \$200,000 to \$3,850,000. 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 15th, 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)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

\$17,360,000 – New issue
25,815,000 – Refunding
\$43,175,000 – Total to be paid to bondholders
\$23,535,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road Bonds, Series 2006

(new issue authorized by voters on November 4, 2003, issued May 3, 2006)

\$15,920,000 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, 2007 with installments ranging from \$320,000 to \$1,195,000. 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 15th, 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.

\$15,920,000 – New issue
\$12,690,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road and Refunding Bonds, Series 2007

(new issue authorized by voters on November 4, 2003, issued March 20, 2007)

\$63,375,000 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, 2008 with installments ranging from \$380,000 to \$6,070,000. 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 15th, 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.

\$48,190,000 – New issue
15,185,000 – Refunding
\$63,375,000 – Total to be paid to bondholders
\$56,240,000 – Owed to bondholders at September 30, 2012

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Unlimited Tax Road, Series 2008

(new issue authorized by voters on November 4, 2003 and November 6, 2007, issued July 14, 2008)

\$41,000,000 Unlimited Tax Road, 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, 2009 with installments ranging from \$955,000 to \$3,045,000. 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 15th, 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.

\$15,980,000 – New issue (2003 Bond Election)

25,020,000 – New issue (2007 Bond Election)

\$41,000,000 – Total to be paid to bondholders

\$35,720,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road and Refunding Bonds, Series 2009

(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

\$21,805,000 Unlimited Tax Road and Refunding Bonds, Series 2009 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 15th, 2010, in installments ranging from \$770,000 to \$2,485,000. 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 15th, 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.

\$10,070,000 – New issue

11,735,000 – Refunding

\$21,805,000 – Total to be paid to bondholders

\$14,745,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road Bonds, Taxable Series 2009B

(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

\$5,590,000 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 \$1,470,000 matures on February 15th, 2019, and the remaining principal amount of \$4,120,000 matures on February 15th, 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 15th, 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.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

\$5,590,000 – New issue

\$5,590,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Refunding Bonds, Series 2010

(authorized by Commissioners Court and issued on November 17, 2010)

\$14,810,000 Unlimited Tax Refunding Bonds, Series 2010 will be used to (i) refund a portion of the County's outstanding unlimited tax debt for debt service savings and (ii) pay costs of issuance associated with the sale of Unlimited Tax Bonds. Principal maturities will occur annually beginning February, 2012, with installments ranging from \$200,000 to \$2,110,000. 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 15th, 2020. 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.

\$14,810,000 – Refunding

\$12,710,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road, Series 2011

(new issue authorized by voters on November 6, 2007, issued June 16, 2011)

\$28,490,000 Unlimited Tax Road, Series 2012 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, 2012 with installments ranging from \$595,000 to \$1,950,000. Interest payments occur annually on February 15th and August 15th ranging from 0.4% to 4.0%. The final principal and interest payment is due on February 15th, 2031. 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.

\$28,490,000 – New issue

\$27,895,000 – Owed to bondholders at September 30, 2012

Unlimited Tax Road and Refunding Bonds, Series 2012

(new issue authorized by voters on November 6, 2007, issued May 1, 2012)

\$50,800,000 Unlimited Tax Road, Series 2012 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, 2012 with installments ranging from \$610,000 to \$4,720,000. 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 15th, 2032. 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)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) *Long-term Debt* (Continued)

\$31,365,000 – New issue
19,435,000 – Refunding
\$50,800,000 – Total to be paid to bondholders
\$50,800,000 – Owed to bondholders at September 30, 2012

Tax Notes, Series 2006

(authorized by Commissioners Court and issued on May 3, 2006)

\$15,000,000 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 of 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 \$1,945,000 to \$2,449,000. 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 rebateable arbitrage and is reviewed annually. 90% of any rebateable liability will be paid on the five year anniversary dates.

\$15,000,000 – New issue
\$ 2,490,000 – Owed to tax note holders at September 30, 2012

Defeased Bonds

The county defeased certain general obligation bonds in 2012 and prior years by placing the proceeds of new bonds into irrevocable trust to provide for all future debt service payments on the old bonds as well as calling certain bonds before the maturity date. 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, 2012, \$37,819 million of bonds are considered defeased.

In 2012 the County issued bonds for refunding existing debt. The two issues are as follows:

- 1) The Limited Tax Refunding and Permanent improvement 2012 series issued on May 1, 2012, refunded portions of the Limited Tax Permanent Improvement Bonds issued in 2004 and 2005. The refunding was used to defeased \$18,570,000 of existing debt by issuing \$17,465,000 of new debt, a reduction of \$1,105,000.
- 2) The Unlimited Tax Road and Refunding Bonds, 2012 Series issued on May 1, 2012, defeased portions of the unlimited tax bonds issued in 2004 and 2005. The aggregate difference in debt service requirements in debt service between the refunded debt and the new refunding debt is \$1,180,000 with an economic value of \$2,325,384.

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 currently has no cumulative rebate.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Changes in Noncurrent Liabilities

Noncurrent liabilities for the year ended September 30, 2012, were as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental activities:					
General obligation	\$ 387,580	\$ 71,535	\$ 65,905	\$ 393,210	\$ 29,010
Compensated absences	6,650	8,299	8,263	6,686	4,500
Claims and judgements	4,318	6,659	6,367	4,610	2,975
Unamortized bond premium	<u>14,005</u>	<u>12,407</u>	<u>1,264</u>	<u>25,148</u>	<u>710</u>
Total governmental activities	<u>\$ 412,553</u>	<u>\$ 98,900</u>	<u>\$ 81,799</u>	<u>\$ 429,654</u>	<u>\$ 37,195</u>

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, and no longer exist due to low investment earnings compared to the interest paid on debt. The Other Post Employment Benefit liability no longer exists due to Commissioners Court eliminating the benefit that was creating the liability.

Contractual Maturities

The annual debt service for general obligation bonds is as follows (in thousands):

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending September 30:		
2013	\$ 28,035	\$ 17,879
2014	26,200	15,799
2015	27,365	14,624
2016	27,000	13,408
2017	28,300	12,170
2018-2022	129,960	42,761
2023-2027	96,260	17,529
2028-2032	<u>30,090</u>	<u>2,674</u>
	<u>\$ 393,210</u>	<u>\$ 136,844</u>

The Debt Service Fund has \$6,178,596 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)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) 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, 2012, there were 14 series of single-family and multi-family revenue bonds outstanding, with aggregate cash and investments of \$26,676,780. 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.

(f) Inter-fund 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, 2012, is as follows:

	<u>Due from</u>	<u>Due to</u>
Due to/from other funds:		
General Fund	\$ 689,187	\$ -
Nonmajor funds	-	689,187
Total	<u>\$ 689,187</u>	<u>\$ 689,187</u>

The activity between the General Fund and other funds represent additional funding for special activities, and local matching of grants.

Interfund advance activity is as follows:

	<u>Advance to</u>	<u>Advance from</u>
General Fund	\$ 16,534,531	\$ -
2003 Road Bond Capital Project Fund	14,499	-
Non-Major Funds	1,340,558	-
Animal Safety Internal Service Fund	-	850,222
Collin County Toll Road Authority Fund	-	17,039,366
Total	<u>\$ 17,889,588</u>	<u>\$ 17,889,588</u>

These balances are a result of funding for two separate activities. The first is a \$850,222 balance to fund the Animal Shelter in the Animal Safety fund. This was planned to be financed over a ten-year period of which three years remain. The second advance activity of \$17,039,366 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.

All transfers are reported under other financing sources (uses). The accumulated total of inter-fund transfers for the fiscal year ending September 30, 2012, is as follows:

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(f) *Inter-fund Receivables, Payable Balances and Transfers* (Continued)

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ 125,958	\$ 346,348
Nonmajor Funds	<u>318,924</u>	<u>96,982</u>
Total	<u>\$ 444,882</u>	<u>\$ 443,330</u>

All of the transfer activity relates to match funding for grants or operating funding for certain special revenue funds that do not support themselves. The difference in the total transfer in and transfer out is due to the transfers of assets to the Collin County Toll Road Authority which is a proprietary-type fund and not included in these totals.

(g) *Leases*

As leaser, HCF has a number of non-cancelable operating leases with minimum future rentals in aggregate of \$3,306,878. The buildings are carried at a book value of \$6,423,011 with accumulated depreciation of \$4,752,141. Future minimum rental payments applicable to the operating leases are as follows:

Fiscal Year Ending	HCF Contractual Future Rental Revenues
<u>September 30,</u>	
2013	\$ 1,298,172
2014	1,079,226
2015	902,340
2016	14,160
2017	<u>12,980</u>
Total	<u>\$ 3,306,878</u>

Collin County leases office space under operating leases that expire over periods of up to ten years. Most of the leases are non-cancelable and renewal options are available. The aggregate total of these lease obligations is \$3,756,961 for the year ended September 30, 2012. At September 30, 2012, future minimum rental payments applicable to the operating leases are as follows:

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(g) Leases (Continued)

Fiscal Year Ending <u>September 30,</u>	<u>Contractual Future Rental Obligations</u>
2013	\$ 1,395,656
2014	957,974
2015	895,669
2016	82,806
2017	68,646
2018	68,646
2019	68,646
2020	68,646
2021	68,646
2022	<u>68,646</u>
Total	\$ <u>3,743,981</u>

IV. 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 Healthcare, administers the County plan. During the year ended September 30, 2012, the County paid \$770 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. Individual stop-loss deductible is \$100 per person.

Collin County had a slight decrease in health insurance claims in fiscal year 2012. In spite of the decrease in claims the fund balance decreased to \$3,006,335, down from \$4,177,421 in 2011. Premiums remained the same in the fiscal 2013 with some reductions in benefits. Management continues to monitor the claims and has made changes to coverage to help keep costs down.

(continued)

IV. OTHER INFORMATION

(a) Risk Management

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 \$275,000. 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.

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 the other funds they service. 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 2012 and 2011 follow (in thousands):

	<u>Liability</u>	<u>Estimates</u>	<u>Payments</u>	<u>Liability</u>
2012 Employee Medical	\$ 855	17,818	\$ 17,818	\$ 855
2011 Employee Medical	855	16,771	16,771	855
2012 Workers' Compensation	638	596	596	638
2011 Workers' Compensation	638	557	557	638
2012 Claims Liability	447	939	939	447
2011 Claims Liability	447	862	862	447

(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)

IV. 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 2012 fiscal 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 2012.

(d) Post-Retirement Health Benefits

Plan Description

The County's post-employment benefit plan is a single-employer defined benefit plan. Effective February of 2012 the County offers health benefits at actuarial cost and no longer offers supplements. 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 upon eligibility for Medicare coverage. No post-employment liability exists since retirees are paying the full cost of this benefit.

(e) Retirement Commitments

(1) Plan Description

The County provides retirement, disability and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the 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 or can be viewed at www.tcdrs.org.

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.

(continued)

IV. OTHER INFORMATION (Continued)

(e) Retirement Commitments: (Continued)

(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 an amount of 7.7% in 2012 which was a decrease from the 13.5% in 2012. This decrease was due to the County making a lump sum payment of \$40.5 million in 2012. The actuarial required rate was 7.64% in 2012 and 10.43% in 2012. The contribution rate payable by the employee members for the calendar years of 2012 and 2013 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.

(3) Annual Pension Cost

For the accounting year ended September 30, 2012, the annual pension cost for Collin County to the TCDRS plan for its employees was \$7,603,750 and the actual contributions were \$7,603,750. 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 2009, 2010 and 2011, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2009 and ending with 2011. The December 31, 2011 actuarial valuation is the most recent valuation.

Actuarial Valuation Information			
Actuarial valuation date	12/31/2009	12/31/2010	12/31/2011
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percent of payroll, closed	level percent of payroll, closed	level percent of payroll, closed
Amortization period in years	7.3	20.0	20.0
Asset valuation method			
Subdivision Accumulation Fund value	10-yr smoothed value	10-yr smoothed value	10-yr smoothed
Employees Saving Fund	Fund value	Fund value	Fund value
Assumptions:			
Investment return – includes			
Inflation at the stated rate	8.0%	8.0%	8.0%
Projected salary increases –			
Includes inflation at the stated rate	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

(continued)

IV. OTHER INFORMATION (Continued)

(e) Retirement Commitments (Continued)

Accounting Year Ending	Annual Pension Cost		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2009	\$ 11,642,578	100%	—
September 30, 2010	11,770,220	100%	—
September 30, 2011	11,699,770	100%	—

(f) Cost-Sharing Arrangement

In January of 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 state wide courts system between all the counties currently participating and those who participate in the system in the future.

In March of 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. The court civil case project was implemented in prior years and the criminal case project went live in August of 2010.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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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, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 124,693,000	\$ 124,693,000	\$ 126,555,655	\$ 1,862,655
Licenses and permits	279,000	279,000	282,352	3,352
Federal and state funds	5,868,964	5,868,964	7,042,027	1,173,063
Fees and charges for services	17,235,161	17,235,161	18,435,832	1,200,671
Fines and forfeitures	1,881,000	1,881,000	2,191,532	310,532
Rental	207,600	207,600	222,540	14,940
Interest	2,114,300	2,114,300	1,133,435	(980,865)
Miscellaneous	547,000	547,000	811,304	264,304
Total revenues	<u>152,826,025</u>	<u>152,826,025</u>	<u>156,674,677</u>	<u>3,848,652</u>
Expenditures:				
Current:				
General administration	31,928,910	30,949,612	24,948,893	6,000,719
Judicial	15,272,206	15,425,221	14,551,857	873,364
Financial administration	10,212,175	10,213,598	9,773,492	440,106
Legal	10,480,546	10,576,172	9,969,632	606,540
Public facilities	11,375,354	11,557,728	10,457,208	1,100,520
Equipment services	2,451,779	2,451,779	2,208,379	243,400
Public safety	56,690,681	57,096,630	55,369,495	1,727,135
Health and welfare	11,787,579	12,271,842	11,651,835	620,007
Culture and recreation	1,083,846	1,083,734	1,027,050	56,684
Conservation	260,248	260,248	246,119	14,129
Capital outlay	9,402,575	9,361,032	4,010,412	5,350,620
Total expenditures	<u>160,945,899</u>	<u>161,247,596</u>	<u>144,214,372</u>	<u>17,033,224</u>
Excess of revenues over expenditures	<u>(8,119,874)</u>	<u>(8,421,571)</u>	<u>12,460,305</u>	<u>20,881,876</u>
Other financing sources (uses):				
Transfers in	-	185,704	125,958	(59,746)
Transfers out	(300,000)	(346,348)	(346,348)	-
Sale of assets	-	-	42,885	42,885
Total other financing sources (uses)	<u>(300,000)</u>	<u>(160,644)</u>	<u>(177,505)</u>	<u>(16,861)</u>
Net change in fund balance	<u>(8,419,874)</u>	<u>(8,582,215)</u>	<u>12,282,800</u>	<u>20,865,015</u>
Fund balance – beginning	<u>153,345,261</u>	<u>153,345,261</u>	<u>153,345,261</u>	<u>-</u>
Fund balance – ending	<u>\$ 144,925,387</u>	<u>\$ 144,763,046</u>	<u>\$ 165,628,061</u>	<u>\$ 20,865,015</u>

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, 2012

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 2,160,925	\$ 2,160,925	\$ 2,190,413	\$ 29,488
Licenses and permits	1,300	1,300	1,377	77
Fees and charges for services:				
Road mileage fees	6,500,000	6,500,000	6,258,423	(241,577)
Vehicle title fees	760,000	760,000	814,905	54,905
Road and bridge fees	5,750,000	5,750,000	6,829,175	1,079,175
Total fees and charges for services	13,010,000	13,010,000	13,902,503	892,503
Fines and forfeitures:				
County clerk	1,491,500	1,491,500	1,329,986	(161,514)
District clerk	250,000	250,000	482,995	232,995
Total fines and forfeitures	1,741,500	1,741,500	1,812,981	71,481
Other local government funds	-	-	2,017	2,017
Interest	180,000	180,000	123,371	(56,629)
Miscellaneous:				
Sale of road and bridge materials	200,000	200,000	197,072	(2,928)
Other and grants	19,500	19,500	18,154	(1,346)
Total miscellaneous	219,500	219,500	215,226	(4,274)
Total revenues	17,313,225	17,313,225	18,247,888	934,663
Expenditures:				
Current:				
Public transportation:				
Road and bridge maintenance:				
Salaries and benefits	5,170,568	5,170,568	4,992,052	178,516
Training and travel	11,616	11,616	8,736	2,880
Maintenance and operating	16,841,841	16,848,307	8,871,743	7,976,564
Total road and bridge maintenance	22,024,025	22,030,491	13,872,531	8,157,960
Engineering:				
Salaries and benefits	396,900	396,900	389,514	7,386
Training and travel	12,854	12,854	7,663	5,191
Maintenance and operating	9,291	9,291	5,727	3,564
Total engineering	419,045	419,045	402,904	16,141

(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, 2012

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Expenditures: (Continued)				
Current: (Continued)				
Public transportation: (Continued)				
Services and operations:				
Salaries and benefits	\$ 437,457	\$ 437,457	\$ 430,328	\$ 7,129
Training and travel	10,493	10,493	75	10,418
Maintenance and operating	3,300	3,300	203	3,097
Total services and operations	451,250	451,250	430,606	20,644
Soil conservation:				
Maintenance and operating	44,035	44,035	-	44,035
Special projects:				
Salaries and benefits	207,809	208,949	208,949	-
Training and travel	1,425	285	-	285
Maintenance and operating	600	600	72	528
Total special projects	209,834	209,834	209,021	813
Non-departmental:				
Maintenance and operating	497,039	490,573	234,616	255,957
Total public transportation	23,645,228	23,645,228	15,149,678	8,495,550
Capital outlay:				
Public transportation:				
Road and bridge maintenance	2,810,699	2,810,699	2,129,858	680,841
Total capital outlay	2,810,699	2,810,699	2,129,858	680,841
Total expenditures	26,455,927	26,455,927	17,279,536	9,176,391
Excess (deficiency) of revenues over (under) expenditures	(9,142,702)	(9,142,702)	968,352	10,111,054
Other financing sources (uses):				
Sale of assets	-	-	270,022	270,022
Total other financing sources (uses)	-	-	270,022	270,022
Net change in fund balance	(9,142,702)	(9,142,702)	1,238,374	10,381,076
Fund balance - beginning	17,135,338	17,135,338	17,135,338	-
Fund balance - ending	\$ 7,992,636	\$ 7,992,636	\$ 18,373,712	\$ 10,381,076

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, 2012

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Federal and state funds	\$ 50,000	\$ 50,000	\$ 64,252	\$ 14,252
Fees and charges for services	220,000	220,000	349,029	129,029
Rental	1,193,262	1,193,262	1,142,921	(50,341)
Interest	150,000	150,000	65,331	(84,669)
Miscellaneous	3,500	3,500	21,027	17,527
Total revenues	<u>1,616,762</u>	<u>1,616,762</u>	<u>1,642,560</u>	<u>25,798</u>
Expenditures:				
Current:				
Health and welfare:				
Salaries and benefits	1,513,699	1,513,699	1,357,031	156,668
Training and travel	18,000	18,000	13,889	4,111
Maintenance and operating	<u>2,230,395</u>	<u>2,226,695</u>	<u>1,015,785</u>	<u>1,210,910</u>
Total health and welfare	<u>3,762,094</u>	<u>3,758,394</u>	<u>2,386,705</u>	<u>1,371,689</u>
Public facilities:				
Maintenance and operating	<u>183,915</u>	<u>183,915</u>	<u>114,982</u>	<u>68,933</u>
Total public facilities	<u>183,915</u>	<u>183,915</u>	<u>114,982</u>	<u>68,933</u>
Capital outlay:				
Health and welfare	<u>12,506</u>	<u>16,206</u>	<u>3,653</u>	<u>12,553</u>
Total capital outlay	<u>12,506</u>	<u>16,206</u>	<u>3,653</u>	<u>12,553</u>
Total expenditures	<u>3,958,515</u>	<u>3,958,515</u>	<u>2,505,340</u>	<u>1,453,175</u>
Excess (deficiency) of revenues over (under) expenditures	(2,341,753)	(2,341,753)	(862,780)	1,478,973
Fund balance – beginning	<u>9,299,826</u>	<u>9,299,826</u>	<u>9,299,826</u>	-
Fund balance – ending	<u>\$ 6,958,073</u>	<u>\$ 6,958,073</u>	<u>\$ 8,437,046</u>	<u>\$ 1,478,973</u>

COLLIN COUNTY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2012

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(a) Budgetary Information

Annual budgets are adopted for all governmental funds with the exception of capital project funds and the following special revenue funds: RTR – Wylie Fund, RTR – Outer Loop Phase 3 Fund, Grants Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, LEOSE Education Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, District Attorney Service Fee Fund, SCAAP Fund, and the Grants Fund. The budget for capital project funds is adopted at the time debt is issued, and the budget is rolled from year to year until the funding is exhausted. All grant fund budgets are adopted at the grantor level and adoption is ministerial 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 of 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 the County. 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.

Employees Retirement System Schedule of Funding Progress (thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Unfunded) Assets in Excess of AAL (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2009	\$ 220,110	\$ 260,383	\$(40,273)	84.53%	\$ 87,604	45.97%
December 31, 2010	242,207	276,761	(34,554)	87.51%	85,291	40.51%
December 31, 2011	292,342	294,387	(2,045)	99.31%	85,213	2.40%

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APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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Texas
New York
Washington, DC
Connecticut
Seattle
Dubai
London

Bracewell & Giuliani LLP
1445 Ross Avenue
Suite 3800
Dallas, Texas
75202-2711

[CLOSING DATE]

\$40,295,000
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS,
TAX-EXEMPT SERIES 2013A

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 ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A, dated June 1, 2013.

The Bonds mature, bear interest, are subject to redemption prior to maturity 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 its bond counsel for the 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, on which we have relied in giving our opinion. The transcript contains certified copies of certain

[Closing Date]

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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 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 also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of the Treasury Regulations and published 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; and
- (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 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 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 advisor and the underwriters of the Bonds with respect to matters solely within the knowledge of the Issuer, the Issuer's financial advisor 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 ownership of, receipt of interest on, 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).

The opinions set forth above 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

[Closing Date]

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no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter 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.

Texas
New York
Washington, DC
Connecticut
Seattle
Dubai
London

Bracewell & Giuliani LLP
1445 Ross Avenue
Suite 3800
Dallas, Texas
75202-2711

[CLOSING DATE]

\$15,970,000
COLLIN COUNTY, TEXAS
UNLIMITED TAX REFUNDING BONDS,
TAXABLE SERIES 2013B

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,
TAXABLE SERIES 2013B, dated June 1, 2013.

The Bonds mature, bear interest, are subject to redemption prior to maturity 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 its bond counsel for the 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. 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, on which we have relied in giving our opinion. The transcript 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

[Closing Date]

Page 2

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 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 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; and
- (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.

We observe that interest on the Bonds is generally includable in gross income for federal income tax purposes under existing law. 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. Prospective purchasers should consult their tax advisors with respect to such matters.

In providing such opinions, we have assumed with your permission the truth and accuracy as to factual matters of all statements and certifications made to us by the Issuer, the

[Closing Date]

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Issuer's financial advisor and the underwriters. We have relied on representations of 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 we have not independently verified. We have further relied on the Report of the Verification Agent regarding the mathematical accuracy of certain computations.

The opinions set forth above 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 hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

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Texas
New York
Washington, DC
Connecticut
Seattle
Dubai
London

Bracewell & Giuliani LLP
1445 Ross Avenue
Suite 3800
Dallas, Texas
75202-2711

[CLOSING DATE]

\$2,200,000

COLLIN COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT BONDS,
TAX-EXEMPT SERIES 2013A

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 PERMANENT IMPROVEMENT BONDS, TAX-EXEMPT SERIES 2013A, dated June 1, 2013.

The Bonds mature, bear interest, are subject to redemption prior to maturity 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 its bond counsel for the 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, on which we have relied in giving our opinion. The transcript contains 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

[Closing Date]

Page 2

and issuance of the Bonds. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of the Treasury Regulations and published 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; and
- (B) 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 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 advisor and the underwriters of the Bonds with respect to matters solely within the knowledge of the Issuer, the Issuer's financial advisor and the underwriters,

[Closing Date]

Page 3

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. If such 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 ownership of, receipt of interest on, 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).

The opinions set forth above 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 hereafter come to our attention or to reflect any changes in any law that may hereafter 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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Texas
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[CLOSING DATE]

\$15,720,000
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS,
TAXABLE SERIES 2013B

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,
TAXABLE SERIES 2013B, dated June 1, 2013.

The Bonds mature, bear interest, are subject to redemption prior to maturity 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 its bond counsel for the 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. 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, on which we have relied in giving our opinion. The transcript 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 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 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; and
- (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:

We observe that interest on the Bonds is generally includable in gross income for federal income tax purposes under existing law. We express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or

[Closing Date]

Page 3

acquisition, ownership or disposition of, the Bonds. Prospective purchasers should consult their tax advisors with respect to such matters.

In providing such opinions, we have assumed with your permission the truth and accuracy as to factual matters of all statements and certifications made to us by the Issuer, the Issuer's financial advisor and the underwriters. We have relied on representations of 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 we have not independently verified. We have further relied on the Report of the Verification Agent regarding the mathematical accuracy of certain computations.

The opinions set forth above 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 hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

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Financial Advisory Services
Provided By

FirstSouthwest 

Cash Flow and Yield Verification Report

Collin County, Texas

**(Unlimited Tax Road and Refunding Bonds,
Tax-Exempt Series 2013A)**

July 9, 2013

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Exhibit D	Multipurpose Allocation on the 2004 Bonds
Exhibit D-1	Multipurpose Allocation on the 2005 Bonds
Appendix I	Applicable schedules provided by FirstSouthwest



**Report of Independent Certified Public Accountants
On Applying Agreed-Upon Procedures**

Collin County
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McKinney, Texas

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Citigroup Global Markets Inc.
611 West Fifth Street
Austin, Texas

FirstSouthwest
777 Main Street, Suite 1200
Fort Worth, Texas

The Bank of New York Mellon
Trust Company, N.A.
2001 Bryan Street, 11th Floor
Dallas, Texas

Texas Attorney General's Office
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\$40,295,000
Collin County, Texas
Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A
Dated June 1, 2013

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 "2013A Bonds") for the purpose, in part, of refunding portions of the County's outstanding Unlimited Tax Road and Refunding Bonds, Series 2004 (the "2004 Bonds"), Unlimited Tax Road and Refunding Bonds, Series 2005 (the "2005 Bonds") and Unlimited Tax Road Bonds, Series 2006 (the "2006 Bonds") (collectively referred to as the "Refunded Bonds") as summarized on the next page. This agreed-upon procedures engagement was conducted in accordance with attestation standards 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.

<u>Series</u>	<u>Principal Issued</u>	<u>Dated</u>	<u>Principal Refunded</u>	<u>Maturities Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2004	\$54,910,000	March 15, 2004	\$2,560,000*	2-15-15	2-15-14	100%
2005	\$43,175,000	March 1, 2005	\$3,625,000*	2-15-16 and 2-15-17	2-15-15	100%
2006	\$15,920,000	March 15, 2006	\$9,045,000	2-15-18 through 2-15-26	2-15-16	100%

* Represents portions of the principal amounts outstanding as shown on Exhibits D and D-1.

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 2004 Bonds will be redeemed on February 15, 2014 at 100 percent of par plus accrued interest, the 2005 Bonds will be redeemed on February 15, 2015 at 100 percent of par plus accrued interest, and the 2006 Bonds will be redeemed on February 15, 2016 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-4 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:

- Trade confirmations provided by the Financial Advisor used to acquire certain United States Treasury Notes (the "T-Notes") and Strips (the "STRIPS"), Federal Home Loan Mortgage Corporation Notes (the "FHLMC"), and Federal Farm Credit Bank Bonds (the "FFCB") (collectively referred to as the "Open-Market Securities") insofar as the Open-Market Securities are described as to the principal amounts, interest rates, purchase prices and maturity dates; and
- Orders for the Refunded Bonds provided by Bracewell & Giuliani LLP 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. The principal amounts of the 2004 Bonds and the 2005 Bonds represent portions of the principal amounts outstanding as shown on Exhibits D and D-1.

Our procedures, as summarized in Exhibits B through B-4, 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 Open-Market Securities, together with an initial cash deposit of \$355,547.17 to be deposited into the escrow account on July 9, 2013, will be sufficient to pay, when due, the principal and interest related to the Refunded Bonds assuming the 2004 Bonds will be redeemed on February 15, 2014 at 100 percent of par plus accrued interest, the 2005 Bonds will be redeemed on February 15, 2015 at 100 percent of par plus accrued interest, and the 2006 Bonds will be redeemed on February 15, 2016 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 Open-Market Securities is less than the yield on the 2013A Bonds. These schedules were prepared based on the assumed settlement date of July 9, 2013 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 Open-Market Securities, the purchase price, and in the case of the 2013A Bonds, the issue price. In addition, we found that the schedules provided by the Financial Advisor, which assume the redemption of the February 15, 2024 through February 15, 2026 and February 15, 2028 through February 15, 2033 maturities identified on Exhibits C and C-1 at par on February 15, 2023 plus accrued interest, correctly treat those 2013A Bonds as yield-to-call 2013A Bonds as retired on the respective dates that for each 2013A Bond produces the lowest yield for the issue that includes the 2013A Bonds. Those 2013A Bonds identified as yield-to-call 2013A Bonds on the attached Exhibits C and C-1 are those 2013A Bonds that are subject to optional redemption and that are issued at an issue price that exceeds the stated redemption price at maturity of such 2013A Bonds by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity of such 2013A Bonds and the number of complete years to the first optional redemption date for the 2013A Bonds. We found that there are no other yield-to-call 2013A Bonds other than those identified on the attached Exhibits C and C-1.

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 Open-Market Securities calculated on Exhibit B-1, and (ii) the 2013A Bonds using the Official Statement provided by the Financial Advisor insofar as the 2013A Bonds are described as to the maturity and interest payment dates, dated date, principal amounts, interest rates, optional redemption date and price, and issue price to the public. The results of our calculations, based on the aforementioned assumptions, are summarized below:

	<u>Yield</u>	<u>Exhibit</u>
• Yield on the cash receipts from the Open-Market Securities	0.373614%	B-1
• Yield on the 2013A Bonds	2.560262%	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 Open-Market Securities is less than the yield on the 2013A Bonds.

VERIFICATION OF MULTIPURPOSE ALLOCATIONS

The Financial Advisor provided us with schedules (Appendix I) allocating on a pro-rata basis the advance refundable portions of the 2004 Bonds and the 2005 Bonds. As part of our engagement we independently calculated the multipurpose allocations of the 2004 Bonds and the 2005 Bonds using assumptions and methodologies as provided by the Financial Advisor.

Our procedures, as summarized in Exhibits D and D-1, prove the mathematical accuracy of the schedules provided by the Financial Advisor summarizing the multipurpose allocations of the 2004 Bonds and the 2005 Bonds. The schedules provided by the Financial Advisor and those prepared by us reflect that the portions of the 2004 Bonds and the 2005 Bonds allocated as advance refundable are as shown on Exhibits D and D-1.

* * * * *

We were not engaged to, and did not, conduct an examination or a review in accordance with attestation standards established by the American Institute of Certified Public Accountants, the objective of which would be the expression of an examination opinion or limited assurance on the items referred to above. Accordingly we do not express such an opinion or limited assurance. 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
July 9, 2013

Collin County, Texas

SCHEDULE OF SOURCES AND USES OF FUNDS

July 9, 2013

SOURCES:

Principal amount of the 2013A Bonds	\$40,295,000.00
Net original issue premium	4,516,686.15
Accrued interest	171,596.39
Transfers from prior issue Debt Service Funds	355,437.50
	\$45,338,720.04

USES:

Purchase price of the Open-Market Securities	\$16,448,232.70
Beginning cash deposit to the escrow account	355,547.17
Deposit to Project Construction Fund	28,000,000.00
Underwriters' discount	203,806.48
Costs of issuance	159,537.30
Deposit to Debt Service Fund	171,596.39
	\$45,338,720.04

Collin County, Texas

ESCROW ACCOUNT CASH FLOW

<u>Dates</u>	<u>Cash receipts from Open-Market Securities (Exhibit B-1)</u>	<u>Debt service payments on Refunded Bonds (Exhibits B-2 through B-4)</u>	<u>Cash balance</u>
Cash deposit on July 9, 2013			\$355,547.17
07-17-13	\$4,243.75		359,790.92
07-29-13	2,194.08		361,985.00
08-15-13	17,918.75	\$355,437.50	24,466.25
01-17-14	4,243.75		28,710.00
01-29-14	2,515.50		31,225.50
02-15-14	2,884,918.75	2,915,437.50	706.75
07-17-14	4,243.75		4,950.50
07-29-14	2,515.50		7,466.00
08-15-14	284,000.00	291,437.50	28.50
01-17-15	4,243.75		4,272.25
01-29-15	2,515.50		6,787.75
02-15-15	3,910,000.00	3,916,437.50	350.25
07-17-15	198,243.75		198,594.00
07-29-15	2,515.50		201,109.50
08-15-15		200,812.50	297.00
01-29-16	1,172,515.50		1,172,812.50
02-15-16	8,073,000.00	9,245,812.50	0.00
	<u>\$16,569,827.83</u>	<u>\$16,925,375.00</u>	

Collin County, Texas

CASH RECEIPTS FROM AND YIELD ON THE OPEN-MARKET SECURITIES

Receipt date	Principal	Interest rate	Interest	Cash receipts from Open-Market Securities	Present value on July 9, 2013 using a yield of 0.373614%
07-17-13			\$4,243.75	\$4,243.75	\$4,243.40
07-29-13			2,194.08	2,194.08	2,193.63
08-15-13			17,918.75	17,918.75	17,912.06
01-17-14			4,243.75	4,243.75	4,235.49
01-29-14			2,515.50	2,515.50	2,510.29
02-15-14	\$2,867,000	1.250%	17,918.75	2,884,918.75	2,878,464.94
07-17-14			4,243.75	4,243.75	4,227.59
07-29-14			2,515.50	2,515.50	2,505.61
08-15-14	284,000	0.000%		284,000.00	282,836.31
01-17-15			4,243.75	4,243.75	4,219.71
01-29-15			2,515.50	2,515.50	2,500.94
02-15-15	3,910,000	0.000%		3,910,000.00	3,886,718.12
07-17-15	194,000	4.375%	4,243.75	198,243.75	196,752.99
07-29-15			2,515.50	2,515.50	2,496.27
01-29-16	1,170,000	0.430%	2,515.50	1,172,515.50	1,161,384.05
02-15-16	8,073,000	0.000%		8,073,000.00	7,995,031.32
	<u>\$16,498,000</u>		<u>\$71,827.83</u>	<u>\$16,569,827.83</u>	<u>\$16,448,232.70</u>

The sum of the present values of the cash receipts from the Open-Market Securities on July 9, 2013, using a yield of 0.373614%, is equal to the purchase price of the Open-Market Securities as shown below:

Type	Maturity date	Principal amount	Interest rate	Price	Cost	Accrued interest	Purchase price
T-Notes	02-15-14	\$2,867,000	1.250%	100.687500%	\$2,886,710.63	\$14,255.80	\$2,900,966.43
STRIPS	08-15-14	284,000	0.000%	99.802000%	283,437.68		283,437.68
STRIPS	02-15-15	3,910,000	0.000%	99.585000%	3,893,773.50		3,893,773.50
FHLMC	07-17-15	194,000	4.375%	108.078460%	209,672.21	4,055.14	213,727.35
FFCB	01-29-16	1,170,000	0.430%	99.921875%	1,169,085.94	1,914.58	1,171,000.52
STRIPS	02-15-16	8,073,000	0.000%	98.914000%	7,985,327.22		7,985,327.22
		<u>\$16,498,000</u>			<u>\$16,428,007.18</u>	<u>\$20,225.52</u>	<u>\$16,448,232.70</u>

Collin County, Texas

**DEBT SERVICE PAYMENTS ON THE 2004 BONDS AND
DEBT SERVICE PAYMENTS TO MATURITY ON THE 2004 BONDS**

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Debt service payments</u>
08-15-13			\$64,000.00	\$64,000.00
02-15-14	\$2,560,000	(1)	64,000.00	2,624,000.00
	<u>\$2,560,000</u>		<u>\$128,000.00</u>	<u>\$2,688,000.00</u>

(1) Actual maturity date, principal amount and interest rate are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Debt service payments to maturity</u>
08-15-13			\$64,000.00	\$64,000.00
02-15-14			64,000.00	64,000.00
08-15-14			64,000.00	64,000.00
02-15-15	\$2,560,000 *	5.000%	64,000.00	2,624,000.00
	<u>\$2,560,000</u>		<u>\$256,000.00</u>	<u>\$2,816,000.00</u>

* Represents a portion of the principal amount outstanding as shown on Exhibit D.

Collin County, Texas

**DEBT SERVICE PAYMENTS ON THE 2005 BONDS AND
DEBT SERVICE PAYMENTS TO MATURITY ON THE 2005 BONDS**

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Debt service payments</u>
08-15-13			\$90,625.00	\$90,625.00
02-15-14			90,625.00	90,625.00
08-15-14			90,625.00	90,625.00
02-15-15	\$3,625,000	(1)	90,625.00	3,715,625.00
	<u>\$3,625,000</u>		<u>\$362,500.00</u>	<u>\$3,987,500.00</u>

(1) Actual maturity dates, principal amounts and interest rates are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Debt service payments to maturity</u>
08-15-13			\$90,625.00	\$90,625.00
02-15-14			90,625.00	90,625.00
08-15-14			90,625.00	90,625.00
02-15-15			90,625.00	90,625.00
08-15-15			90,625.00	90,625.00
02-15-16	\$1,765,000 *	5.000%	90,625.00	1,855,625.00
08-15-16			46,500.00	46,500.00
02-15-17	1,860,000 *	5.000%	46,500.00	1,906,500.00
	<u>\$3,625,000</u>		<u>\$636,750.00</u>	<u>\$4,261,750.00</u>

* Represents portions of the principal amounts outstanding as shown on Exhibit D-1.

Collin County, Texas

**DEBT SERVICE PAYMENTS ON THE 2006 BONDS AND
DEBT SERVICE PAYMENTS TO MATURITY ON THE 2006 BONDS**

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Debt service payments</u>
08-15-13			\$200,812.50	\$200,812.50
02-15-14			200,812.50	200,812.50
08-15-14			200,812.50	200,812.50
02-15-15			200,812.50	200,812.50
08-15-15			200,812.50	200,812.50
02-15-16	\$9,045,000	(1)	200,812.50	9,245,812.50
	<u>\$9,045,000</u>		<u>\$1,204,875.00</u>	<u>\$10,249,875.00</u>

(1) Actual maturity dates, principal amounts and interest rates are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Debt service payments to maturity</u>
08-15-13			\$200,812.50	\$200,812.50
02-15-14			200,812.50	200,812.50
08-15-14			200,812.50	200,812.50
02-15-15			200,812.50	200,812.50
08-15-15			200,812.50	200,812.50
02-15-16			200,812.50	200,812.50
08-15-16			200,812.50	200,812.50
02-15-17			200,812.50	200,812.50
08-15-17			200,812.50	200,812.50
02-15-18	\$835,000	4.250%	200,812.50	1,035,812.50
08-15-18			183,068.75	183,068.75
02-15-19	870,000	4.250%	183,068.75	1,053,068.75
08-15-19			164,581.25	164,581.25
02-15-20	910,000	4.375%	164,581.25	1,074,581.25
08-15-20			144,675.00	144,675.00
02-15-21	955,000	4.500%	144,675.00	1,099,675.00
08-15-21			123,187.50	123,187.50
02-15-22	1,000,000	4.500%	123,187.50	1,123,187.50
08-15-22			100,687.50	100,687.50
02-15-23	1,045,000	4.500%	100,687.50	1,145,687.50
08-15-23			77,175.00	77,175.00
02-15-24	1,090,000	4.500%	77,175.00	1,167,175.00
08-15-24			52,650.00	52,650.00
02-15-25	1,145,000	4.500%	52,650.00	1,197,650.00
08-15-25			26,887.50	26,887.50
02-15-26	1,195,000	4.500%	26,887.50	1,221,887.50
	<u>\$9,045,000</u>		<u>\$3,753,950.00</u>	<u>\$12,798,950.00</u>

Collin County, Texas

DEBT SERVICE PAYMENTS AND YIELD ON THE 2013A BONDS

Date	\$40,295,000 issue dated June 1, 2013			Total debt service	(1) Adjusted debt service	Present value on July 9, 2013 using a yield of 2.560262%
	Principal	Interest rate	Interest			
02-15-14	\$655,000	1.000%	\$1,146,986.39	\$1,801,986.39	\$1,801,986.39	\$1,774,689.59
08-15-14			809,550.00	809,550.00	809,550.00	787,209.49
02-15-15	3,490,000	3.000%	809,550.00	4,299,550.00	4,299,550.00	4,128,054.22
08-15-15			757,200.00	757,200.00	757,200.00	717,808.74
02-15-16	2,680,000	3.000%	757,200.00	3,437,200.00	3,437,200.00	3,217,204.63
08-15-16			717,000.00	717,000.00	717,000.00	662,626.47
02-15-17	2,760,000	3.000%	717,000.00	3,477,000.00	3,477,000.00	3,172,707.72
08-15-17			675,600.00	675,600.00	675,600.00	608,682.42
02-15-18	1,750,000	4.000%	675,600.00	2,425,600.00	2,425,600.00	2,157,724.79
08-15-18			640,600.00	640,600.00	640,600.00	562,651.59
02-15-19	1,820,000	4.000%	640,600.00	2,460,600.00	2,460,600.00	2,133,876.99
08-15-19			604,200.00	604,200.00	604,200.00	517,350.45
02-15-20	1,895,000	4.000%	604,200.00	2,499,200.00	2,499,200.00	2,112,909.35
08-15-20			566,300.00	566,300.00	566,300.00	472,718.02
02-15-21	1,990,000	5.000%	566,300.00	2,556,300.00	2,556,300.00	2,106,896.33
08-15-21			516,550.00	516,550.00	516,550.00	420,358.14
02-15-22	2,095,000	5.000%	516,550.00	2,611,550.00	2,611,550.00	2,098,365.73
08-15-22			464,175.00	464,175.00	464,175.00	368,247.94
02-15-23	2,200,000	5.000%	464,175.00	2,664,175.00	20,144,175.00	15,779,157.73
08-15-23			409,175.00	409,175.00	23,125.00	17,885.12
02-15-24	2,310,000	5.000%	409,175.00	2,719,175.00	23,125.00	17,659.06
08-15-24			351,425.00	351,425.00	23,125.00	17,435.86
02-15-25	2,430,000	5.000%	351,425.00	2,781,425.00	23,125.00	17,215.48
08-15-25			290,675.00	290,675.00	23,125.00	16,997.88
02-15-26	2,550,000	5.000%	290,675.00	2,840,675.00	23,125.00	16,783.04
08-15-26			226,925.00	226,925.00	23,125.00	16,570.91
02-15-27	1,480,000	3.125%	226,925.00	1,706,925.00	1,503,125.00	1,063,494.88
08-15-27			203,800.00	203,800.00		
02-15-28	1,535,000	4.000%	203,800.00	1,738,800.00		
08-15-28			173,100.00	173,100.00		
02-15-29	1,595,000	4.000%	173,100.00	1,768,100.00		
08-15-29			141,200.00	141,200.00		
02-15-30	1,660,000	4.000%	141,200.00	1,801,200.00		
08-15-30			108,000.00	108,000.00		

Collin County, Texas

DEBT SERVICE PAYMENTS AND YIELD ON THE 2013A BONDS

Date	\$40,295,000 issue dated June 1, 2013			Total debt service	(1) Adjusted debt service	Present value on July 9, 2013 using a yield of 2.560262%
	Principal	Interest rate	Interest			
02-15-31	1,730,000	4.000%	108,000.00	1,838,000.00		
08-15-31			73,400.00	73,400.00		
02-15-32	1,800,000	4.000%	73,400.00	1,873,400.00		
08-15-32			37,400.00	37,400.00		
02-15-33	1,870,000	4.000%	37,400.00	1,907,400.00		
	<u>\$40,295,000</u>		<u>\$16,679,536.39</u>	<u>\$56,974,536.39</u>	<u>\$53,129,336.39</u>	<u>\$44,983,282.54</u>

The present value of the future payments is equal to:

Principal amount of the 2013A Bonds	\$40,295,000.00
Accrued interest	171,596.39
Net original issue premium	4,516,686.15
	<u>\$44,983,282.54</u>

The sum of the present values of the adjusted debt service payments of the 2013A Bonds on July 9, 2013, using a yield of 2.560262%, is equal to the issue price of the 2013A Bonds.

- (1) Assumes that the February 15, 2024 through February 15, 2026 and February 15, 2028 through February 15, 2033 maturities are called on February 15, 2023 at 100 percent of par plus accrued interest.

Collin County, Texas

NET ORIGINAL ISSUE PREMIUM ON THE 2013A BONDS

Maturity date	Principal	Interest rate	Yield	Initial public offering price	Net original issue premium (discount)
02-15-14	\$655,000	1.000%	0.250%	100.449%	\$2,940.95
02-15-15	3,490,000	3.000%	0.440%	104.076%	142,252.40
02-15-16	2,680,000	3.000%	0.620%	106.128%	164,230.40
02-15-17	2,760,000	3.000%	0.860%	107.569%	208,904.40
02-15-18	1,750,000	4.000%	1.140%	112.780%	223,650.00
02-15-19	1,820,000	4.000%	1.440%	113.724%	249,776.80
02-15-20	1,895,000	4.000%	1.690%	114.367%	272,254.65
02-15-21	1,990,000	5.000%	1.980%	121.209%	422,059.10
02-15-22	2,095,000	5.000%	2.210%	121.740%	455,453.00
02-15-23	2,200,000	5.000%	2.360%	122.557%	496,254.00
02-15-24	2,310,000	5.000%	2.510%	121.122% (1) (2)	487,918.20
02-15-25	2,430,000	5.000%	2.630%	119.989% (1) (2)	485,732.70
02-15-26	2,550,000	5.000%	2.730%	119.054% (1) (2)	485,877.00
02-15-27	1,480,000	3.125%	3.320%	97.877%	(31,420.40)
02-15-28	1,535,000	4.000%	3.240%	106.224% (1) (2)	95,538.40
02-15-29	1,595,000	4.000%	3.360%	105.211% (1) (2)	83,115.45
02-15-30	1,660,000	4.000%	3.420%	104.709% (1) (2)	78,169.40
02-15-31	1,730,000	4.000%	3.480%	104.210% (1) (2)	72,833.00
02-15-33	3,670,000	4.000%	3.590%	103.301% (1) (2)	121,146.70
	<u>\$40,295,000</u>				<u>\$4,516,686.15</u>

(1) Maturities were priced to call on February 15, 2023 at 100 percent of par.

(2) Represents the yield-to-call 2013A Bonds included for purposes of computing yield on the 2013A Bonds.

Collin County, Texas

MULTIPURPOSE ALLOCATION ON THE 2004 BONDS

	Present value requirements	Total percentages	Percentage advance refundable
PV requirement 1993 Bonds	\$2,462,677.95	3.388769%	
PV requirement 1995 Bonds	936,170.54	1.288218%	1.288218%
PV requirements 1997 Bonds	10,589,654.63	14.571900%	
PV requirements 1995 G.O. Bonds	2,683,248.22	3.692285%	3.692285%
Deposit to Project Construction Fund	56,000,000.00 (1)	77.058828%	77.058828%
	<u>\$72,671,751.34</u>	<u>100.000000%</u>	<u>82.039331%</u>

Dates	Principal issued	Percentage refundable	Principal refunded
02-15-15	<u>\$3,120,000</u>	<u>82.039331%</u>	<u>\$2,560,000</u>

(1) As shown in the verification report dated April 27, 2004.

Collin County, Texas

MULTIPURPOSE ALLOCATION ON THE 2004 BONDS

Date	1993 Bonds				1995 Bonds				Present value on April 27, 2004 using a yield of 2.387927%
	(1) Escrow requirements	Other funds allocated to requirement	Allocated percentage	Adjusted escrow requirements	(1) Escrow requirements	Other funds allocated to requirement	Allocated percentage	Adjusted escrow requirements	
05-27-04	\$2,934,638.89	\$467,084.56	72.456244%	\$2,467,554.33	\$1,115,583.33	\$177,559.07	27.543756%	\$938,024.26	\$936,170.54
08-15-04									
02-15-05									
08-15-05									
02-15-06									
08-15-06									
02-15-07									
	<u>\$2,934,638.89</u>	<u>\$467,084.56</u>		<u>\$2,467,554.33</u>	<u>\$1,115,583.33</u>	<u>\$177,559.07</u>		<u>\$938,024.26</u>	<u>\$936,170.54</u>

(1) As shown in the verification report dated April 27, 2004.

Collin County, Texas

MULTIPURPOSE ALLOCATION ON THE 2004 BONDS

Date	1997 Bonds		1995 G.O. Bonds			
	(1) Escrow requirements	Present value on April 27, 2004 using a yield of 2.387927%	(1) Escrow requirements	Other funds allocated to requirement	Allocated percentage	Adjusted escrow requirements
05-27-04			\$2,960,387.88	\$275,198.90	100.00000%	\$2,685,188.98
08-15-04	\$251,930.00	\$250,142.29				
02-15-05	251,930.00	247,190.92				
08-15-05	251,930.00	244,274.38				
02-15-06	251,930.00	241,392.24				
08-15-06	251,930.00	238,544.11				
02-15-07	10,011,930.00	9,368,110.69				
	<u>\$11,271,580.00</u>	<u>\$10,589,654.63</u>	<u>\$2,960,387.88</u>	<u>\$275,198.90</u>		<u>\$2,685,188.98</u>
						<u>\$2,683,248.22</u>

(1) As shown in the verification report dated April 27, 2004.

Collin County, Texas

MULTIPURPOSE ALLOCATION ON THE 2005 BONDS

	(1) Amounts	Total percentages
Deposit to Project Construction Fund:		
- with Unlimited Tax Bond proceeds	\$17,360,000.00	16.908604%
- with Limited Tax Bond proceeds	37,350,000.00	36.378822%
Deposit to escrow accounts with bond proceeds:		
- Unlimited Tax Escrow Account	28,399,352.19	27.660910%
- Limited Tax Escrow Account	19,560,273.12	19.051665%
	<u>\$102,669,625.31</u>	<u>100.000000%</u>

Maturity date	Principal issued	Percentage refundable 53.287425%	Principal refunded
02-15-16	\$3,315,000	\$1,766,478.15	\$1,765,000
02-15-17	3,490,000	1,859,731.15	1,860,000
	<u>\$6,805,000</u>	<u>\$3,626,209.30</u>	<u>\$3,625,000</u>

(1) As shown in the verification report dated April 5, 2005.

APPENDIX I

**Applicable schedules provided by
FirstSouthwest**

Final

\$40,295,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds,

Tax-Exempt Series 2013A

Total Issue Sources And Uses

Dated 06/01/2013 | Delivered 07/09/2013

	New Money \$28 Million	Refunding	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$25,665,000.00	\$14,630,000.00	\$40,295,000.00
Reoffering Premium	2,577,084.85	1,939,601.30	4,516,686.15
Accrued Interest from 06/01/2013 to 07/09/2013	109,994.17	61,602.22	171,596.39
Transfers from Prior Issue Debt Service Funds	-	355,437.50	355,437.50
Total Sources	\$28,352,079.02	\$16,986,641.02	\$45,338,720.04
Uses Of Funds			
Total Underwriter's Discount (0.506%)	139,573.83	64,232.65	203,806.48
Costs of Issuance	102,511.02	57,026.28	159,537.30
Deposit to Debt Service Fund	109,994.17	61,602.22	171,596.39
Deposit to Project Construction Fund	28,000,000.00	-	28,000,000.00
Deposit to Net Cash Escrow Fund	-	16,803,779.87	16,803,779.87
Total Uses	\$28,352,079.02	\$16,986,641.02	\$45,338,720.04

Final

\$14,630,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds,

Refunding

Escrow Fund Cashflow

Date	Principal	Rate	Interest	+Transfers	Receipts	Disbursements	Cash Balance
07/09/2013	-	-	-	355,437.50	355,547.17	-	355,547.17
07/17/2013	-	-	4,243.75	-	4,243.75	-	359,790.92
07/29/2013	-	-	2,194.08	-	2,194.08	-	361,985.00
08/15/2013	-	-	17,918.75	-	17,918.75	355,437.50	24,466.25
01/17/2014	-	-	4,243.75	-	4,243.75	-	28,710.00
01/29/2014	-	-	2,515.50	-	2,515.50	-	31,225.50
02/15/2014	2,867,000.00	1.250%	17,918.75	-	2,884,918.75	2,915,437.50	706.75
07/17/2014	-	-	4,243.75	-	4,243.75	-	4,950.50
07/29/2014	-	-	2,515.50	-	2,515.50	-	7,466.00
08/15/2014	284,000.00	-	-	-	284,000.00	291,437.50	28.50
01/17/2015	-	-	4,243.75	-	4,243.75	-	4,272.25
01/29/2015	-	-	2,515.50	-	2,515.50	-	6,787.75
02/15/2015	3,910,000.00	-	-	-	3,910,000.00	3,916,437.50	350.25
07/17/2015	194,000.00	4.375%	4,243.75	-	198,243.75	-	198,594.00
07/29/2015	-	-	2,515.50	-	2,515.50	-	201,109.50
08/15/2015	-	-	-	-	-	200,812.50	297.00
01/29/2016	1,170,000.00	0.430%	2,515.50	-	1,172,515.50	-	1,172,812.50
02/15/2016	8,073,000.00	-	-	-	8,073,000.00	9,245,812.50	-
Total	\$16,498,000.00	-	\$71,827.83	\$355,437.50	\$16,925,375.00	\$16,925,375.00	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield
Cost of Investments Purchased with Fund Transfers	355,437.50
Cash Deposit	109.67
Cost of Investments Purchased with Bond Proceeds	16,448,232.70
Total Cost of Investments	\$16,803,779.87
Target Cost of Investments at bond yield	\$15,758,395.76
Actual positive or (negative) arbitrage	(689,946.61)
Yield to Receipt	0.3736138%
Yield for Arbitrage Purposes	2.5602616%

Final

\$14,630,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds,

Refunding

Escrow Summary Cost

Maturity	Type	Coupon	Yield	\$ Price	Par Amount	Principal Cost	+Accrued Interest	= Total Cost
Bond Proceeds Account								
02/15/2014	T-NOTE	1.250%	0.108%	100.6875000%	2,867,000	2,886,710.63	14,255.80	2,900,966.43
08/15/2014	STRIPS-P	-	0.180%	99.8020000%	284,000	283,437.68	-	283,437.68
02/15/2015	STRIPS	-	0.260%	99.5850000%	3,910,000	3,893,773.50	-	3,893,773.50
07/17/2015	FHLMC	4.375%	0.362%	108.0784601%	194,000	209,672.21	4,055.14	213,727.35
01/29/2016	FFCB	0.430%	0.461%	99.9218750%	1,170,000	1,169,085.94	1,914.58	1,171,000.52
02/15/2016	STRIPS	-	0.420%	98.9140000%	8,073,000	7,985,327.22	-	7,985,327.22
Subtotal		-	-	-	\$16,498,000	\$16,428,007.18	\$20,225.52	\$16,448,232.70
Total		-	-	-	\$16,498,000	\$16,428,007.18	\$20,225.52	\$16,448,232.70

Bond Proceeds Account

Cash Deposit	109.67
Cost of Investments Purchased with Bond Proceeds	16,448,232.70
Total Cost of Investments	\$16,448,342.37

Delivery Date

7/09/2013

Final

\$54,910,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds

Series 2004

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
08/15/2013	-	64,000.00	64,000.00	-	-	64,000.00	64,000.00
02/15/2014	2,560,000.00	64,000.00	2,624,000.00	-	5.000%	64,000.00	64,000.00
08/15/2014	-	-	-	-	-	64,000.00	64,000.00
02/15/2015	-	-	-	2,560,000.00	5.000%	64,000.00	2,624,000.00
02/15/2016	-	-	-	-	5.000%	-	-
02/15/2017	-	-	-	-	4.750%	-	-
02/15/2018	-	-	-	-	4.750%	-	-
02/15/2019	-	-	-	-	4.750%	-	-
02/15/2020	-	-	-	-	4.750%	-	-
02/15/2021	-	-	-	-	4.750%	-	-
02/15/2022	-	-	-	-	4.750%	-	-
02/15/2023	-	-	-	-	4.750%	-	-
02/15/2024	-	-	-	-	4.500%	-	-
Total	\$2,560,000.00	\$128,000.00	\$2,688,000.00	\$2,560,000.00	-	\$256,000.00	\$2,816,000.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/01/2013
Average Life	1.706 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	1.600 Years

Refunding Bond Information

Refunding Dated Date	6/01/2013
Refunding Delivery Date	7/09/2013

Final

\$43,175,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds

Series 2005

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
08/15/2013	-	90,625.00	90,625.00	-	-	90,625.00	90,625.00
02/15/2014	-	90,625.00	90,625.00	-	5.000%	90,625.00	90,625.00
08/15/2014	-	90,625.00	90,625.00	-	-	90,625.00	90,625.00
02/15/2015	3,625,000.00	90,625.00	3,715,625.00	-	5.000%	90,625.00	90,625.00
08/15/2015	-	-	-	-	-	90,625.00	90,625.00
02/15/2016	-	-	-	1,765,000.00	5.000%	90,625.00	1,855,625.00
08/15/2016	-	-	-	-	-	46,500.00	46,500.00
02/15/2017	-	-	-	1,860,000.00	5.000%	46,500.00	1,906,500.00
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%	-	-
02/15/2023	-	-	-	-	5.000%	-	-
02/15/2024	-	-	-	-	5.000%	-	-
02/15/2025	-	-	-	-	4.375%	-	-
Total	\$3,625,000.00	\$362,500.00	\$3,987,500.00	\$3,625,000.00	-	\$636,750.00	\$4,261,750.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/01/2013
Average Life	3.219 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	3.113 Years

Refunding Bond Information

Refunding Dated Date	6/01/2013
Refunding Delivery Date	7/09/2013

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Final

\$15,920,000

Collin County, Texas

Unlimited Tax Road Bonds

Series 2006

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
08/15/2013	-	200,812.50	200,812.50	-	-	200,812.50	200,812.50
02/15/2014	-	200,812.50	200,812.50	-	4.000%	200,812.50	200,812.50
08/15/2014	-	200,812.50	200,812.50	-	-	200,812.50	200,812.50
02/15/2015	-	200,812.50	200,812.50	-	5.000%	200,812.50	200,812.50
08/15/2015	-	200,812.50	200,812.50	-	-	200,812.50	200,812.50
02/15/2016	9,045,000.00	200,812.50	9,245,812.50	-	5.000%	200,812.50	200,812.50
08/15/2016	-	-	-	-	-	200,812.50	200,812.50
02/15/2017	-	-	-	-	4.000%	200,812.50	200,812.50
08/15/2017	-	-	-	-	-	200,812.50	200,812.50
02/15/2018	-	-	-	835,000.00	4.250%	200,812.50	1,035,812.50
08/15/2018	-	-	-	-	-	183,068.75	183,068.75
02/15/2019	-	-	-	870,000.00	4.250%	183,068.75	1,053,068.75
08/15/2019	-	-	-	-	-	164,581.25	164,581.25
02/15/2020	-	-	-	910,000.00	4.375%	164,581.25	1,074,581.25
08/15/2020	-	-	-	-	-	144,675.00	144,675.00
02/15/2021	-	-	-	955,000.00	4.500%	144,675.00	1,099,675.00
08/15/2021	-	-	-	-	-	123,187.50	123,187.50
02/15/2022	-	-	-	1,000,000.00	4.500%	123,187.50	1,123,187.50
08/15/2022	-	-	-	-	-	100,687.50	100,687.50
02/15/2023	-	-	-	1,045,000.00	4.500%	100,687.50	1,145,687.50
08/15/2023	-	-	-	-	-	77,175.00	77,175.00
02/15/2024	-	-	-	1,090,000.00	4.500%	77,175.00	1,167,175.00
08/15/2024	-	-	-	-	-	52,650.00	52,650.00
02/15/2025	-	-	-	1,145,000.00	4.500%	52,650.00	1,197,650.00
08/15/2025	-	-	-	-	-	26,887.50	26,887.50
02/15/2026	-	-	-	1,195,000.00	4.500%	26,887.50	1,221,887.50
Total	\$9,045,000.00	\$1,204,875.00	\$10,249,875.00	\$9,045,000.00	-	\$3,753,950.00	\$12,798,950.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	6/01/2013
Average Life	9.006 Years
Average Coupon	4.4633425%
Weighted Average Maturity (Par Basis)	8.900 Years

Refunding Bond Information

Refunding Dated Date	6/01/2013
Refunding Delivery Date	7/09/2013

2006 UL TAX | SINGLE PURPOSE | 6/3/2013 | 1:39 PM

Final

\$40,295,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds,

Tax-Exempt Series 2013A

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/09/2013	-	-	-	-	-
02/15/2014	655,000.00	1.000%	1,146,986.39	1,801,986.39	-
08/15/2014	-	-	809,550.00	809,550.00	-
09/30/2014	-	-	-	-	2,611,536.39
02/15/2015	3,490,000.00	3.000%	809,550.00	4,299,550.00	-
08/15/2015	-	-	757,200.00	757,200.00	-
09/30/2015	-	-	-	-	5,056,750.00
02/15/2016	2,680,000.00	3.000%	757,200.00	3,437,200.00	-
08/15/2016	-	-	717,000.00	717,000.00	-
09/30/2016	-	-	-	-	4,154,200.00
02/15/2017	2,760,000.00	3.000%	717,000.00	3,477,000.00	-
08/15/2017	-	-	675,600.00	675,600.00	-
09/30/2017	-	-	-	-	4,152,600.00
02/15/2018	1,750,000.00	4.000%	675,600.00	2,425,600.00	-
08/15/2018	-	-	640,600.00	640,600.00	-
09/30/2018	-	-	-	-	3,066,200.00
02/15/2019	1,820,000.00	4.000%	640,600.00	2,460,600.00	-
08/15/2019	-	-	604,200.00	604,200.00	-
09/30/2019	-	-	-	-	3,064,800.00
02/15/2020	1,895,000.00	4.000%	604,200.00	2,499,200.00	-
08/15/2020	-	-	566,300.00	566,300.00	-
09/30/2020	-	-	-	-	3,065,500.00
02/15/2021	1,990,000.00	5.000%	566,300.00	2,556,300.00	-
08/15/2021	-	-	516,550.00	516,550.00	-
09/30/2021	-	-	-	-	3,072,850.00
02/15/2022	2,095,000.00	5.000%	516,550.00	2,611,550.00	-
08/15/2022	-	-	464,175.00	464,175.00	-
09/30/2022	-	-	-	-	3,075,725.00
02/15/2023	2,200,000.00	5.000%	464,175.00	2,664,175.00	-
08/15/2023	-	-	409,175.00	409,175.00	-
09/30/2023	-	-	-	-	3,073,350.00
02/15/2024	2,310,000.00	5.000%	409,175.00	2,719,175.00	-
08/15/2024	-	-	351,425.00	351,425.00	-
09/30/2024	-	-	-	-	3,070,600.00
02/15/2025	2,430,000.00	5.000%	351,425.00	2,781,425.00	-
08/15/2025	-	-	290,675.00	290,675.00	-
09/30/2025	-	-	-	-	3,072,100.00
02/15/2026	2,550,000.00	5.000%	290,675.00	2,840,675.00	-
08/15/2026	-	-	226,925.00	226,925.00	-
09/30/2026	-	-	-	-	3,067,600.00
02/15/2027	1,480,000.00	3.125%	226,925.00	1,706,925.00	-
08/15/2027	-	-	203,800.00	203,800.00	-
09/30/2027	-	-	-	-	1,910,725.00
02/15/2028	1,535,000.00	4.000%	203,800.00	1,738,800.00	-

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Final

\$40,295,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds,

Tax-Exempt Series 2013A

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/15/2028	-	-	173,100.00	173,100.00	-
09/30/2028	-	-	-	-	1,911,900.00
02/15/2029	1,595,000.00	4.000%	173,100.00	1,768,100.00	-
08/15/2029	-	-	141,200.00	141,200.00	-
09/30/2029	-	-	-	-	1,909,300.00
02/15/2030	1,660,000.00	4.000%	141,200.00	1,801,200.00	-
08/15/2030	-	-	108,000.00	108,000.00	-
09/30/2030	-	-	-	-	1,909,200.00
02/15/2031	1,730,000.00	4.000%	108,000.00	1,838,000.00	-
08/15/2031	-	-	73,400.00	73,400.00	-
09/30/2031	-	-	-	-	1,911,400.00
02/15/2032	1,800,000.00	4.000%	73,400.00	1,873,400.00	-
08/15/2032	-	-	37,400.00	37,400.00	-
09/30/2032	-	-	-	-	1,910,800.00
02/15/2033	1,870,000.00	4.000%	37,400.00	1,907,400.00	-
09/30/2033	-	-	-	-	1,907,400.00
Total	\$40,295,000.00	-	\$16,679,536.39	\$56,974,536.39	-

Yield Statistics

Accrued Interest from 06/01/2013 to 07/09/2013	171,596.39
Bond Year Dollars	\$392,505.36
Average Life	9.741 Years
Average Coupon	4.2495054%
Net Interest Cost (NIC)	3.1506975%
True Interest Cost (TIC)	2.9153528%
Bond Yield for Arbitrage Purposes	2.5602616%
All Inclusive Cost (AIC)	2.9612529%

IRS Form 8038

Net Interest Cost	2.7592062%
Weighted Average Maturity	9.698 Years

Final

\$40,295,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds,

Tax-Exempt Series 2013A

Proof Of Bond Yield @ 2.5602616%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
07/09/2013	-	1.0000000x	-	-
02/15/2014	1,801,986.39	0.9848518x	1,774,689.59	1,774,689.59
08/15/2014	809,550.00	0.9724038x	787,209.49	2,561,899.08
02/15/2015	4,299,550.00	0.9601131x	4,128,054.22	6,689,953.29
08/15/2015	757,200.00	0.9479777x	717,808.74	7,407,762.03
02/15/2016	3,437,200.00	0.9359958x	3,217,204.63	10,624,966.66
08/15/2016	717,000.00	0.9241652x	662,626.47	11,287,593.13
02/15/2017	3,477,000.00	0.9124842x	3,172,707.72	14,460,300.85
08/15/2017	675,600.00	0.9009509x	608,682.42	15,068,983.28
02/15/2018	2,425,600.00	0.8895633x	2,157,724.79	17,226,708.07
08/15/2018	640,600.00	0.8783197x	562,651.59	17,789,359.65
02/15/2019	2,460,600.00	0.8672182x	2,133,876.99	19,923,236.64
08/15/2019	604,200.00	0.8562569x	517,350.45	20,440,587.09
02/15/2020	2,499,200.00	0.8454343x	2,112,909.35	22,553,496.44
08/15/2020	566,300.00	0.8347484x	472,718.02	23,026,214.46
02/15/2021	2,556,300.00	0.8241976x	2,106,896.33	25,133,110.79
08/15/2021	516,550.00	0.8137802x	420,358.14	25,553,468.92
02/15/2022	2,611,550.00	0.8034944x	2,098,365.73	27,651,834.65
08/15/2022	464,175.00	0.7933386x	368,247.94	28,020,082.59
02/15/2023	20,144,175.00	0.7833112x	15,779,157.73	43,799,240.32
08/15/2023	23,125.00	0.7734105x	17,885.12	43,817,125.44
02/15/2024	23,125.00	0.7636350x	17,659.06	43,834,784.50
08/15/2024	23,125.00	0.7539830x	17,435.86	43,852,220.36
02/15/2025	23,125.00	0.7444531x	17,215.48	43,869,435.84
08/15/2025	23,125.00	0.7350435x	16,997.88	43,886,433.72
02/15/2026	23,125.00	0.7257530x	16,783.04	43,903,216.76
08/15/2026	23,125.00	0.7165798x	16,570.91	43,919,787.66
02/15/2027	1,503,125.00	0.7075226x	1,063,494.88	44,983,282.54
Total	\$53,129,336.39	-	\$44,983,282.54	-

Derivation Of Target Amount

Par Amount of Bonds	\$40,295,000.00
Reoffering Premium or (Discount)	4,516,686.15
Accrued Interest from 06/01/2013 to 07/09/2013	171,596.39
Original Issue Proceeds	\$44,983,282.54

Final

\$40,295,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds,

Tax-Exempt Series 2013A

Proof of D/S for Arbitrage Purposes

Date	Principal	Interest	Total
07/09/2013	-	-	-
02/15/2014	655,000.00	1,146,986.39	1,801,986.39
08/15/2014	-	809,550.00	809,550.00
02/15/2015	3,490,000.00	809,550.00	4,299,550.00
08/15/2015	-	757,200.00	757,200.00
02/15/2016	2,680,000.00	757,200.00	3,437,200.00
08/15/2016	-	717,000.00	717,000.00
02/15/2017	2,760,000.00	717,000.00	3,477,000.00
08/15/2017	-	675,600.00	675,600.00
02/15/2018	1,750,000.00	675,600.00	2,425,600.00
08/15/2018	-	640,600.00	640,600.00
02/15/2019	1,820,000.00	640,600.00	2,460,600.00
08/15/2019	-	604,200.00	604,200.00
02/15/2020	1,895,000.00	604,200.00	2,499,200.00
08/15/2020	-	566,300.00	566,300.00
02/15/2021	1,990,000.00	566,300.00	2,556,300.00
08/15/2021	-	516,550.00	516,550.00
02/15/2022	2,095,000.00	516,550.00	2,611,550.00
08/15/2022	-	464,175.00	464,175.00
02/15/2023	19,680,000.00	464,175.00	20,144,175.00
08/15/2023	-	23,125.00	23,125.00
02/15/2024	-	23,125.00	23,125.00
08/15/2024	-	23,125.00	23,125.00
02/15/2025	-	23,125.00	23,125.00
08/15/2025	-	23,125.00	23,125.00
02/15/2026	-	23,125.00	23,125.00
08/15/2026	-	23,125.00	23,125.00
02/15/2027	1,480,000.00	23,125.00	1,503,125.00
Total	\$40,295,000.00	\$12,834,336.39	\$53,129,336.39

Final

\$40,295,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds,

Tax-Exempt Series 2013A

Proof of Premium Bond Selection of Call Dates/Prices

Maturity	Call Date	Call Price	PV at Bond Yield	Lowest?
02/15/2024	-	-	2,842,220.21	No
02/15/2024	02/15/2023	100.000%	2,798,907.83	Yes
02/15/2025	-	-	3,034,285.88	No
02/15/2025	02/15/2023	100.000%	2,944,305.64	Yes
02/15/2026	-	-	3,229,567.66	No
02/15/2026	02/15/2023	100.000%	3,089,703.45	Yes
02/15/2028	-	-	1,809,141.98	No
02/15/2028	02/15/2023	100.000%	1,728,380.78	Yes
02/15/2029	-	-	1,895,397.89	No
02/15/2029	02/15/2023	100.000%	1,795,939.64	Yes
02/15/2030	-	-	1,988,407.12	No
02/15/2030	02/15/2023	100.000%	1,869,128.41	Yes
02/15/2031	-	-	2,088,275.03	No
02/15/2031	02/15/2023	100.000%	1,947,947.07	Yes
02/15/2033	-	-	4,479,626.66	No
02/15/2033	02/15/2023	100.000%	4,132,350.16	Yes

Final

\$40,295,000

Collin County, Texas

Unlimited Tax Road and Refunding Bonds,

Tax-Exempt Series 2013A

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/15/2014	Serial Coupon	1.000%	0.250%	655,000.00	100.449%	657,940.95
02/15/2015	Serial Coupon	3.000%	0.440%	3,490,000.00	104.076%	3,632,252.40
02/15/2016	Serial Coupon	3.000%	0.620%	2,680,000.00	106.128%	2,844,230.40
02/15/2017	Serial Coupon	3.000%	0.860%	2,760,000.00	107.569%	2,968,904.40
02/15/2018	Serial Coupon	4.000%	1.140%	1,750,000.00	112.780%	1,973,650.00
02/15/2019	Serial Coupon	4.000%	1.440%	1,820,000.00	113.724%	2,069,776.80
02/15/2020	Serial Coupon	4.000%	1.690%	1,895,000.00	114.367%	2,167,254.65
02/15/2021	Serial Coupon	5.000%	1.980%	1,990,000.00	121.209%	2,412,059.10
02/15/2022	Serial Coupon	5.000%	2.210%	2,095,000.00	121.740%	2,550,453.00
02/15/2023	Serial Coupon	5.000%	2.360%	2,200,000.00	122.557%	2,696,254.00
02/15/2024	Serial Coupon	5.000%	2.510%	2,310,000.00	121.122% c	2,797,918.20
02/15/2025	Serial Coupon	5.000%	2.630%	2,430,000.00	119.989% c	2,915,732.70
02/15/2026	Serial Coupon	5.000%	2.730%	2,550,000.00	119.054% c	3,035,877.00
02/15/2027	Serial Coupon	3.125%	3.320%	1,480,000.00	97.877%	1,448,579.60
02/15/2028	Serial Coupon	4.000%	3.240%	1,535,000.00	106.224% c	1,630,538.40
02/15/2029	Serial Coupon	4.000%	3.360%	1,595,000.00	105.211% c	1,678,115.45
02/15/2030	Serial Coupon	4.000%	3.420%	1,660,000.00	104.709% c	1,738,169.40
02/15/2031	Serial Coupon	4.000%	3.480%	1,730,000.00	104.210% c	1,802,833.00
02/15/2033	Term 1 Coupon	4.000%	3.590%	3,670,000.00	103.301% c	3,791,146.70
Total	-	-	-	\$40,295,000.00	-	\$44,811,686.15

Bid Information

Par Amount of Bonds	\$40,295,000.00
Reoffering Premium or (Discount)	4,516,686.15
Gross Production	\$44,811,686.15
Total Underwriter's Discount (0.506%)	\$(203,806.48)
Bid (110.703%)	44,607,879.67
Accrued Interest from 06/01/2013 to 07/09/2013	171,596.39
Total Purchase Price	\$44,779,476.06
Bond Year Dollars	\$392,505.36
Average Life	9.741 Years
Average Coupon	4.2495054%
Net Interest Cost (NIC)	3.1506975%
True Interest Cost (TIC)	2.9153528%

Collin County, Texas

\$54,910,000 Unlimited Tax Road and Refunding Bonds, Series 2004

Settlement Date 4/27/2004
Escrow Yield (%) 2.387971%
Paid w/ DS
\$ 644,643.63
27.437506
22.5562406

1993 UL Tax		1995 UL Tax		1997 UL Tax	
Date	P&I Refunded	PV	P&I Refunded	PV	P&I Refunded
5/27/2004	\$ 2,467,554.33	\$2,462,677.95	\$ 938,024.26	\$ 936,170.54	\$
8/15/2004	-	-	-	-	251,930.00
2/15/2005	-	-	-	-	247,190.92
8/15/2005	-	-	-	-	251,930.00
2/15/2006	-	-	-	-	244,774.38
8/15/2006	-	-	-	-	251,930.00
2/15/2007	-	-	-	-	241,392.24
8/15/2007	-	-	-	-	238,344.11
2/15/2008	-	-	-	-	10,011,930.00
8/15/2008	-	-	-	-	9,368,110.69
	\$ 2,467,554.33	\$ 2,462,677.95	\$ 938,024.26	\$ 936,170.54	\$ 10,589,654.63

Collin County, Texas

\$14,165,000 Limited Tax Permanent Improvement and Refunding Bonds, Series 2004

Settlement Date 4/27/2004
Escrow Yield (%) 0.860516%
Paid w/ DS
\$ 275,198.90

1995 LTD Tax	
Date	P&I Refunded
5/27/2004	\$ 2,685,188.98
11/27/2004	\$2,683,248.22
5/27/2005	-
11/27/2005	-
5/27/2006	-
11/27/2006	-
5/27/2007	-
11/27/2007	-
5/27/2008	-
11/27/2008	-
	\$ 2,685,188.98
	\$ 2,683,248.22

Issue	Cost to Defeat	% of Total	% Advance Refundable	Can Advance Refund
1993 UL Tax	2,462,677.95	3.388%	0%	0.0000%
1995 UL Tax	936,170.54	1.2882%	100%	1.2882%
1997 UL Tax	10,589,654.63	14.5719%	0%	0.0000%
1995 LTD Tax	2,683,248.22	3.6923%	100%	3.6923%
New Money	56,000,000.00	77.0388%	100%	77.0388%
	\$ 72,671,751.34	100%		\$2,038%

Sources and Uses

Purchase Price of Escrowed Securities \$ 16,671,750.00
Plus: Cash Deposit to Escrow 1.38
Less: Transferred Proceeds from Previous Ref. Issue
Plus: New Money Proceeds
Total \$ 56,000,000.00
\$ 72,671,751.38

Check Figure \$ (0.04)

2004 Unlimited Tax Allocation

Maturity	Principal	Adv. Refundable	Rounded
2/15/2011	\$ 2,775,000	\$ 2,276,591	\$ 2,275,000
2/15/2012	2,860,000	2,346,325	2,345,000
2/15/2013	2,940,000	2,411,956	2,410,000
2/15/2014	3,025,000	2,481,690	2,480,000
2/15/2015	3,170,000	2,559,627	2,555,000
2/15/2016	3,210,000	2,633,463	2,630,000
2/15/2017	3,305,000	2,711,400	2,710,000
2/15/2018	2,435,000	1,997,658	1,995,000
2/15/2019	2,555,000	2,086,105	2,095,000
2/15/2020	2,675,000	2,194,352	2,190,000
2/15/2021	2,805,000	2,301,203	2,300,000
2/15/2022	2,945,000	2,416,058	2,415,000
2/15/2023	3,085,000	2,530,913	2,530,000
2/15/2024	3,235,000	2,653,972	2,650,000

Collin County 2005 Allocation

Issue	Cost to Defase	% of Total	% Advance Refundable	Can Advance Refund
LTD NM	37,350,000.00	36.3788%	100%	36.3788%
LTD Ref	19,560,273.00	19.0517%	0%	0.0000%
UNL NM	17,360,000.00	16.9086%	100%	16.9086%
UNL REF	28,399,352.19	27.6609%	0%	0.0000%
	<u>\$ 102,669,625.19</u>	<u>100%</u>		

2005 Unlimited Tax Allocation				
Maturity	Principal	Adv. Refundable	Rounded	
2/15/2012	\$ 2,700,000	\$ 1,438,760	\$ 1,435,000	
2/15/2013	2,850,000	1,518,692	1,515,000	
2/15/2014	3,000,000	1,598,623	1,595,000	
2/15/2015	3,160,000	1,683,883	1,680,000	
2/15/2016	3,315,000	1,766,478	1,765,000	
2/15/2017	3,490,000	1,859,731	1,855,000	
2/15/2018	3,670,000	1,955,649	1,955,000	
2/15/2019	3,850,000	2,051,566	2,050,000	
2/15/2020	3,095,000	1,649,246	1,645,000	
2/15/2021	1,060,000	564,847	560,000	
2/15/2022	1,115,000	594,155	590,000	
2/15/2023	1,170,000	623,463	620,000	
2/15/2024	1,230,000	655,435	655,000	
2/15/2025	1,290,000	687,408	685,000	

2005 Limited Tax Allocation				
Maturity	Principal	Adv. Refundable	Rounded	
2/15/2012	\$ 3,440,000	\$ 1,833,087	\$ 1,830,000	
2/15/2013	3,625,000	1,931,669	1,930,000	
2/15/2014	3,810,000	2,030,251	2,030,000	
2/15/2015	4,000,000	2,131,497	2,130,000	
2/15/2016	3,150,000	1,678,554	1,675,000	
2/15/2017	3,310,000	1,763,814	1,760,000	
2/15/2018	3,480,000	1,854,402	1,850,000	
2/15/2019	3,650,000	1,944,991	1,940,000	
2/15/2020	2,235,000	1,190,974	1,190,000	
2/15/2021	2,270,000	1,209,625	1,205,000	
2/15/2022	2,385,000	1,270,905	1,270,000	
2/15/2023	2,510,000	1,337,514	1,335,000	
2/15/2024	2,635,000	1,404,124	1,400,000	
2/15/2025	2,770,000	1,476,062	1,475,000	

Preliminary Verification of Advance Refundable Percentages
As of 9/28/2010

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 is executed for and on behalf of said County with reference to the issuance of the COLLIN COUNTY, TEXAS UNLIMITED TAX ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A (the "Unlimited Tax Road and Refunding Bonds") and the COLLIN COUNTY, TEXAS UNLIMITED TAX REFUNDING BONDS, TAXABLE SERIES 2013B (the "Unlimited Tax Refunding Bonds" and together with the Unlimited Tax Road and Refunding Bonds, the "Bonds") dated June 1, 2013. Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the respective orders adopted by the Commissioners Court on June 3, 2013 (collectively, the "Order") authorizing the issuance of the Bonds, as confirmed and ratified by the order adopted by the Commissioners Court on June 24, 2013, (the "Confirming Order").

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
Cheryl Williams, Commissioner, Precinct No. 2
Chris Hill, Commissioner, Precinct No. 3
Duncan Webb, Commissioner, Precinct No. 4
Jeff May, County Auditor
Stacey Kemp, County Clerk
Kenneth L. Maun, Tax Assessor-Collector

1.4. The Bonds are being issued by the County concurrently with the Collin County, Texas Limited Tax Permanent Improvement Bonds, Series 2013A and the Collin County, Texas Limited Tax Refunding Bonds, Taxable Series 2013B (together, the "Limited Tax Bonds").

1.5. The November 6, 2007 election at which the New Money portion of the Unlimited Tax Road and Refunding Bonds were approved by the electorate of the County was held in compliance with the Federal Voting Rights Act of 1965, as amended, and applicable State law, including Chapter 272, Texas Election Code, as amended.

1.6. According to the tax rolls of the County for the tax year 2013, 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 \$74,640,404,493. The assessed value of real property in the County is \$76,265,248,785.

1.7. 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 III, Section 52, of the Texas Constitution is attached hereto as Exhibit A and incorporated by reference herein for all purposes.

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.

1.10. 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, after giving effect to the transfer of amounts to be applied to the payment of the Refunded Bonds in connection with the defeasance thereof, there is no money in said sinking fund with which to pay the principal of any of said Refunded Bonds.

1.11. Other than the County, there are no political subdivisions or other taxing entities located within the County authorized to issue debt pursuant to Article III, Section 52 of the Texas Constitution. The total principal amount of the presently outstanding indebtedness issued pursuant to Article III, Section 52, of the Texas Constitution by the County, including the Bonds, is \$262,765,000 which amount does not exceed one-fourth of the assessed valuation of the real property of the County.

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 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 Bonds 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 Bonds, 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 or the Confirming Order, the powers of the County or contesting the authorization of the Bonds, the Order or the Confirming 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 July 9, 2013

Manual Signatures

Official Titles

Keith A. Self

County Judge, Collin County, Texas

Stacey Kemp

County Clerk, Collin County, Texas

Jeff May

County Auditor, Collin County, Texas

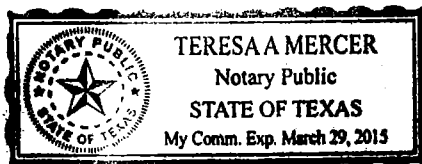
STATE OF TEXAS

§
§
§

COUNTY OF COLLIN

Before me, the undersigned authority, on this day personally appeared Keith Self, Stacey 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 June 3, 2013



[NOTARY SEAL]

Teresa A. Mercer

Notary Public, State of Texas

COLLIN COUNTY, TEXAS

Fiscal Year Ending 9/30	Unlimited Tax Outstanding Debt ⁽¹⁾		The Tax-Exempt Unlimited Tax 2013A Bonds ⁽²⁾		The Taxable Unlimited Tax 2013B Bonds ⁽³⁾		Total Debt
	Principal	Interest ⁽⁵⁾	Principal	Interest	Principal	Interest	Service
2013	\$ 15,820,000	\$ 10,937,771	\$ -	\$ -	\$ -	\$ -	\$ 26,757,771
2014	16,800,000	8,803,449	655,000	1,956,536	-	671,668	28,886,653
2015	14,440,000	8,126,974	3,490,000	1,566,750	670,000	554,966	28,848,690
2016	13,135,000	7,536,024	2,680,000	1,474,200	2,205,000	519,714	27,549,938
2017	13,785,000	6,962,899	2,760,000	1,392,600	2,260,000	452,739	27,613,238
2018	14,530,000	6,348,799	1,750,000	1,316,200	2,160,000	375,639	26,480,638
2019	15,270,000	5,687,670	1,820,000	1,244,800	2,245,000	287,539	26,555,009
2020	12,800,000	5,068,129	1,895,000	1,170,500	1,900,000	204,639	23,038,268
2021	12,310,000	4,511,607	1,990,000	1,082,850	950,000	147,639	20,992,096
2022	11,730,000	3,971,601	2,095,000	980,725	990,000	108,839	19,876,165
2023	12,280,000	3,434,814	2,200,000	873,350	1,030,000	68,439	19,886,603
2024	12,845,000	2,899,947	2,310,000	760,600	1,065,000	31,763	19,912,310
2025	10,640,000	2,405,698	2,430,000	642,100	495,000	7,843	16,620,641
2026	10,680,000	1,925,100	2,550,000	517,600	-	-	15,672,700
2027	11,190,000	1,406,125	1,480,000	430,725	-	-	14,506,850
2028	7,925,000	947,998	1,535,000	376,900	-	-	10,784,898
2029	5,110,000	634,868	1,595,000	314,300	-	-	7,654,168
2030	4,210,000	414,700	1,660,000	249,200	-	-	6,533,900
2031	4,420,000	219,825	1,730,000	181,400	-	-	6,551,225
2032	2,400,000	60,000	1,800,000	110,800	-	-	4,370,800
2033	-	-	1,870,000	37,400	-	-	1,907,400
Totals	<u>\$ 222,320,000</u>	<u>\$ 82,303,995</u>	<u>\$ 40,295,000</u>	<u>\$ 16,679,536</u>	<u>\$ 15,970,000</u>	<u>\$ 3,431,427</u>	<u>\$ 380,999,958</u>

COLLIN COUNTY, TEXAS

June 1, 2013

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 Unlimited Tax Road and Refunding Bonds,
Tax-Exempt Series 2013A

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.

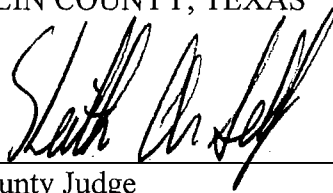
Following registration, you are hereby authorized and directed to notify and deliver the Initial Bond to Bracewell & Giuliani LLP, Dallas, Texas.

Please deliver to Bracewell & Giuliani LLP, Dallas, Texas, five copies of each of the following:

1. Attorney General's approving opinion; and
2. Comptroller's signature certificate.

Sincerely,

COLLIN COUNTY, TEXAS

A handwritten signature in black ink, appearing to read "Keith A. Self", written over a horizontal line.

County Judge

COLLIN COUNTY, TEXAS

June 1, 2013

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 Unlimited Tax Road and Refunding Bonds,
Tax-Exempt Series 2013A

Ladies and Gentlemen:

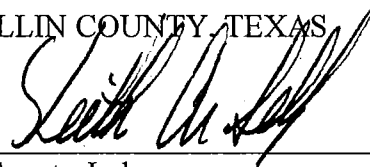
Collin County, Texas (the "Issuer") and the Underwriters of the above-referenced series of Bonds (the "Bonds") have designated your bank as the place, and as their agent, for the delivery and payment of the Bonds. The initial Bond of this series (the "Initial Bond") is being delivered to you and you 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 Bracewell & Giuliani LLP, 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 Underwriters.

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 Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Bonds"), which are being issued in the aggregate principal amount of \$40,295,000 and delivered simultaneously with the delivery of this Federal Tax Certificate. I do hereby certify as follows in good faith on the date 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.

"Advance Refunded Bonds" means the Series 2004 Bonds, Series 2005 Bonds, and Series 2006 Bonds that are Refunded Bonds.

"Authorizing Document" means the order adopted by the County on June 3, 2013, as ratified and confirmed by the order adopted by the County on June 24, 2013, for purposes of authorizing the issuance of the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Construction Fund" means the "Collin County, Texas, Unlimited Tax Road and Refunding Bonds, Series 2013A, Construction Fund" created pursuant to the authorizing document.

"Interest and Sinking Fund" means the "Collin County, Texas, Unlimited Tax Road and Refunding Bonds, Series 2013A, 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 June 1, 2013.

"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.

"Financial Advisor" means First Southwest Company, the County's financial advisor.

"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; fees paid to an organization to evaluate the credit quality of an issue; 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 Pre-Issuance Accrued Interest) 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.

"Net Proceeds" means the Sale Proceeds less any Sale Proceeds invested in a "reasonably required reserve or replacement fund," as described in Section 148 of the Code, and as part of a Minor Portion and Investment Proceeds.

"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.

"Prior Bonds" means, collectively, the Series 2004 Bonds, the Series 2005 Bonds, and the Series 2006 Bonds.

"Prior Projects" means, collectively, the projects financed with the Prior Bonds.

"Proceeds" is defined in Section 1.148-1(b) of the Regulations and generally means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds.

"Project" means each separate project financed by the Bonds.

"Projects" means, collectively, the projects financed by the Bonds, as generally described in the "Description of Governmental Purpose" paragraph of this Federal Tax Certificate.

"Refunded Bonds" means, collectively, (i) a portion of the Series 2004 Bonds maturing on February 15, 2015 in the amount of \$2,560,000, (ii) a portion of the Series 2005 Bonds maturing on February 15, 2016 and February 15, 2017, in the aggregate amount of \$3,625,000, and (iii) the Series 2006 Bonds maturing on February 15, 2018 through February 15, 2026, inclusive, in the aggregate amount of \$9,045,000.

"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.

"Report" means the verification report of Grant Thornton LLP, certified public accountants, dated the Issue Date.

"Representative" means Citigroup Global Markets Inc., the representative of the group of Underwriters.

"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.

"Series 2004 Bonds" means the County's Unlimited Tax Road and Refunding Bonds, Series 2004.

"Series 2005 Bonds" means the County's Unlimited Tax Road and Refunding Bonds, Series 2005.

“Series 2006 Bonds” means the County’s Unlimited Tax Road Bonds, Series 2006.

“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 1 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 refunding issue and cease to be proceeds of the prior issue.

“Underwriters” means the group of underwriters that have purchased the Bonds.

“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 Code and the Regulations heretofore promulgated under sections 141, 148, 149 and 150 of the Code. This Federal Tax 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 (a) the Issue Price Certificate attached hereto as Exhibit A, (b) the Certificate of Financial Advisor attached hereto as Exhibit B, (c) the Certificate of Bidding Agent attached hereto as Exhibit C, (d) the Certificate of Investment

Provider attached hereto as Exhibit D, and (e) the Report. 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 to (a) provide funds that will be used to advance refund and defease the Advance Refunded Bonds, (b) pay costs associated with the Projects, and (c) pay the Issuance Costs of the Bonds. The Projects include the construction, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes, or in aid thereof throughout the County, including participating in the cost of joint State Highway and joint city projects.

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 Refunded Bonds will be called for redemption and retired with Proceeds of the Bonds.

The Bonds are the first advance refunding of the Advance Refunded Bonds, all of which are original bonds as described in the "Multipurpose Issue Allocation" subparagraph below. The Refunded Bonds are being defeased in order to achieve a present-value savings in the debt service payable by the County. February 15, 2014, with respect to the Series 2004 Bonds, February 15, 2015, with respect to the Series 2005 Bonds, and February 15, 2016, with respect to the Series 2006 Bonds, is the first date on which the Refunded Bonds are subject to optional redemption, and on such dates all of the Refunded Bonds will be called for redemption in advance of their scheduled maturities and retired with Proceeds of the Bonds.

6. The Prior Bonds.

(a) General. No portion of the purchase price of any of the Prior Bonds was provided by the issuance of any other issue of state or local government obligations. All of the Proceeds allocable to the Prior Bonds have been expended. The Proceeds of the Series 2004 Bonds, the Series 2005 Bonds, and the Series 2006 Bonds were used to pay costs associated with the Prior Projects and to pay costs of issuance thereof. In addition, the Proceeds of the Series 2004 Bonds and Series 2005 Bonds were used to advance refund and defease certain prior bonds of the County, as described in the Report (the "Prior Refunded Bonds"). All of the original and Investment Proceeds allocable to the Prior Refunded 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 60 days prior to the respective issuance dates of the Prior Bonds or 60 days prior to the date of any applicable reimbursement resolution, if any.

The County has maintained a debt service fund for the Prior Bonds (the "Prior Interest and Sinking Fund") and has on hand in such Prior Interest and Sinking Fund certain amounts that

were to be used for the payment of debt service on the Prior Bonds. Although the Prior Interest and Sinking Fund will be continued for the payment of debt service on the Prior Bonds that are not Refunded Bonds, the County has created the Interest and Sinking Fund under the Authorizing Document for purposes of the payment of debt service on the Bonds as described in the "Interest and Sinking Fund" paragraph below.

The balance in the County's debt service fund (the "Overall Interest and Sinking Fund") for all of its currently outstanding general obligation tax-exempt obligations (the "Outstanding Bonds") as of the date of this certificate is approximately \$17,289,560. Not more than \$1,037,373.60 (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 (\$15,230,000/\$253,745,000 or 6.00 percent).

Of the Allocable Cash, \$355,547.17 (the "Available Cash") is an amount that would have been used to pay debt service on the Refunded Bonds on the debt service payment date for the Refunded Bonds that precedes the collection of tax revenues for the next fiscal year (the "Refunded Bonds Debt Service"). Of the Available Cash, \$61,602.22 (the "Savings Amount") is the amount that is the difference between the Refunded Bonds Debt Service and the debt service amount that will be due on the Bonds on August 15, 2013.

(b) Multi-Purpose Issue Allocation. The Series 2004 Bonds and the Series 2005 Bonds (the "Multipurpose Issue Bonds") were "multi-purpose issues" within the meaning of section 1.148-9 of the Regulations because the Multipurpose Issue Bonds were used for the purposes of financing a new money project and advance refunding the Prior Refunded Bonds, as described in the reports of Grant Thornton LLP prepared in connection with the Multipurpose Issue Bonds (the "Prior Reports"). In accordance with section 1.148-9 of the Regulations, the following allocations apply to the Multipurpose Issue Bonds:

(i) The common costs of the Multipurpose Issue Bonds include Issuance Costs and Pre-Issuance Accrued Interest, both of which have been allocated ratably between the new money and refunding portions of the Multipurpose Issue Bonds in the amounts set forth in the Prior Reports.

(ii) The Proceeds and investments of the Multipurpose Issue Bonds used for the separate governmental purposes of the new money project and the refunding have been reasonably allocated to the portions of the Multipurpose Issue Bonds treated as separate issues for such governmental purposes in accordance with the respective costs of such purposes, as described in the Prior Reports.

(iii) The Multipurpose Issue Bonds have been reasonably allocated to the separate governmental purposes in accordance with the denominations of the Multipurpose Issue Bonds detailed in the Report. For purposes of this allocation, the portion of the Multipurpose Issue Bonds allocated to the new money purpose and the refunding purpose of such Multipurpose Issue Bonds is in proportion to the respective cost of the investments necessary to pay the debt service requirements of the issues refunded by the Multipurpose Issue

and the cost of the new money project. For this purpose, the cost of such investments has been determined to be the amount of Proceeds of the Multipurpose Issue Bonds used to purchase such investments and the cost of the new money project has been determined to be the amount of Proceeds of the Multipurpose Issue Bonds deposited in the construction fund for the Multipurpose Issue Bonds. Based on these allocations, the new money and refunding portions Multipurpose Issue Bonds will be treated for purposes of this certificate as separate issues of bonds and all of the Multipurpose Issue Bonds that are Refunded Bonds are allocable to the Multipurpose Issue Bonds that financed the new money projects.

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. The amount of \$355,437.50 of the Allocable Cash, which includes all of the Savings Amount, will be deposited in the Escrow Fund on the date hereof as part of the initial cash deposit and used on August 15, 2013 to pay a portion of the first debt service payment for the Refunded Bonds. The remainder of the Allocable Cash, if any, (the "Remaining Allocable Reserve") will be maintained in the County's Overall Debt Service Fund to provide a reserve for periodic fluctuations in the amount and timing of ad valorem tax collections. Such amount is not expected to exceed the lesser of 100 percent of the maximum annual debt service and 125 percent of the average debt service on the Bonds.

8. Expenditure of Proceeds of the Bonds. The Sale Proceeds from the issuance of the Bonds will be \$44,811,686.15. Such amount represents the Stated Redemption Price at Maturity of the Bonds, equal to \$40,295,000, plus net Original Issue Premium in the amount of \$4,516,686.15. The Sale Proceeds will be expended as follows:

(a) Escrow. The amount of \$16,448,232.70 will be deposited in the Escrow Fund and used on the date hereof to purchase United States Treasury Securities in the open market (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 \$203,806.48 will be allocated on the date of issuance of the Bonds to underwriters' discount or compensation.

(c) Issuance Costs. The amount of \$159,537.30 will be disbursed to pay other Issuance Costs on the Bonds.

(d) Project. The amount of \$28,000,000 will be deposited into the Construction Fund and is expected to be disbursed to pay or reimburse the costs of the Projects. The aggregate amount of the costs of the Projects is anticipated to exceed such amount. Any costs of the Projects not financed out of Proceeds of the Bonds will be financed out of the County's available funds.

(e) Initial Deposit to Escrow. The amount of \$109.67 will be deposited as the initial cash balance in the Escrow Fund and disbursed on August 15, 2013, to pay debt service on the Refunded Bonds. Pending disbursement, such amount will not be invested.

9. Expenditure of Proceeds for the Projects.

(a) Reimbursement. Other than (i) the amount of \$100,000 and (ii) preliminary expenditures (i.e., architectural, engineering, surveying, soil testing, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of each Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction) not in excess of 20 percent of the Issue Price, no portion of the amount described in the "Expenditure of Proceeds of the Bonds – Project" subparagraph above will be disbursed to reimburse the County for any expenditures made by the County prior to the date that is 60 days before the date that the Issuer adopted the Authorizing Document.

(b) No Working Capital. Except for any amount that does not exceed 5 percent of the Sale Proceeds of the Bonds (and that is directly related to capital expenditures financed by the Bonds), the amount described in "Expenditure of Proceeds of the Bonds—Project" will be expended only for (i) costs that would be chargeable to the capital accounts of each Project if the County's income were subject to federal income taxation and (ii) interest on the Bonds allocable to the Projects (the "New Money Bonds") in an amount that does not cause the aggregate amount of interest paid on all of the New Money Bonds to exceed that amount of interest on the Bonds that is attributable to the period that commences on the date hereof and ends on the later of (A) the date that is three years from the Issue Date of the Bonds or (B) the date that is one year after the date on which the applicable Project is placed in service; and/or (iii) fees for a qualified guarantee of the Bonds or payment for a qualified hedge on the Bonds.

(c) No Overburdening. The Proceeds of the New Money Bonds will not exceed by more than a Minor Portion the amount necessary to accomplish the governmental purposes of the New Money Bonds and, in fact, are not expected to exceed by any amount the amount of Proceeds allocated to expenditures for the governmental purposes of the New Money Bonds.

(d) Allocations and Accounting. The Proceeds of the New Money Bonds will be allocated to expenditures not later than 18 months after the later of the date the expenditure is made or the date the applicable Project is placed in service, but in no event later than the date that is 60 days after the fifth anniversary of the date hereof or the retirement of the last Bond, if earlier. The allocation of Proceeds will be made by using a reasonable, consistently applied accounting method. No Proceeds of the New Money Bonds will be allocated to any expenditure to which Proceeds of any other obligations have heretofore been allocated. The County will maintain records and documentation regarding the allocation of expenditures to Proceeds of the Bonds and the investment of Gross Proceeds of the New Money Bonds for at least six years after the close of the final calendar year during which any Bond is outstanding.

10. 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 \$171,596.39. Such amount will be deposited in the Interest and Sinking Fund, and will be disbursed on the first interest payment date for the Bonds.

11. 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 "—Project" subparagraphs above, 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 "—Project" subparagraphs above will be used for one of the purposes described in such subparagraphs.

12. Transferred Proceeds. There are no Transferred Proceeds with respect to the Bonds because all of the 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.

13. No Replacement Proceeds. Other than amounts described herein, there are no Replacement Proceeds.

(a) No Sinking Funds. Other than the Interest and Sinking 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 Interest and Sinking 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) Calculations of Weighted Average Maturity and Estimation of Weighted Average Economic Life. The weighted average maturity of the Bonds is not greater than 120 percent of the weighted average estimated economic life of the Projects and the Prior Projects, 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 by the Bonds and the Refunded Bonds; (b) the reasonably expected economic life of an asset was determined as of the later of the date of issuance of the Bonds and the Refunded Bonds 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 by the Bonds and 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 the Projects or Prior Projects, unless 25 percent or more of the Proceeds of any issue is to be used to finance land.

14. No Excess Gross Proceeds. Except for the amounts described in the "Expenditure of Proceeds of the Bonds—Project," subparagraph above and earnings on the amounts described in the "Expenditure of Proceeds of the Bonds—Issuance Costs" and "—Project" subparagraphs 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;

(g) Replacement Proceeds in a sinking fund for the Bonds;

- (h) interest on purpose investments;
- (i) qualified guarantee fees for the Bonds or the Prior Bonds; and
- (j) fees for a qualified hedge for the Bonds.

Amounts described in the "Expenditure of Proceeds of the Bonds—Project" subparagraph above and earnings on such amounts will be used to pay costs associated with the Projects. Investment earnings on the amounts described in the "Expenditure of Proceeds of the Bonds—Issuance Costs" subparagraph 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" subparagraph will be less than one percent of the original Proceeds of the Bonds.

15. 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.

The Yield with respect to that portion of the Bonds, if any, subject to optional redemption (other than the Bonds scheduled to mature on February 15, 2024 through February 15, 2026, February 15, 2028 through February 15, 2031, and February 15, 2033 (the "Yield-to-Call Bonds")) is computed by treating such Bonds as retired at the stated redemption price at the final maturity date because (a) the County has no present intention to redeem prior to maturity the Bonds that are subject to optional redemption; (b) no Bond is subject to optional redemption at any time for a price less than the retirement price at final maturity plus accrued interest; (c) no Bond is subject to optional redemption within five years of the Issue Date of the Bonds; (d) no Bond subject to optional redemption (other than the Yield-to-Call Bonds) is issued at an issue price that exceeds the stated redemption price at maturity of such Bond by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity of such Bond and the number of complete years to the first optional redemption date for such Bond; and (e) no Bond subject to optional redemption bears interest at a rate that increases during the term of the Bond.

Yield with respect to the Yield-to-Call Bonds is computed by treating such Bonds as retired at the stated redemption price on the dates that produce the lowest combined Yield on the Bonds because the Underwriters have represented that such portion of the Bonds is issued at an

issue price that exceeds the stated redemption price at maturity of each such Bond by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity of each such Bond and the number of complete years to the first optional redemption date for each such Bond. Such lowest Yield determination is made separately for each individual group of Bonds.

As set forth in the Report, the Yield on the Bonds, calculated in the manner set forth above, is 2.560262 percent.

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.

16. 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) Projects. The County will incur within six months of the date hereof a binding obligation to a third party which is not subject to any contingencies within the control of the County or a related party pursuant to which the County is obligated to expend at least five percent of the Sale Proceeds of the New Money Bonds on the Projects. The County reasonably expects that work on or acquisition of the Projects will proceed with due diligence to completion and that the Proceeds of the New Money Bonds will be expended on the Projects with reasonable dispatch. The County reasonably expects that 85 percent of the Sale Proceeds of the New Money Bonds will have been expended on the Projects prior to the date that is three years after the Issue Date. Any Sale Proceeds not expended prior to the date that is three years after the Issue Date, will be invested at a Yield not "materially higher" than the Yield on the Bonds, except as set forth in the "Minor Portion and Yield Reduction Payments" paragraph below. The County reasonably expects that any amount derived from the investment of moneys received from the sale of the New Money Bonds and from the investment of such investment income will not be commingled with substantial other receipts or revenues of the County and will be expended prior to the date that is three years after the Issue Date, or one year after receipt of such investment income, whichever is later. Any such Investment Proceeds not expended prior to such date will be invested at a Yield not "materially higher" than the Yield on the Bonds, except as set forth in the "Minor Portion and Yield Reduction Payments" paragraph below.

(c) 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.

(d) Issuance Costs. It is expected that the amount described in the "Expenditure of Proceeds of Bonds—Issuance Costs" subparagraph will be disbursed within 30 days of the date hereof for costs of issuing the Bonds; therefore, such amount will be invested for

an allowable temporary period. To the extent any portion of the amount described in the "Expenditure of Proceeds of Bonds—Issuance Costs" subparagraph is not expended as described herein, the County will take steps to restrict the investment of such amounts to a Yield which is not materially higher than the Yield on the Bonds.

(e) Available Cash. The amount described in the "Use of Amounts Allocable to Refunded Bonds" paragraph that is used to purchase the Escrowed Securities that are allocable to the escrowed securities with the shortest maturities will be disbursed within 13 months of the date such Available Cash was received by the County. Therefore, such amount will be invested for an allowable temporary period.

(f) 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 .373614 percent, a Yield that is not higher than the Yield on the 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.

(g) Waiver of 30-Day Temporary Period. Pursuant to section 1.148-9(g) of the Regulations, the County hereby elects to waive the 30-day temporary period available under section 1.148-9(d)(2)(i) of the Regulations 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 Advance Refunded Bonds.

17. Funds.

(a) Interest and Sinking Fund. Pursuant to the Authorizing Document, the County has created a new Interest and Sinking Fund and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds are to be deposited in such Interest and Sinking 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 Interest and Sinking 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 Interest and Sinking Fund (the "Bona Fide Portion"). Such Bona Fide Portion of the Interest and Sinking 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 Interest and Sinking 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 Interest and Sinking 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 Interest and Sinking 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.

(b) Construction Fund. All of the Proceeds of the Bonds in the Construction Fund are expected to be invested and disbursed as described in the Authorizing Document and the "Temporary Periods and Yield Restriction-Projects" paragraph of this Federal Tax Certificate; therefore, all of such amounts will be invested without regard to Yield restriction. Nevertheless, any such Proceeds not expended prior to the dates set forth in the "Temporary Periods and Yield Restriction-Projects" paragraph will be Yield restricted to the extent set forth in such paragraph.

18. Minor Portion and Yield Reduction Payments. All Gross Proceeds will be invested in accordance with the "Temporary Periods and Yield Restriction" paragraph and the "Funds" paragraph above. To the extent such amounts remain on hand following the periods set forth in the "Temporary Periods and Yield Restriction" paragraph and the "Funds" paragraph above or exceed the limits set forth in the "Funds" paragraph above, the County will invest such amounts at a restricted Yield as set forth in such paragraphs; provided, however, that the Minor Portion may be invested at a Yield which is higher than the Yield on the Bonds and, provided further, that the County may satisfy the Yield restriction requirements by making Yield reduction payments to the federal government in accordance with Section 1.148-5(c) of the Regulations.

19. Issue. Other than the County's Limited Tax Permanent Improvement Bonds, Series 2013A that were sold within 15 days of the sale date of the Bonds, 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. The County hereby does not elect to treat the Bonds as part of the same issue as the County's Limited Tax Permanent Improvement Bonds, Series 2013A.

20. Compliance With Rebate Requirements.

(a) General. 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.

(b) Two-Year Spending Exception. The County hereby makes the elections, if any, set forth below for purposes of the two-year spending exception from arbitrage rebate:

ELECT	DO NOT ELECT	N/A	
☒	☐	☐	1. To use actual facts to apply the provisions of paragraphs (e) through (m) (excluding (f)(1)(i)) of section 1.148-7 of the Regulations. Section 1.148-7(f)(2) of the Regulations.
☐	☒	☐	2. To exclude earnings on a reasonably required reserve or replacement fund from the definition of "available construction proceeds" for purposes of the spending requirements. Section 1.148-7(i)(2) of the Regulations.
☐	☒	☐	3. To treat the Bonds as two, and only two, separate issues, one of which (a) meets the definition of a construction issue and (b) is reasonably expected as of the date hereof to finance all of the construction expenditures to be financed by the tax-exempt Bonds. Section 1.148-7(j)(1) of the Regulations.
☐	☒	☐	4. To pay a penalty (the "1-1/2% penalty") to the United States in lieu of the obligation to pay arbitrage rebate on "available construction proceeds" in the event that the tax-exempt Bonds fail to satisfy any of the semiannual spending requirements for the two-year rebate exception. Section 1.148-7(k)(1) of the Regulations.

The County reasonably expects that at least 75 percent of the "available construction proceeds" of the Bonds, within the meaning of section 1.148-7(i) of the Regulations, will be allocated to "construction expenditures," within the meaning of section 1.148-7(g) of the Regulations, for property owned by the County.

21. 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.

22. 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.

23. 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 Prior 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 Prior 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) Payments of the debt service on the Bonds will be paid from and/or 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 Projects 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 Projects 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 Projects 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.

24. 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.

25. 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 three years after the date the last Prior 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 Prior Bonds or the Bonds by the Internal Revenue Service.

26. Registration. The Bonds will be issued in registered form.

27. Bonds are not Hedge Bonds. Not more than 50 percent of the Proceeds of the New Money Bonds and each issue of which the Refunded Bonds are a part is or 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 expects, with respect to the New Money Bonds, and 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 the Bonds and each issue of such Refunded Bonds.

28. Escrowed Securities. Proceeds of the Bonds on deposit in the Escrow Fund will be invested in the Escrowed Securities provided by BB&T Capital Markets (the "Provider"). The County hereby certifies that the requirements of section 1.148-5(d)(6)(iii) of the Regulations will be followed. Specifically, with respect to the Escrowed Securities:

(a) The purchase of the Escrowed Securities was awarded to the Provider based upon a bona fide solicitation by the Bidding Agent on behalf of the County pursuant to bid specifications that were in writing and were timely forwarded to potential providers. The bid specifications included all material terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the investment. The bid specifications included a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the County or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the County, or any other person for purposes of satisfying the requirements of the Regulations. The terms of the bid specifications were commercially reasonable. A term is commercially reasonable if there is a legitimate

business purpose for the term other than to increase the purchase price or reduce the yield of the investment.

(b) All potential providers had an equal opportunity to bid. No potential provider was given the opportunity to review other bids (i.e., a last look) before providing a bid. At least three reasonably competitive providers were solicited for each of the bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(c) The bids received by the Bidding Agent satisfied all of the following requirements: (1) the Agent received at least three bids for each fund from providers that were solicited under a bona fide solicitation meeting the requirements described above and that did not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until fifteen days after the issue date of the issue. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue; (2) at least one of the three bids described in (1) of this subsection was from a reasonably competitive provider, within the meaning set forth above; and (3) the Bidding Agent did not bid to provide the investment.

(d) The winning bid satisfied the following requirements: (1) the winning bid was the lowest cost bona fide bid (including any brokerage fees) for the portfolio; and (2) the provider of the Escrowed Securities certified the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the investment.

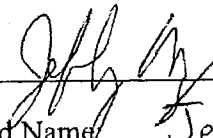
(e) The County will retain the following records with the Bond documents until three years after the last outstanding Bond is redeemed: (1) a copy of the trade confirmations for the Escrowed Securities; (2) the receipt or other record of the amount actually paid for the Escrowed Securities, including a record of any administrative costs paid by any person and the certifications described above; (3) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid and the bid results; and (4) the bid solicitation form and, if the terms of the Escrowed Securities deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

The County determined that the bid to provide the Escrowed Securities satisfies each of the conditions set forth above and has obtained representations comparable in all material respects to the relevant representations set forth in the certificates attached hereto in Exhibits C and D.

[EXECUTION PAGE FOLLOWS]

WITNESS MY HAND, this 9th day of July, 2013.

COLLIN COUNTY, TEXAS

By: 
Printed Name: Jeffrey May
Title: County Auditor

Signature Page to Federal Tax Certificate

Collin County, Texas

EXHIBIT A

ISSUE PRICE CERTIFICATE

I, the undersigned officer of Citigroup Global Markets, Inc. 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 \$40,295,000 Collin County, Texas Unlimited Road and Refunding Bonds, Tax-Exempt Series 2013A (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 Representative 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 page two of the Official Statement dated June 3, 2013, prepared in connection with the offering of the Bonds (the "Official Statement"). The initial offering prices set forth on page two 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 (except those Bonds maturing in 2027) was, in fact, sold to the public. For the Bonds maturing in 2027, the Underwriters reasonably expected, as of the sale date of the Bonds, to sell a substantial amount (at least 10 percent) of such Bonds to the public at prices no higher than those respective prices set forth on page two of the Official Statement. The aggregate of such Initial Offering Prices of all of the Bonds is \$44,811,686.15. The Bonds were sold with Pre-Issuance Accrued Interest in the amount of \$171,596.39. The sum of these two amounts is \$44,983,282.54. 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.

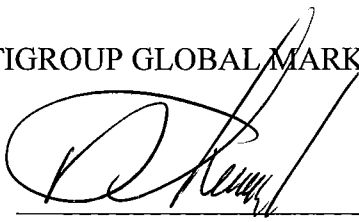
The County may rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income

of their owners. Bracewell & Giuliani LLP 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 9th day of July, 2013.

CITIGROUP GLOBAL MARKETS, INC.

By: 

Printed Name: David Phelps

Title: Director

Signature Page of Issue Price Certificate

Collin County, Texas

EXHIBIT B

CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of First Southwest Company (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 \$40,295,000 Collin County, Texas Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (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 and the Outstanding Bonds that are not Refunded Bonds, the County has determined that an amount of \$9,306,150 should be maintained as a balance in the County's Overall Debt Service Fund at the end of the current fiscal year to provide a reserve against periodic fluctuations in the amount and timing of ad valorem tax collections by the County for debt service purposes. Maintenance of this amount is reasonable to achieve this ad valorem tax collection goal. Furthermore, such amount is not expected to exceed the lesser of 100 percent of the combined maximum annual debt service and 125 percent of the combined average debt service on the Outstanding Bonds that are not Refunded Bonds and the Bonds. Furthermore, the Remaining Allocable Reserve is not expected to exceed the lesser of 100 percent of maximum annual debt service and 125 percent of average debt service on the Bonds.

3. The Financial Advisor computed the remaining Weighted Average Maturity of the Refunded Bonds to be 1.600 years, with respect to the Series 2004 Bonds, 3.113 years, with respect to the Series 2005 Bonds, and 8.900 years with respect to the Series 2006 Bonds, and the Weighted Average Maturity of the Bonds to be 9.698 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.

B-1

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 Bracewell & Giuliani LLP 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 9th day of July, 2013.

FIRST SOUTHWEST COMPANY

By: Nick Bulance

Printed Name: Nick Bulance

Title: SVP

Signature Page of Certificate of Financial Advisor

UNL

Collin County, Texas

EXHIBIT C

CERTIFICATE OF BIDDING AGENT

I, the undersigned officer of First Southwest Company (the "Bidding Agent"), make this certificate in connection with the \$40,295,000 Collin County, Texas Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (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 C is attached (the "Federal Tax Certificate"). I hereby certify as follows as of the Issue Date:

1. I am the duly chosen, qualified and acting officer of the Bidding Agent 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 Bidding Agent. I am the officer of the Bidding Agent who has worked with representatives of the County in the bidding of the Escrowed Securities described below.

2. The Bidding Agent has acted on behalf of the County in receiving bids for the purchase by the County of the Escrowed Securities (the "Escrowed Securities") described in Exhibit B of the Report. The Bidding Agent has made a bona fide solicitation for the Escrowed Securities that satisfies all of the following requirements:

(a) The bid specifications attached hereto were timely forwarded to potential providers of the Escrowed Securities.

(b) The bid specifications attached hereto include all material terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the Escrowed Securities.

(c) The bid specifications attached hereto include a statement notifying potential providers of the Escrowed Securities that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the County or any other person, and that the bid is not being submitted solely as a courtesy to the County or any other person for purposes of satisfying the requirements of Section 1.148-5(d)(6)(iii)(B)(1) or (2) of the Treasury Regulations.

(d) The terms of the bid specifications attached hereto are commercially reasonable. A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the Escrowed Securities. For example, the hold firm period must be no longer than the County reasonably requires.

(e) All potential providers of the Escrowed Securities had an equal opportunity to bid. For example, no potential provider was given the opportunity to review other bids (i.e., a last look) before providing a bid.

(f) At least three reasonably competitive providers were solicited for bids with respect to each group of substantially identical Escrowed Securities. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

3. (a) The bids to provide the Escrowed Securities received by the Bidding Agent are as follows and meet all of the following requirements:

<u>Bidder</u>	<u>Bid</u>
BB&T Capital Markets	\$17,478,594.04
Credit Suisse Securities (USA) LLC	\$17,481,055.03
Commerzbank	\$17,481,439.98
Cantor Fitzgerald	PASS
KeyBanc Capital Markets	PASS
Bank of Oklahoma	PASS
Deutsche Bank	PASS

(b) The Bidding Agent received at least three bids with respect to the Escrowed Securities from providers that the Bidding Agent solicited under a bona fide solicitation meeting the requirements of paragraph 2 above and that did not have a material financial interest in the County's Bonds. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue. Any entity acting as a Bidding Agent with respect to the purchase of the Escrowed Securities at the time the bid specifications were forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(c) At least one of the three bids with respect to the Escrowed Securities described in paragraph 3(a) above is from a reasonably competitive provider, within the meaning of paragraph 2(f) above.

(d) The Bidding Agent did not bid to provide any of the Escrowed Securities.

4. The Bidding Agent further certifies with respect to each group of substantially identical Escrowed Securities:

(a) The winning bid is the lowest cost bid for the portfolio comprised of the Escrowed Securities (including any broker's fees).

(b) The provider of the Escrowed Securities certified the administrative costs that it paid (or expected to pay), if any, to third parties in connection with supplying the Escrowed Securities, as set out in paragraph (f) of the Certificate of the Investment Provider.

(c) The Bidding Agent has provided to the County (1) the receipt or other record of the amount actually paid by the County for the Escrowed Securities, including a record of any administrative costs paid by the County, and the certification under paragraph 4(c) above; (2) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; and (3) the bid solicitation form and, if the terms of the purchase deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

5. The Bidding Agent has received a fee in the amount of \$5,000 as compensation for serving as bidding agent. The fee, as of the date the Escrowed Securities are allocated to the Bonds, does not exceed the lesser of \$37,000 or 0.2 percent of the computational base of the Escrowed Securities (or, if more, \$4,000). The computational base is the purchase price of the Escrowed Securities. The amount of such fee is not reasonable unless it is comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than gross proceeds of tax-exempt bonds.

The Bidding Agent 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 Bidding Agent hereby authorizes Bracewell & Giuliani LLP 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. 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 9th day of July, 2013.

FIRST SOUTHWEST COMPANY

By: David Brayshaw

Printed Name: DAVID BRAYSHAW

Title: SUP

Signature Page of Certificate of Bidding Agent

Collin County, Texas

ATTACHMENT 1 TO EXHIBIT C

BID SPECIFICATIONS

[See attached]

TO: Escrow Securities Providers
FROM: Elizabeth Huffmaster 214-953-4020
RE: Invitation to Offer Escrow Securities to Collin County, Texas in connection with the
Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A
DATE: June 3, 2013

Offer Submittal: By or about **1:15 PM EASTERN Time on June 3, 2013** to First Southwest Company, Attention: Elizabeth Huffmaster 214-953-4020. Notification to each responding provider of securities (an "Offeror") is anticipated as soon as practicable after facsimile receipt of the attached competitive offering form. **Written offerings are required and should be sent via fax to 214-954-4339** (see attached **Exhibit C: "Escrow Securities Competitive Offering Form"**).

Issuer Name: Collin County, Texas (the "County")

Bond Issue: \$40,070,000†† Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Bonds")

Bid Objective: The County is issuing the above referenced Bonds to provide for the refunding of all or a portion of the County's currently outstanding debt. First Southwest Company (the "Bidding Agent"), on behalf of the County, is soliciting eligible providers to offer to sell securities for the funding / satisfaction of the Escrow Requirements detailed below. The Escrow Requirements must be funded by the winning Offeror (the "Provider") with Eligible Securities, as further described below. The Eligible Securities provided by the Provider (the "Escrow Securities") must provide cash flow sufficient to satisfy the Escrow Requirements. The Provider will be obligated to deliver the Escrow Securities on the Settlement Date.

Eligible Securities:

- 1) Direct, non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.
- 2) Non-callable 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 are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

Escrow Requirements: See "Exhibit A: Escrow Requirements."

Settlement Date:	Settlement date for the purchase of the Escrow Securities will be July 9, 2013.
Identifying Escrow:	By 2:15 PM Eastern on June 3, 2013, the Provider must detail the securities which will be delivered on the Settlement Date. The portfolio details and duplicate trade confirmations shall be provided to the Bidding Agent, the Escrow Agent, and the Verification Agent.
Substitution:	Substitution of securities in the Identifying Escrow shall not be allowed. In the event the Provider cannot deliver the securities detailed in the Identifying Escrow, the Provider will be required to deliver the necessary amount of cash to satisfy the Escrow Requirements detailed in Exhibit A until such time as the securities detailed in the Identifying Escrow as being sufficient to satisfy the Escrow Requirements can be provided by the Provider.
Escrow Agent:	The Bank of New York Mellon Trust Company, N.A.
Verification Agent:	Grant Thornton LLP
Delivery:	By submitting an offer, the Provider guarantees delivery of the Escrow Securities to the Escrow Agent on or before 11:00 AM Eastern time on the Settlement Date. In the event of notification by the Escrow Agent of a failed security delivery, the Provider will be required to immediately deliver cash to satisfy the Escrow Requirements.
	<u>Delivery Instructions</u> TBD
Basis of Award:	In accordance with Treasury Regulations, it is anticipated that the Escrow Securities will be purchased by the County from the Provider offering the lowest cost portfolio of Eligible Securities that produces cash flow sufficient to satisfy the Escrow Requirements.
Provider Non-Performance:	In the event of non-performance on the part of the Provider, the Provider shall be liable to the Escrow Agent, on behalf of the County, for any and all actual and incidental damages.
Contingency:	Although the County is expected to close the Bonds on the Settlement Date, neither the County nor any other member of the financing team will have any liability whatsoever for any loss resulting from a delay of the closing of the Bonds or a failure to close the Bonds. The Provider recognizes that the Escrow Agent will not purchase the Escrow Securities if the Bonds do not close.

Disclosures:

This Invitation to Offer Escrow Securities and the submission of an offer to provide securities by any party does not obligate the County in any manner whatsoever.

The Provider shall sign a certificate substantially the same as the attached **Exhibit B: "Certificate of Provider as to Market Price Rule"** attached hereto.

The County reserves the right to amend, modify or withdraw this Invitation to Offer Escrow Securities; to waive or revise any requirement of this Invitation to Offer Escrow Securities; to acquire any supplemental information from any responding party; to reject any offers submitted hereto in order to obtain a higher yielding offer than those previously submitted; to accept or reject any or all offers; and to negotiate or hold discussions with any responding party in the preparation of its offer.

The Bidding Agent makes no representations or warranties as to the ability of the County or any other party to the financing to meet their respective obligations. The information provided herein has been furnished solely by the County; First Southwest Company does not guarantee its accuracy or completeness.

Any Offeror submitting an offer acknowledges the following: (a) the submission of an offer is a representation that the Offeror did not consult with any other Offeror about its offer; (b) the offer was determined without regard to any other formal or informal agreement that the Offeror has with the County or any other person (whether or not in connection with the Bonds); (c) the offer is not being submitted solely as a courtesy to the County or any other person for purposes of satisfying the requirements of obtaining at least three offers; (d) the terms of the offer specifications are commercially reasonable in accordance with Treasury Regulations; (e) the terms of the offer take into account the County's reasonably expected deposit and drawdown schedule for the amounts to be invested, as set forth in Exhibit A hereto; and (f) the Offeror did not have the opportunity to review other offers (i.e. last look) before providing an offer.

Fee:

A brokerage fee of \$5,000 will be paid to First Southwest Company by the Provider within two business days of the Settlement Date.

Exhibit A: Escrow Requirements

\$40,070,000††
Collin County, Texas
Unlimited Tax Road and Refunding Bonds, Tax-Exempt
Series 2013A

Escrow Requirements

Date	Amount
2/15/2014	2,915,437.50
8/15/2014	291,437.50
2/15/2015	3,916,437.50
8/15/2015	200,812.50
2/15/2016	9,245,812.50
TOTAL:	\$ 16,569,937.50

EXHIBIT D
CERTIFICATE OF INVESTMENT PROVIDER

(See Attached)

Signature Page of Certificate of Investment Provider

Exhibit B: Certificate of Provider as to Market Price Rule

TO: Collin County, Texas

RE: \$40,070,000†† Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A
Escrow Fund Open Market Securities Purchase**CERTIFICATE OF PROVIDER AS TO MARKET PRICE RULE**

BBT Capital Markets
The undersigned (the "Provider"), hereby certifies that we acted as principal in selling, on an arm's length basis, the securities described in the bid specifications (the "Securities") to the Collin County, Texas (the "County"). On July 9, 2013, we will deliver the Securities, at the prices specified on Schedule A (the "Sale Price"), to The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"), in connection with the Escrow Agreement between the County and the Escrow Agent dated as of the date hereof. We further certify that, in our opinion:

1. The Provider is an active participant in an established market that exists for the regular purchase and sale of the type of securities which includes the Securities (disregarding, for this purpose, any markets especially established to provide securities to issuers of governmental obligations).
2. The Provider is not related to the financial advisor or bidding agent for the County soliciting offers for the Securities.
3. Any Provider submitting a bid acknowledges the following: (a) the submission of a bid is a representation that the Provider did not consult with any other Offeror about its bid; (b) the bid was determined without regard to any other formal or informal agreement that the Provider has with the County or any other person (whether or not in connection with the Bonds); (c) the bid is not being submitted solely as a courtesy to the County or any other person for purposes of satisfying the requirements of obtaining at least three bids; (d) the terms of the bid specifications are commercially reasonable in accordance with Treasury Regulations; (e) the terms of the bid take into account the County's reasonably expected deposit and drawdown schedule for the amounts to be invested; and (f) the Provider did not have the opportunity to review other bids (i.e. last look) before providing a bid.
4. The Sale Price (i) has been determined without regard to any formal or informal arrangement (whether or not connected with the Bonds) with the County or any other person; (ii) represents, to the best of our knowledge, the fair market value of the Securities at the time the offer was submitted on June 3, 2013 for delivery on July 9, 2013; and (iii) was determined on an arm's length basis without regard to any payment of any amount in order to reduce or increase the yield on the Securities.
5. The Sale Price is neither greater nor less than it would have been in an arm's length transaction in the open market between parties not involved in the transactions relating to the issuance of the Bonds. The Provider does not have a material financial interest in the County's Bonds.
6. The Provider has not paid or incurred administrative costs in connection with the purchase and sale of the Securities, such as brokerage and selling commissions, other than \$5,000 paid to First Southwest Company as a brokerage fee.

We understand that the County and Bond Counsel will rely upon this Certificate, among other things, in reaching a conclusion that the yield on the Securities can be computed on the basis of the price paid for the Securities and that the Bonds do not constitute "arbitrage bonds" within the meaning of Sections 148 and 149(d) of the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, the Provider has signed this Certificate this 3 day of June, 2013.

BY: *BBT Capital Markets*FOR: *BBT Capital Markets*

Exhibit C: Escrow Securities Competitive Offering Form

\$40,070,000††
Collin County, Texas
Unlimited Tax Road and Refunding Bonds, Tax-Exempt
Series 2013A

ESCROW SECURITIES COMPETITIVE OFFERING FORM

Offers are due telephonically on June 3, 2013 by or about 1:15 PM EASTERN Time to Elizabeth Huffmaster at 214-953-4020 with facsimile confirmation immediately thereafter to 214-954-4339. Award is subject to market change and expected as soon as practicable after facsimile receipt of this offering form.

Cost to the County to satisfy the Escrow Requirements outlined in the "Invitation to Offer Escrow Securities" for settlement on July 9, 2013:

Final Maturity Value: \$ _____ (If applicable)

Principal Cost: \$ _____

Accrued: \$ _____ (If applicable)

Total Securities Cost: \$ _____

Cash Deposit: \$ _____ (If applicable)

Total Escrow Cost: \$ _____

Provider: _____

Contact: _____

Phone: _____

The offers submitted conform to the specifications set forth in the attached "Invitation to Offer Escrow Securities" dated 6/3/2013. The County reserves the right to reject any and all offers, to waive irregularities, and to change the time that offers are due. Offerors agree to hold the County and its consultants and agents harmless in the submission of an offer. The Offerors are responsible for any and all costs associated with the submission of an offer. By submitting this offer form, the Offeror acknowledges the following: (a) the Offeror did not consult with any other Offeror about its offer; (b) the offer was determined without regard to any other formal or informal agreement that the Offeror has with the County or any other person (whether or not in connection with the Bond issue); (c) the offer is not being submitted solely as a courtesy to the County or any other person for purposes of satisfying the requirements of obtaining at least three offers; (d) the terms of the offer specifications are commercially reasonable in accordance with Treasury Regulations; (e) the terms of the offer take into account the County's reasonably expected deposit and drawdown schedule for the amounts to be invested; and (f) the Offeror did not have the opportunity to review other offers (i.e. last look) before providing a offer. The Offeror's offer, however, is subject to the following conditions (if left blank, it is assumed that there are no conditions to the offer):

Signed: _____ Dated: _____

Title: _____

BRACEWELL
& GIULIANI

Texas
New York
Washington, DC
Connecticut
Seattle
Dubai
London

R. Todd Greenwalt
Partner

713.221.1138 Office
713.221.1212 Fax

Todd.Greenwalt@bglp.com

Bracewell & Giuliani LLP
711 Louisiana Street
Suite 2300
Houston, Texas
77002-2770

July 16, 2013

BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED
7012 1010 0003 4029 4235

District Director
Internal Revenue Service
Ogden, UT 84201

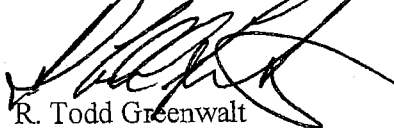
Re: \$40,295,000 Collin County, Texas Unlimited Tax Road and Refunding
Bonds, Tax-Exempt Series 2013A

Dear Sir:

Enclosed please find originally executed Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) for the above-captioned bond issue.

Very truly yours,

Bracewell & Giuliani LLP



R. Todd Greenwalt

cc: Shana Hight

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) 75-6000874	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)	
2300 Bloomdale Road		3	
6 City, town, or post office, state, and ZIP code McKinney, Texas 75071		7 Date of issue 07/09/2013	
8 Name of issue Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A		9 CUSIP number 194740FD3	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Jeff May, County Auditor		10b Telephone number of officer or other employee shown on 10a (972) 548-4641	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11	
12 Health and hospital	12	
13 Transportation	13	44,811,686.15
14 Public safety	14	
15 Environment (including sewage bonds)	15	
16 Housing	16	
17 Utilities	17	
18 Other. Describe ►	18	
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	02/15/2033	\$ 44,811,686.15	\$ 40,295,000	9.698 years	2.5603%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest	22	171,596.39
23	Issue price of entire issue (enter amount from line 21, column (b))	23	44,811,686.15
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	363,343.78
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	0
28	Proceeds used to advance refund prior issues	28	16,448,342.37
29	Total (add lines 24 through 28)	29	16,811,686.15
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	28,000,000.00

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	►	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	►	1.600; 3.113; 8.900 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	►	02/15/2014; 02/15/2015; 02/15/2016
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	►	04/27/2004; 04/05/2005; 05/03/2006

For Paperwork Reduction Act Notice, see separate instructions.

Form **8038-G** (Rev. 9-2011)

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: _____
- c Enter the name of the GIC provider: _____
- 37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units **37** **0**
- 38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ☐ and enter the following information:
- b Enter the date of the master pool obligation: _____
- c Enter the EIN of the issuer of the master pool obligation: _____
- d Enter the name of the issuer of the master pool obligation: _____
- 39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(iii) (small issuer exception), check box ☐ ☐
- 40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ☐ ☐
- 41a If the issuer has identified a hedge, check here ☐ and enter the following information:
- b Name of hedge provider: _____
- c Type of hedge: _____
- d Term of hedge: _____
- 42 If the issuer has superintegrated the hedge, check box ☐ ☐
- 43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ☐ ☐
- 44 If the issuer has established written procedures to monitor the requirements of section 148, check box ☐ ☐
- 45a If some portion of the proceeds was used to reimburse expenditures, check here ☐ and enter the amount of reimbursement: _____
- b Enter the date the official Intent was adopted: _____

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.

Jeff May
Signature of issuer's authorized representative

7-3-13
Date

Jeff May, County Auditor
Type or print name and title

Paid Preparer Use Only

Print type preparer's name
R. Todd Greenwalt

Preparer's signature
R. Todd Greenwalt

Date
7/16/2013

Check ☐ if self-employed

PTIN
P01080971

Firm's name **Bracewell & Giuliani LLP**
Firm's address **711 Louisiana St., Suite 2300, Houston, TX 77002**

Firm's EIN **74-1024827**
Phone no. **(713) 221-1138**

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE



7012 1010 0003 4029 4235
7012 1010 0003 4029 4235

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Postage at www.usps.com

RT Today Greenwald

Collin County, Texas Unlimited Tax-
Road and Refunding Bonds, Tax-
Exempt Series 2013A

Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	

Postmark
Here

Sent To District Director
Internal Revenue Service
Street, Apt. No. _____
or PO Box No. _____
City, State, ZIP+4 _____
Ogden, UT 84201

PS Form 3800, August 2005 See Reverse for Instructions

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 ☒ Agent ☐ Addressee
B. Received by (Printed Name) _____ C. Date of Delivery _____
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

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) 7012 1010 0003 4029 4235

PS Form 3811, February 2004

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 \$40,295,000 principal amount of Collin County, Texas Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Unlimited Tax 2013A Bonds"), \$15,970,000 principal amount of Collin County, Texas Unlimited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Unlimited Tax 2013B Bonds"), \$2,200,000 principal amount of Collin County, Texas Limited Tax Permanent Improvement Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Limited Tax 2013A Bonds") and \$15,720,000 principal amount of Collin County, Texas Limited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Limited Tax 2013B Bonds" (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:

Tax-Exempt Unlimited Tax 2013A Bonds

1. Acknowledges receipt of \$44,779,476.06 from Citigroup Global Markets Inc. as representative of the underwriters (the "Unlimited Tax Underwriters"), representing the principal amount of the Tax-Exempt Unlimited Tax 2013A Bonds plus premium of \$4,516,686.15 and accrued interest of \$171,596.39 less the underwriting discount of \$203,806.48.
2. Acknowledges receipt of \$355,437.50 from the County, representing prior issue debt service funds for the Tax-Exempt Unlimited Tax 2013A Bonds.

Taxable Unlimited Tax 2013B Bonds

3. Acknowledges receipt of \$17,234,805.33. from the Unlimited Tax Underwriters, representing the principal amount of the Taxable Unlimited Tax 2013B Bonds plus premium of \$1,281,053.55 and accrued interest of \$58,809.63 less the underwriting discount of \$75,057.85.
4. Acknowledges receipt of \$397,059.38 from the County, representing prior issue debt service funds for the Taxable Unlimited Tax 2013B Bonds.

Tax-Exempt Limited Tax 2013A Bonds

5. Acknowledges receipt of \$2,242,961.98 from Estrada Hinojosa & Company, Inc. as representative of the underwriters (the "Limited Tax Underwriters"), representing the principal amount of the Tax-Exempt Limited Tax 2013A Bonds plus premium of \$50,646.70 and accrued interest of \$7,249.03 less the underwriting discount of \$14,933.75.

Taxable Limited Tax 2013B Bonds

6. Acknowledges receipt of \$15,675,393.33 from the Limited Tax Underwriters, representing the principal amount of the Taxable Limited Tax 2013B Bonds plus accrued interest of \$32,965.63 less the underwriting discount of \$77,572.30.

7. Acknowledges receipt of \$359,169.38 from the County, representing prior issue debt service funds for the Taxable Limited Tax 2013B Bonds.

8. Acknowledges and certifies the application of amounts described in paragraphs 1 thru 7 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.

9. 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 amounts 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: July 9, 2013.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

as Paying Agent/Registrar and Escrow Agent

By:

Title:

Erin L. Fitzpatrick
Associate

Exhibit A

FirstSouthwest

777 Main Street
Suite 1200
Fort Worth, Texas 76102

817.332.9710 Direct
877.999.3792 Toll Free
817.336.5572 Fax

REVISED
July 8, 2013

Laura Alexander
Managing Director

laura.alexander@firstsw.com

Ms. Monika Arris
Collin County
2300 Bloomdale Rd., Suite 4100
McKinney, Texas 75071

Mr. Rob Collins
Bracewell & Giuliani LLP
1445 Ross Avenue Suite 3800
Dallas, Texas 75202-2711

Mr. Dave Gordon
Estrada Hinojosa & Company, Inc.
1717 Main Street, Suite 4740, LB# 47
Dallas, TX 75201

Ms. Erin Fitzpatrick
The Bank of New York Trust Company
2001 Bryan Street, 10th Floor
Dallas, TX 75201

Mr. Jeff May
Collin County
2300 Bloomdale Rd., Suite 3100
McKinney, Texas 75071

Mr. Mario Carrasco
Citigroup
300 Crescent Court, Suite 940
Dallas, TX 75201

Mr. Jeff Leuschel
McCall Parkhurst & Horton
717 N. Harwood, Suite 900
Dallas, Texas 75201

RE: \$40,295,000 Collin County, Texas Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A ("Tax-Exempt Unlimited Tax 2013A Bonds"), and
\$15,970,000 Collin County, Texas Unlimited Tax Refunding Bonds, Taxable Series 2013B ("Taxable Unlimited Tax 2013B Bonds"), and
\$2,200,000 Collin County, Texas Limited Tax Permanent Improvement Bonds, Tax-Exempt Series 2013A ("Tax-Exempt Limited Tax 2013A Bonds"), and
\$15,720,000 Collin County, Texas Limited Tax Refunding Bonds, Taxable Series 2013B ("Taxable Limited Tax 2013B Bonds")

Ladies and Gentlemen:

Payment for the above referenced Tax-Exempt Unlimited Tax 2013A Bonds, Taxable Unlimited Tax 2013B Bonds, Limited Tax 2013A Bonds and Taxable Limited Tax 2013B Bonds is scheduled to occur at or prior to 10:00 AM, CDT, on July 9, 2013 (the "Closing Date") and funds for the payments 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 #211-065, TAS #441706, Attention: Erin Fitzpatrick, will receive from Citigroup (the "Unlimited Tax Underwriter") in immediately available funds in payment as follows:

(1) Tax-Exempt Unlimited Tax 2013A Bonds

Principal Amount.....	\$ 40,295,000.00
Plus: Premium.....	4,516,686.15
Less: Underwriting Discount.....	(203,806.48)
Plus: Accrued Interest.....	171,596.39
Total to be Received from the Unlimited Tax Underwriter of the Tax-Exempt Unlimited Tax 2013A Bonds.....	\$ 44,779,476.06

Transfer from Prior Issue Debt Service Funds for the Tax-Exempt Unlimited Tax 2013A Bonds.....	355,437.50

Total Received by The Bank of New York Mellon for the Tax-Exempt Unlimited Tax 2013A Bonds.....	\$ 45,134,913.56

(2) <u>Taxable Unlimited Tax 2013B Bonds</u>	
Principal Amount.....	\$ 15,970,000.00
Plus: Premium.....	1,281,053.55
Less: Underwriting Discount	(75,057.85)
Plus: Accrued Interest.....	<u>58,809.63</u>
Total to be Received from the Unlimited Tax Underwriter of the Taxable Unlimited Tax 2013B Bonds.....	\$ 17,234,805.33
Transfer from Prior Issue Debt Service Funds for the Taxable Unlimited Tax 2013B Bonds.....	<u>397,059.38</u>
Total Received by The Bank of New York Mellon for the Taxable Unlimited Tax 2013B Bonds.....	\$ 17,631,864.71
(B) On the Closing Date, The Bank of New York Mellon Trust Company, ABA #021000018, GLA #211-065, TAS #441706, Attention: Erin Fitzpatrick, will receive from Estrada Hinojosa & Company, Inc. (the "Limited Tax Underwriter") in immediately available funds in payment as follows:	
(1) <u>Tax-Exempt Limited Tax 2013A Bonds</u>	
Principal Amount.....	\$ 2,200,000.00
Plus: Premium.....	50,646.70
Less: Underwriting Discount	(14,933.75)
Plus: Accrued Interest.....	<u>7,249.03</u>
Total to be Received from the Limited Tax Underwriter of the Tax-Exempt Limited Tax 2013A Bonds.....	\$ 2,242,961.98
Total Received by The Bank of New York Mellon for the Tax-Exempt Limited Tax 2013A Bonds.....	\$ 2,242,961.98
(2) <u>Taxable Limited Tax 2013B Bonds</u>	
Principal Amount.....	\$ 15,720,000.00
Less: Underwriting Discount	(77,572.30)
Plus: Accrued Interest.....	<u>32,965.63</u>
Total to be Received from the Limited Tax Underwriter of the Taxable Limited Tax 2013B Bonds.....	\$ 15,675,393.33
Transfer from Prior Issue Debt Service Funds for the Taxable Limited Tax 2013B Bonds.....	<u>359,169.38</u>
Total Received by The Bank of New York Mellon for the Taxable Limited Tax 2013B Bonds...	\$ 16,034,562.71
Total Received by The Bank of New York Mellon for all Issues	\$ 81,044,302.96
(C) 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) <u>Tax-Exempt Unlimited Tax 2013A Bonds</u>	
(a) Pay BB&T Capital Markets on a delivery versus pay basis for purchase of Open Market Securities and deposit to the Escrow Fund the sum of.....	\$ 16,448,232.70
(b) Deposit to Escrow Account as beginning cash balance.....	\$ 355,547.17
(c) Retain in payment of services rendered as Paying Agent/Registrar, Escrow Agent and Settlement Fees for the Tax-Exempt Unlimited Tax 2013A Bonds.....	\$ 3,050.00
(2) <u>Taxable Unlimited Tax 2013B Bonds</u>	
(a) Pay BB&T Capital Markets on a delivery versus pay basis for purchase of Open Market Securities and deposit to the Escrow Fund the sum of.....	\$ 17,478,176.54
(b) Deposit to Escrow Account as beginning cash balance.....	\$ 417.50
(d) Retain in payment of services rendered as Paying Agent/Registrar, Escrow Agent and Settlement Fees for the Taxable Unlimited Tax 2013B Bonds	\$ 2,600.00
(3) <u>Tax-Exempt Limited Tax 2013A Bonds</u>	
(a) Retain in payment of services rendered as Paying Agent/Registrar Fees for the Tax-Exempt Limited Tax 2013A Bonds.....	\$ 500.00

- (4) **Taxable Limited Tax 2013B Bonds**
 (a) Pay BB&T Capital Markets on a delivery versus pay basis for purchase of Open Market Securities and deposit to the Escrow Fund the sum of..... \$ 15,907,740.90
 (b) Deposit to Escrow Account as beginning cash balance..... \$ 421.24
 (d) Retain in payment of services rendered as Paying Agent/Registrar, Escrow Agent and Settlement Fees for the Taxable Limited Tax 2013B Bonds..... \$ 2,600.00

Total to be retained by The Bank of New York..... \$ 50,199,286.05

- (5) Transmit by wire funds to TexStar ABA #021000021, JP Morgan Chase, C/O TexSTAR Participant Services, Dallas, Texas, BNF = TexSTAR Clearing/AC-9102733343, OBI: Collin County 000-04314-2013-0, to be deposited for the Unlimited Tax Road Bonds, to be disbursed as follows:..... \$ 28,230,406.02

Tax-Exempt Unlimited Tax 2013A Bonds

Construction Fund in the amount of..... \$28,000,000.00
 Debt Service Fund in the amount of..... 171,596.39

Taxable Unlimited Tax 2013B Bonds

Taxable Unlimited Tax DS 13 - Acct.#157 in the amount of..... 58,809.63

- (6) Transmit by wire funds to TexStar ABA #021000021, JP Morgan Chase, C/O TexSTAR Participant Services, Dallas, Texas, BNF = TexSTAR Clearing/AC-9102733343, OBI: Collin County 000-04314-2013-1, to be deposited for the Limited Tax Perm Improv Bonds, to be disbursed as follows:..... \$ 2,240,214.66

Tax-Exempt Limited Tax 2013A Bonds

Construction Fund in the amount of..... \$2,200,000.00
 Debt Service Fund in the amount of..... 7,249.03

Taxable Limited Tax 2013B Bonds

Debt Service Fund in the amount of..... 32,965.63

- (7) Transmit by wire transfer to The Bank of New York, ABA : #021000018, Beneficiary: First Southwest Company, Account #890 0271- 779, Client Account #0054-037, Client Name: Collin County, Texas for payment of costs of issuance..... \$ 374,396.23

Total Disbursement of Funds..... \$ 81,044,302.96

FUNDS WILL NOT BE DISBURSED INTO ANY ACCOUNTS UNTIL THE BOND ISSUES ARE CLOSED. THE BANK OF NEW YORK AND CITIGROUP 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.

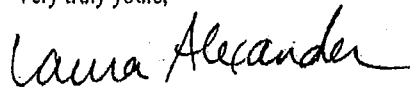
Upon receipt of funds into the account of the County, the County shall endorse the Good Faith Checks and return them via overnight guaranteed mail to the contact as listed below.

Tax-Exempt Unlimited Tax 2013A Bonds
and
Taxable Unlimited Tax 2013B Bonds
 Mr. Mario Carrasco
 Citigroup
 300 Crescent Court, Suite 940
 Dallas, TX 75201
 (210) 857-8517

Tax-Exempt Limited Tax 2013A Bonds
and
Taxable Limited Tax 2013B Bonds
 Mr. Dave Gordon
 Estrada Hinojosa & Company, Inc.
 1717 Main Street, Suite 4740, LB# 47
 Dallas, TX 75201
 (214) 658-1670

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,

A handwritten signature in cursive script that reads "Laura Alexander". The signature is written in dark ink and is positioned above the printed name.

Laura B. Alexander

cc: Mr. Bill Bilyeu
Collin County

Mr. David Medanich
Mr. Jack Addams
Mr. Joe Brawner
First Southwest Company

CERTIFICATE PURSUANT TO BOND PURCHASE CONTRACT

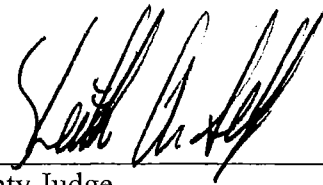
I, the undersigned authorized representative of Collin County, Texas (the "Issuer") make this certificate in connection with the issuance and delivery by the Issuer of the Collin County, Texas Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Tax-Exempt Bonds") and the Collin County, Texas Unlimited Tax Refunding Bonds, Taxable Series 2013B (the "Taxable Bonds", and together with the Tax-Exempt Bonds, the "Securities").

This Certificate is delivered pursuant to Section 7(e)(10) of the Purchase Contract, dated June 3, 2013 (the "Purchase Contract"), by and between the Issuer and Underwriters of the Bonds. Capitalized terms used herein as defined terms and not otherwise defined herein have the respective meanings assigned to them in the Purchase Contract. I hereby certify as follows:

1. The representations and warranties of the County 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. Except to the extent disclosed in the Official Statement, no litigation is pending or, to my knowledge, threatened in any court to restrain or enjoin the issuance or delivery of the Securities, or the collection or application of the ad valorem taxes pledged or to be pledged to pay the principal of and interest on the Securities, or the pledge thereof, or in any way contesting or affecting the validity of the Securities or the County Documents, or contesting the powers of the County or the authorization of the Securities or the County Documents, or contesting in any way the accuracy, completeness or fairness of the Official Statement.
3. To my knowledge, no event affecting the County has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.
4. There has not been any material and adverse change in the affairs or financial condition of the County since September 30, 2012, the latest date as to which audited financial information is available.

[Execution Page Follows]

DATED: July 9, 2013



County Judge
Collin County, Texas

MOODY'S

INVESTORS SERVICE

Plaza of the Americas
600 North Pearl Street, Suite 2165
Dallas, TX 75201
+1.214.979.6800 tel

May 29, 2013

Jeff May
Collin (County Of) TX
2300 Bloomdale Road, Suite 3100
Plano, TX 75071

Dear Mr. May :

We wish to inform you that on May 23, 2013, Moody's Investors Service assigned a rating of

- Aaa to COLLIN (COUNTY OF) TX, Unlimited Tax Refunding Bonds, Taxable Series 2013B
- Aaa to COLLIN (COUNTY OF) TX, Limited Tax Permanent Improvement Bonds, Tax-Exempt Series 2013A
- Aaa to COLLIN (COUNTY OF) TX, Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A
- Aaa to COLLIN (COUNTY OF) TX, Limited Tax Refunding Bonds, Taxable Series 2013B

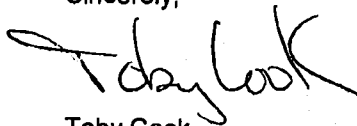
In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure of current financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, John Nichols at 214-979-6851.

Sincerely,



Toby Cook
VP-Senior Analyst/Manager

cc: Mr. David Medanich
First Southwest Co
777 Main Street, Suite 1200
Fort Worth, TX 76102

**STANDARD
& POOR'S**
RATINGS SERVICES

500 North Akard Street
Lincoln Plaza, Suite 3200
Dallas, TX 75201
tel (214) 871-1400
reference no.:690794

May 17, 2013

Revised

Collin County
2300 Bloomdale Road - Suite 4100
McKinney, TX 75071
Attention: Ms. Monika Arris, Budget Director

Re: *US\$2,200,000 Collin County, Texas, Limited Tax Permanent Improvement Bonds, Tax-Exempt, Series 2013A*

US\$40,295,000 Collin County, Texas, Unlimited Tax Road and Refunding Bonds, Tax-Exempt, Series 2013A

US\$15,720,000 Collin County, Texas, Limited Tax Refunding Bonds, Taxable, Series 2013B

US\$15,970,000 Collin County, Texas, Unlimited Tax Refunding Bonds, Taxable, Series 2013B

Dear Ms. Arris:

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

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

To maintain the rating, Standard & Poor's must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Page | 2

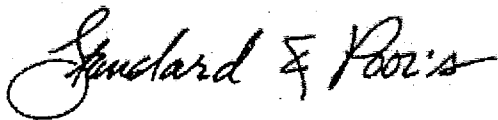
Please send hard copies to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003.

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

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

Sincerely yours,

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

Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business.

ah
enclosures

cc: Mr. David K. Medanich
Ms. Gloria Lindsey
Mr. Nick Bulaich

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 Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Bonds"), and the execution and delivery of an Escrow Agreement, dated as of May 15, 2013 (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.

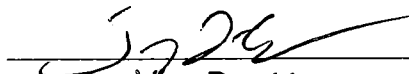
2. The Escrow Agreement has been duly executed and attested on behalf of the Escrow Agent by one of the following persons who is a duly elected or appointed officer of the Bank holding the office set forth opposite his or her name and specimen of his or her genuine signature:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Erin L. Fitzpatrick	Associate	
_____	_____	_____

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 June 19, 2013

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

By: 
Title: Vice President

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

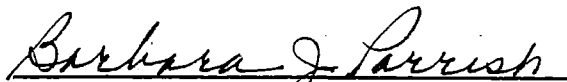
I, the undersigned, Barbara J. Parrish, Assistant Secretary of The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States (the "Association") and located in the State of California, with a trust office located at 2001 Bryan Street, Dallas, Texas, DO HEREBY CERTIFY that the following individuals are duly appointed and qualified Officers of the Association:

<u>Officer</u>	<u>Title</u>	<u>Signing Authority</u>
Cathleen M. Sokolowski	Managing Director	B1, G, H, J, P8
Rick Adler	Vice President	B1, H, J, N
Michelle Baldwin	Vice President	A, J, N
Rosalyn Y. Davis	Vice President	A, J, N
Michael K. Herberger	Vice President	G, H, J
Tony Hongnoi	Vice President	A, C5, J, N, P2
Gulnaar Murthy	Vice President	A, C5, J, N, P2
Elizabeth Power	Vice President	B1, G, H, J, P11
Jason Stephens	Vice President	A, C2, J, N, P1
Shannon Straty	Vice President	C2, I1, I2, N, P11
Deirdre A. Wilson	Vice President	A, C5, J, P2
Erin L. Fitzpatrick	Associate	B1, H, J, N
Brian Todd Jensen	Associate	G, H, J
Caresse L. Tankersley	Associate	A, C3, 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 limited signing powers provided under Article V, Section 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 14th day May 2013.


Barbara J. Parrish, Assistant Secretary

Extracts from By-Laws
of
The Bank of New York Mellon Trust Company, National Association
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

July 3, 2013

THIS IS TO CERTIFY that Collin County, Texas (the "Issuer"), has submitted the Collin County, Texas Unlimited Tax Road and Refunding Bond, Tax-Exempt Series 2013A (the "Bond") in the principal amount of \$40,295,000 for approval. The Bond is dated June 1, 2013, numbered T-1, and was authorized an Order of the Issuer passed on June 3, 2013, as ratified and confirmed by an Order of the Issuer passed on June 24, 2013.

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

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

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

Based on our examination, we are 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 June 1, 2013, 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 levy of a direct and continuing ad valorem tax, without limit as to rate or amount, 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.

No. 55685
Book No. 2013-C
MA


Attorney General of the State of Texas

*See attached Signature Authorization

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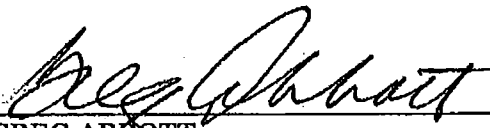
OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF TEXAS

§
§
§

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

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

Given under my hand and seal of office at Austin, Texas, this the 9 day of January, 2009.

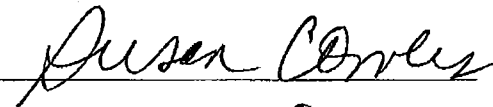

GREG ABBOTT
Attorney General of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

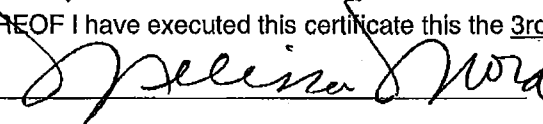
I, Melissa Mora, ☐ Bond Clerk ☒ Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 3rd day of July 2013, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Collin County, Texas Unlimited Tax Road and Refunding Bond, Tax-Exempt Series 2013A,

numbered T-1, dated June 1, 2013, and that in signing the certificate of registration I used the following signature:



IN WITNESS WHEREOF I have executed this certificate this the 3rd day of July 2013.



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 82055.

GIVEN under my hand and seal of office at Austin, Texas, this the 3rd day of July 2013.



SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER

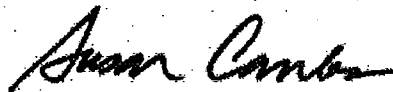
OF THE STATE OF TEXAS

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 Unlimited Tax Road and Refunding Bond, Tax-Exempt Series 2013A

numbered T-1, of the denomination of \$ 40,295,000, dated June 1, 2013, 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 3rd day of July 2013, under Registration Number 82055.

Given under my hand and seal of office, at Austin, Texas, the 3rd day of July 2013.



SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

Texas
New York
Washington, DC
Connecticut
Seattle
Dubai
London

Bracewell & Giuliani LLP
1445 Ross Avenue
Suite 3800
Dallas, Texas
75202-2711

July 9, 2013

\$40,295,000
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS,
TAX-EXEMPT SERIES 2013A

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 ROAD AND REFUNDING BONDS, TAX-EXEMPT SERIES 2013A, dated June 1, 2013.

The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the orders adopted by the Commissioners Court of the Issuer authorizing their issuance and ratifying and confirming their issuance (collectively, the "Order").

WE HAVE represented the Issuer as its bond counsel for the 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, on which we

July 9, 2013

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have relied in giving our opinion. The transcript 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 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 also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of the Treasury Regulations and published 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; and
- (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.

July 9, 2013

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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 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 advisor and the underwriters of the Bonds with respect to matters solely within the knowledge of the Issuer, the Issuer's financial advisor 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 ownership of, receipt of interest on, 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).

The opinions set forth above 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

BRACEWELL & GIULIANI

July 9, 2013

Page 4

no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter 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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July 9, 2013

Collin County, Texas
2300 Bloomdale Rd., Suite 4100
McKinney, Texas 75071
Attention: County Auditor

Citigroup Global Markets Inc.
Estrada Hinojosa & Company, Inc.
c/o Citigroup Global Markets, Inc.
300 Crescent Court, Suite 940
Dallas, Texas 75201

Re: Collin County, Texas Unlimited Tax Road and Refunding Bonds,
Tax-Exempt Series 2013A

Collin County, Texas Unlimited Tax Refunding Bonds, Taxable Series 2013B

Ladies and Gentlemen:

We have served as Bond Counsel to Collin County, Texas (the "Issuer") in connection with the issuance of its \$40,295,000 Collin County, Texas Unlimited Tax Road and Refunding Bonds, Tax-Exempt Series 2013A (the "Series 2013A Bonds") and its \$15,970,000 Collin County, Texas Unlimited Tax Refunding Bonds, Taxable Series 2013B (the "Series 2013B Bonds" and together with the Series 2013A Bonds the "Bonds", issued pursuant to the provisions of the orders authorizing the Bonds, duly adopted by the Commissioners Court of the Issuer on June 3, 2013 and as further ratified and confirmed by an order adopted by the Commissioners Court on June 24, 2013 (together, the "Orders"). This opinion is delivered pursuant to the provisions of Section 8(e)(8) of the Bond Purchase Contract (hereinafter defined). Capitalized terms not otherwise defined in this opinion have the meanings assigned in the hereinafter defined Bond Purchase Contract.

In our capacity as Bond Counsel to the Issuer, we have reviewed the following:

- (a) certified copies of the Orders;

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- (b) an executed counterpart of the Bond Purchase Contract dated June 3, 2013 (the "Purchase Contract") between the Issuer and the Underwriters named in such Purchase Contract;
- (c) executed copies of the Escrow Agreements between the Issuer and The Bank of New York Mellon, Trust Company, N.A.;
- (c) a copy of the Official Statement dated June 3, 2013; 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 Purchase Contract has been duly authorized, executed and delivered by the County and constitutes a binding and enforceable agreement of the County in accordance with its terms.
2. In our capacity as Bond Counsel, we have reviewed the information in the Official Statement under the captions or subcaptions "PLAN OF FINANCING" (except for the subcaption "Sources and Uses of Proceeds"), "THE OBLIGATIONS" (except for the subcaptions "Book-Entry-Only System" and "Remedies of Owners of Obligations"), "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance with Prior Undertakings"), "OTHER INFORMATION - Registration and Qualification of Obligations for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas", "OTHER INFORMATION - Legal Matters", and "APPENDIX C - FORMS OF BOND COUNSEL'S OPINIONS", and we are of the opinion that such descriptions present a fair and accurate summary of the provisions of the laws and instruments therein described and such information conforms to the Orders.

BRACEWELL & GIULIANI

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3. The Securities are exempt from registration pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and the Orders are exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

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 opinion was 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,

Bracewell & Giuliani LLP

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July 9, 2013

Citigroup Global Markets Inc.
Estrada Hinojosa & Company, Inc.
c/o Citigroup Global Markets Inc.
300 Crescent Court, Suite 940
Dallas, Texas 75201

**Re: \$40,295,000 Collin County, Texas Unlimited Tax Road
and Refunding Bonds, Tax-Exempt Series 2013A**

**\$15,970,000 Collin County, Texas Unlimited Tax
Refunding Bonds, Taxable Series 2013B**

Ladies and Gentlemen:

We have acted as counsel for you as the underwriters of the securities described above (the "Securities"), issued under and pursuant to orders (the "Orders") of the Collin County, Texas (the "County"), authorizing the issuance of the Securities, which Securities you are purchasing pursuant to a Purchase Contract, dated June 3, 2013. All capitalized undefined terms used herein shall have the meaning set forth in the Purchase Contract.

In connection with this opinion letter, we have considered such matters of law and of fact, and have relied upon such certificates and other information furnished to us, as we have deemed appropriate as a basis for our opinion set forth below. We are not expressing any opinion or views herein on the authorization, issuance, delivery, validity of the Securities and we have assumed, but not independently verified, that the signatures on all documents and Securities that we have examined are genuine.

Based on and subject to the foregoing, we are of the opinion that, under existing laws, the Securities are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Orders are not required to be qualified under the Trust Indenture Act of 1939, as amended.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters, and because of the wholly or partially nonlegal character of many of the determinations involved in the preparation of the Official Statement dated June 3, 2013 (the "Official Statement") and because the information in the Official Statement under the headings "THE OBLIGATIONS - Book-Entry-Only System," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" and Appendices A, B and C thereto were prepared by others who have been engaged to review or provide such information, we are not passing on and do not assume any responsibility for, except as set forth in the last sentence of this paragraph, the accuracy, completeness or fairness of the statements

contained in the Official Statement (including any appendices, schedules and exhibits thereto) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. In the course of our review of the Official Statement, we had discussions with representatives of the County regarding the contents of the Official Statement. In the course of our participation in the preparation of the Official Statement as your counsel, we had discussions with representatives of the County, Bond Counsel and Financial Advisor, regarding the contents of the Official Statement. In the course of such activities, no facts came to our attention that would lead us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein, the information set forth under the headings "THE OBLIGATIONS - Book-Entry-Only System," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" and Appendices A, B and C thereto, as to which we express no opinion), as of its date contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This opinion letter may be relied upon by only you and only in connection with the transaction to which reference is made above and may not be used or relied upon by any other person for any purposes whatsoever without our prior written consent.

Respectfully,

McCall, Parkhurst & Hontela L.L.P.