# TRANSCRIPT OF PROCEEDINGS
# RELATING TO

# COLLIN COUNTY, TEXAS
# LIMITED TAX REFUNDING AND IMPROVEMENT BONDS
# SERIES 2015

**Dated: July 1, 2015**

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**COLLIN COUNTY, TEXAS**
**LIMITED TAX REFUNDING AND IMPROVEMENT BONDS,**
**SERIES 2015**

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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 15, 2015, at the Collin County Administration Building located at 2300 Bloomdale Road, McKinney, Texas, and the roll was called of the duly constituted and acting members of the Commissioners Court, to wit:

Keith Self, County Judge
Susan Fletcher, 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, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, LIMITED TAX PERMANENT IMPROVEMENT AND REFUNDING BONDS, SERIES 2015 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $3,865,000; PROVIDING FOR THE AWARD OF THE SALE THEREOF IN ACCORDANCE WITH SPECIFIED PARAMETERS; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT; 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 July 9th, 2015.

Stacey Kemp

County Clerk, Collin County, Texas



ORDER

AUTHORIZING THE ISSUANCE OF

COLLIN COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT
AND REFUNDING BONDS
SERIES 2015

Adopted: June 15, 2015

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AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, LIMITED TAX PERMANENT IMPROVEMENT AND REFUNDING BONDS, SERIES 2015 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $3,865,000; PROVIDING FOR THE AWARD OF THE SALE THEREOF IN ACCORDANCE WITH SPECIFIED PARAMETERS; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, there are presently outstanding certain obligations of Collin County, Texas (the "County"), described on Schedule I attached hereto and incorporated herein by reference for all purposes (collectively, the "Refunded Bond Candidates"), which are secured by and payable from ad valorem taxes levied, assessed and collected, within the limit prescribed by law, on property within the County in an amount sufficient to pay principal of and interest on such bonds as they become due; and

WHEREAS, it is intended that all or a portion of the Refunded Bond Candidates shall be designated as Refunded Bonds (as hereinafter defined) in the Pricing Certificate (as hereinafter defined) executed under this order and shall be refunded pursuant to this Order and the Pricing Certificate; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the County to issue refunding bonds for the purpose of refunding or defeasing the Refunded Bonds in advance of their maturities, and to accomplish such refunding or defeasance by depositing directly with a paying agent for the Refunded Bonds (or other qualified escrow agent), the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, the County desires to authorize the execution of one or more escrow agreements in order to provide for the deposit of proceeds of the refunding bonds and, to the extent specified pursuant hereto, other lawfully available funds of the County, to pay the redemption price of the Refunded Bonds when due; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the orders authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased; and

WHEREAS, the Commissioners Court of Collin County (the "Commissioners Court") hereby finds and determines that the issuance and delivery of the refunding bonds hereinafter authorized is in the public interest and the use of the proceeds in the manner herein specified constitutes a valid public purpose; and

WHEREAS, the Commissioners Court hereby finds and determines that the refunding contemplated in this Order will benefit the County by allowing it to restructure its debt and providing a present value savings in the debt service payable by the County, and that such benefit is sufficient consideration for the refunding of the Refunded Bonds; and

WHEREAS, in addition to the refunding bonds, the Commissioners Court intends to issue permanent improvement bonds to finance improvements within the County which the Commissioners Court determines are necessary; and

WHEREAS, the permanent improvement 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 authorized to be 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 Authorized to be Issued | Unissued Balance |
|---|---|---|---|---|---|
| Land for Park and Open Space Purposes Including Joint County-City Projects | 11/06/07 | $17,000,000 | $12,400,000 | $2,300,000[1] | $2,300,000[2] |
| Adult and Juvenile Detention Facilities Including Court Facilities | 11/06/07 | 76,300,000 | 30,500,000 | -0- | $45,800,000 |
| Total | | $93,300,000 | $42,900,000 | $2,300,000[1] | $48,100,000[2] |

[1] Includes any premium generated on the Bonds and allocated to voted authorization.
[2] Unless otherwise designated in the Pricing Certificate.

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

WHEREAS, the County has a principal amount of at least $100,000,000 in a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued, and some amount of such long-term indebtedness is rated in one of the four highest rating categories

for long-term debt instruments by a nationally recognized rating agency for municipal securities without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation, and therefore qualifies as an "Issuer" under Section 1371(4)(P) of Chapter 1371 of the Texas Government Code, as amended ("Chapter 1371"); and

WHEREAS, pursuant to Chapters 1207 and 1371, the County desires to delegate the authority to effect the sale of the Bonds from time to time to the Authorized Officer; 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:

"Authorized Officer" means the County Judge or County Administrator.

"Bond" means any of the Bonds.

"Bonds" means the County's bonds entitled "Collin County, Texas, Limited Tax Permanent Improvement and Refunding Bonds, Series 2015" 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.

"Dated Date" means the date designated as the date of the Bonds in the Pricing Certificate.

"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., unless a different Escrow Agent is designated in the Pricing Certificate.

"Escrow Agreement" means the escrow agreement by and between the County and the Escrow Agent.

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

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

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

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

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

"Order" means 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, N.A., Dallas, Texas, or any successor thereto as provided in this Order.

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

"Pricing Certificate" means a certificate or certificates to be signed by the Authorized Officer.

"Project Fund" means the Project Fund established by Section 8.01(a).

"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 those Underwriter(s) designated in the Pricing Certificate.

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

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

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

Section 1.05. Interpretation.

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

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

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

## ARTICLE II

## SECURITY FOR THE BONDS

Section 2.01. Tax Levy for Payment of the Bonds.

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

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

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

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

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

## ARTICLE III

## AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization. The County's bonds to be designated "Collin County, Texas, Limited Tax Permanent Improvement and Refunding Bonds, Series 2015," or such other title as may be specified in the Pricing Certificate, are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including Chapters 1207 and 1371, Texas Government Code, as amended, and Chapter 331, Texas Local

Government Code, as amended. The Bonds shall be issued as set forth in the Pricing Certificate (i) in an aggregate principal amount not to exceed $2,300,000 to acquire and improve land for park and open space purposes, including joint county-city projects and to pay the costs of issuance of the Bonds and (ii) in an aggregate principal amount not to exceed $1,565,000 for the purposes of refunding the Refunded Bonds and to pay the costs of issuance of the Bonds. The total principal amount of the Bonds to be issued shall not exceed $3,865,000.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall be dated the Dated Date as set forth in the Pricing Certificate, 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 Pricing Certificate:

(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 Dated Date, unless otherwise provided in the Pricing Certificate, 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 Pricing Certificate. Such interest shall be payable semiannually commencing on February 15, 2016, or such other date specified in the Pricing Certificate, 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 Underwriter registered definitive Bonds as described in Section 3.10(a). To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.05. Ownership.

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

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

Section 3.06. Registration, Transfer and Exchange.

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

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

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

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

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

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

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

Section 3.08. Temporary Bonds.

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

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

(c) The County, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and

surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Bonds.

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

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

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

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

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

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

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

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its

discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

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

Section 3.10. Book-Entry Only System.

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

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

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

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

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

## ARTICLE IV

## 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 and the Pricing Certificate.

Section 4.02. Optional Redemption.

(a) The Bonds shall be subject to redemption at the option of the County at such times, in such amounts, in such manner and at such redemption prices as may be designated and provided for in the Pricing Certificate.

(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 designated as term bonds in the Pricing Certificate (the "Term Bonds"), if any, 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 in the Pricing Certificate.

(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 United States mail, first class, 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 at the close of business on the Business Day next preceding the date of mailing such notice.

(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 4.05 of this Order and subject, in the case of an optional redemption under Section 4.02, to any conditions or rights reserved by the County under Section 4.08, 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 its obligation to make provision for 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 called for redemption 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 or the Authorized Officer, and the County Judge, County Clerk and/or the Authorized Officer 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.

(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 reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated (i) forty-five (45) days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided, that, no such termination shall be effective until a successor paying agent/registrar has assumed the duties of paying agent/registrar for the Bonds.

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 the Pricing Certificate, 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, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order and the Pricing Certificate:

(a) Form of Bond

REGISTERED
No. R-_____

REGISTERED
$_____

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT
AND REFUNDING BOND
SERIES 2015[1]

| INTEREST RATE: | MATURITY DATE: | DATED DATE: | CUSIP NUMBER: |
|---|---|---|---|
| _____% | February 15, ____ | _____, 2015[2] | _____ ___ |

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 Dated 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 _____, 2016.[3]

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

[1] Insert from Pricing Certificate.
[2] Insert from Pricing Certificate.
[3] Insert from Pricing Certificate.

of, the person to whom interest is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date"), which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing such notice.

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

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of $_____[4] (herein referred to as the "Bonds") pursuant to a certain order of the Commissioners Court of the County (the "Order") for the public purpose of providing funds to (i) acquire and improve land for park and open space purposes, including joint county–city projects, (ii) refund certain outstanding limited tax obligations of the County, and (iii) pay the costs of issuance related to the Bonds.

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

The County has reserved the option to redeem the Bonds maturing on or after February 15, 20__,[5] in whole or in part, before their respective scheduled maturity dates, on February 15, 20__,[6] 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.

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[4] Insert from Pricing Certificate.
[5] Insert from Pricing Certificate.
[6] Insert from Pricing Certificate.

The Bonds maturing on February 15, 20__[7] (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.

$_____$ Term Bonds Maturing February 15, __[8]

| Year[9] | Amount[10] |
|---|---|
| February 15, 20__ | |
| February 15, 20__ (maturity) | |

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.

In the Order, the County reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or

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[7] Insert from Pricing Certificate.
[8] Insert from Pricing Certificate.
[9] Insert from Pricing Certificate.
[10] Insert from Pricing Certificate.

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.

Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the county in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

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

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

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

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

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

County Clerk, Collin County

County Judge, Collin County

[SEAL]

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

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

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

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

Comptroller of Public Accounts
of the State of Texas

[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:

| Years | Principal Installments | Interest Rates |
|---|---|---|

(Information to be inserted from the Pricing Certificate); 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 shall be sold to the Underwriters in one or more series or subseries from time to time in accordance with the terms of this Order. As authorized by Chapters 1207 and 1371, Texas Government Code, the Authorized Officer is hereby authorized to act on behalf of the County in selling and delivering the Bonds and in carrying out the other procedures specified in this Order, including determining the price at which each of the Bonds will be sold, the number and designation of each series or subseries of Bonds to be issued, from time to time, whether such Bonds shall be issued as new money bonds, refunding bonds and/or combination new money and refunding bonds, the form in which the Bonds shall be issued, the years and dates on which the Bonds will mature, the principal amount to mature in each of such years, the selection of the specific maturities or series of Refunded Bonds from the list of Refunded Bond Candidates, the aggregate principal amount of Refunded Bonds, the aggregate principal amount of Bonds to be issued by the County, the rate of interest to be borne by each maturity of the

Bonds, the Interest Payment Dates, the dates, prices and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the County and shall be subject to mandatory sinking fund redemption, retaining the verification agent, and all other matters relating to the issuance, sale and delivery of the Bonds and the refunding of the Refunded Bonds, all of which shall be specified in the Pricing Certificate; subject to the following conditions:

(i) the refunding of the Refunded Bonds shall produce a total net present value debt service savings of at least 3.50% of the principal amount of the Refunded Bonds;

(ii) the aggregate principal amount, including any premium generated on the Bonds and allocated to voted authorization, to be issued for the purposes described in Section 3.01(i) hereof, shall not exceed $2,300,000;

(iii) the new money Bonds authorized to be issued pursuant to Section 3.01(i) hereof shall mature not later than February 15, 2035;

(iv) the refunding Bonds authorized to be issued pursuant to Section 3.01(ii) hereof shall mature not later than the final maturity date of the Refunded Bonds being refunded;

(v) the Bonds shall not bear interest at a true interest cost greater than 3.85%; and

(vi) the Bonds, to the extent required by Chapter 1371, must have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations.

The Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the County one or more Purchase Contracts, providing for the sale of the Bonds to the Underwriters, in such form as determined by the Authorized Officer. The Authorized Officer is hereby authorized and directed to approve the final terms and provisions of each Purchase Contract in accordance with the terms of the Pricing Certificate and this Order, which final terms shall be determined to be the most advantageous reasonably attainable by the County, such approval and determination being evidenced by its execution thereof by the Authorized Officer. All officers, agents and representatives of the County are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds. The Initial Bonds shall initially be registered in the name of the Underwriter named in the Pricing Certificate as the Representative (the "Representative"), or its designee, or such other entity as may be specified in the Purchase Contract.

(b) The authority granted to the Authorized Officer under Section 7.01(a) shall expire on a date 60 days from the date of this Order, unless otherwise extended by the Commissioners Court by separate action.

(c) The County hereby approves the preparation and distribution of one or more Preliminary Official Statements for use in the initial offering and sale of the Bonds and each such Preliminary Official Statement is confirmed (in the form and with such addenda, supplements or

amendments as may be approved by the Authorized Officer and the Underwriters) as deemed final within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities and Exchange Act of 1934. The County hereby authorizes the preparation of a final Official Statement reflecting the terms of the Purchase Contract and other relevant information. The use of such final Official Statement by the Underwriters (in the form and with such appropriate variations as shall be approved by the Authorized Officer and the Underwriters) is hereby approved and authorized and the proper officials of the County are authorized to sign such Official Statement. 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.

(d) 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.

(e) 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 Authorized Officer or 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 Authorized Officer or County Judge, against receipt by the County of all amounts due to the County under the terms of sale.

## ARTICLE VIII

## CREATION OF FUNDS AND ACCOUNTS; DEPOSIT OF PROCEEDS; INVESTMENTS

Section 8.01. Creation of Funds.

(a) The County hereby establishes the following special funds or accounts, which may be renamed as appropriate in the Pricing Certificate:

(i) Collin County, Texas, Limited Tax Permanent Improvement and Refunding Bonds, Series 2015, Interest and Sinking Fund; and

(ii) Collin County, Texas, Limited Tax Permanent Improvement and Refunding Bonds, Series 2015, Project Fund.

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

Section 8.02. Interest and Sinking Fund.

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

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

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

Section 8.03. Project Fund.

(a) Money on deposit in the Project 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 Project Fund after the accomplishment of the purposes for which the Bonds are hereby issued, including investment earnings of the Project Fund, shall be deposited into the Interest and Sinking Fund.

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. The proceeds from the sale of the Bonds shall be deposited as set forth in the Pricing Certificate.

Section 8.06. Investments.

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

(b) Any securities or obligations in which money is invested pursuant to Section 8.06(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. While any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay the interest on and the principal of the Bonds, as applicable, as will accrue or mature on each applicable Interest Payment Date.

Section 9.02. Other Representations and Covenants.

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

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

Section 9.03. Federal Income Tax Exclusion.

(a) General. The County intends that the interest on the Bonds will 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 Treasury 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 (i) 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 or (ii) result in the violation of

or failure to satisfy any provision of section 103 and 141 through 150 of the Code and the applicable Regulations. 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 will 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 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. Moreover, 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 Refunded Bonds have not been and 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.

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

(d) No Hedge Bonds. The County covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowing omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be "hedge bonds" within the meaning of Section 149(g) of the Code and the applicable Regulations thereunder. Moreover, the County will certify, through an authorized officer, employee or agent, based upon all facts and circumstance known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Refunded Bonds have not been used in a manner that would cause the Refunded Bonds or the Bonds to be "hedge bonds" within the meaning of Section 149(g) of the Code and the applicable Regulations thereunder.

(e) No Arbitrage. The County covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, 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 Refunded Bonds have not been and the proceeds of the Bonds will not be

used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(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) determine at such times as are required by the applicable Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under 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 applicable Regulations.

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

(i) Registration. The Bonds will be issued in registered form.

(j) Deliberate Action. The County will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to fail to meet any requirement of section 141 of the Code after the issue date of the Bond unless an appropriate remedial action is

permitted by section 1.141-12 of the Regulations and a Counsel's Opinion is obtained that such remedial action cures any failure to meet the requirements of section 141 of the Code.

(k) 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 for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

## 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, (1) within six months after the end of each fiscal year of the County, financial information and operating data with respect to the County of the general type included in the final Official Statement, being information of the type described in Exhibit A, including financial statements of the County if audited financial statements of the County are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the County, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A or such other accounting principles as the County may be required to employ, from time to time, by State law or regulation, 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 12 months after any such fiscal year end, then the County shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

(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) All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format

and be accompanied by identifying information prescribed by the MSRB. 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) available to the public on the MSRB's Internet Web site 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;[11]

[11] For these purposes, any event described in the immediately preceding clause (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has

(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.

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

Section 12.04. Limitations, Disclaimers and Amendments.

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

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

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

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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 of business of the County.

ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

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

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

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

## ARTICLE XIII

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

Section 13.01. Subscription for Securities. The Authorized Officer is authorized to make necessary arrangements for and to execute such documents and agreements in connection with the purchase of the Escrow Securities required by and referenced in the Escrow Agreement, if any, as may be necessary for the Escrow Fund and the application for the acquisition of the Escrow Securities is hereby approved and ratified.

Section 13.02. Appointment of Escrow Agent; Approval of Escrow Agreement; Deposit with Paying Agent for Refunded Bonds. The Authorized Officer is hereby authorized to select and appoint the Escrow Agent for the Bonds, if any, and the Escrow Agent shall be designated in the Pricing Certificate. The Authorized Officer is hereby authorized to execute and deliver, or cause the execution and delivery by the County Judge and County Clerk, an Escrow Agreement, having such terms and provisions as are approved by the Authorized Officer as evidenced by his

execution thereof or the execution thereof by other appropriate County officials. Alternatively, the Authorized Officer may elect to deposit directly with the paying agent for the Refunded Bonds the proceeds of the Bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds.

Section 13.03. Payment of Refunded Bonds; Redemption of Refunded Bonds. Following the deposit to the Escrow Fund or with the paying agent for the Refunded Bonds as herein specified, the Refunded Bonds shall be payable solely from and secured by the cash and securities on deposit in the Escrow Fund or such other fund held by the paying agent for the Refunded Bonds for the purpose of refunding the Refunded Bonds and shall cease to be payable from ad valorem taxes, firm banking and financial arrangements having been made for the discharge and final payment or redemption of the Refunded Bonds pursuant to Chapter 1207. The Refunded Bonds are hereby called for redemption prior to maturity on the dates and at the redemption prices set forth in the Pricing Certificate. The Authorized Officer or County Clerk are hereby authorized and directed to cause to be delivered to the paying agent/registrar for the Refunded Bonds a certified copy of this Order calling the Refunded Bonds for redemption and a copy of the Pricing Certificate. The delivery of this Order and the Pricing Certificate to the paying agent for the Refunded Bonds shall constitute the giving of notice of redemption to the paying agent for the Refunded Bonds and such paying agent is hereby authorized and directed to give notice of redemption to the owners of the Refunded Bonds in accordance with the requirements of the order(s) authorizing the issuance thereof.

## ARTICLE XIV

## MISCELLANEOUS

Section 14.01. Changes to Order. The County Judge and the County Administrator, in consultation with Bond Counsel, are 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 15, 2015.

County Judge, Collin County, Texas

ATTEST:

County Clerk, Collin County, Texas

[SEAL]




*Signature Page for Bond Order*

## SCHEDULE I

## SCHEDULE OF REFUNDED BOND CANDIDATES

The Authorized Officer may select the specific maturities and series of bonds constituting the Refunded Bonds from the following series of the County's outstanding bonds:

Limited Tax Refunding and Permanent Improvement Bonds, Series 2007

## 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, unless otherwise specifically identified in the Pricing Certificate, 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.

## PRICING CERTIFICATE

Re: $3,675,000 Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Limited Tax Bonds")

I, the undersigned Authorized Officer of Collin County, Texas (the "County"), do hereby make and execute this Pricing Certificate pursuant to an order adopted by the Commissioners Court of the County on June 15, 2015 (the "Order") captioned as follows:

> AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, LIMITED TAX PERMANENT IMPROVEMENT AND REFUNDING BONDS, SERIES 2015 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $3,865,000; PROVIDING FOR THE AWARD OF THE SALE THEREOF IN ACCORDANCE WITH SPECIFIED PARAMETERS; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

authorizing the issuance of the referenced Limited Tax Bonds. Capitalized terms used in this Pricing Certificate shall have the meanings given such terms in the Order.

### Limited Tax Refunding and Improvement Bonds, Series 2015

1. As authorized by Section 7.01 of the Order, I am acting on behalf of the County in selling the Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015 to Citigroup Global Markets, Inc. (the "Representative"), acting on its own behalf and as representative of Estrada Hinojosa & Company, Inc. (collectively, the "Underwriters"), pursuant to the terms of a Purchase Contract (as more specifically described in Section 4 herein), authorized pursuant to Section 7.01 of the Order, for the sum of $3,798,231.18 (representing a principal amount of $3,675,000, plus a net premium of $144,653.15, less an underwriting discount of $21,421.97) and having the following terms, conditions and provisions, all as authorized pursuant to Section 7.01 of the Order:

A. The Limited Tax Bonds shall be issued in the aggregate principal amount of $3,675,000 and shall be dated as of July 1, 2015 (the "Bond Date").

B. The Limited Tax Bonds shall accrue interest from the Closing Date (as defined below). The Limited Tax Bonds shall mature on February 15 in the years and in the principal amounts set forth below and shall bear interest payable on February 15 and August 15 of each year, commencing February 15, 2016, at the rates set forth below:

| Years | Principal Amount | Interest Rate | Years | Principal Amount | Interest Rate |
|---|---|---|---|---|---|
| 2016 | $ 105,000 | 2.000% | 2026 | $ 265,000 | 4.000% |
| 2017 | 100,000 | 2.000% | 2027 | 280,000 | 3.000% |
| 2018 | 210,000 | 2.000% | 2028 | 120,000 | 3.125% |
| 2019 | 210,000 | 2.000% | 2029 | 125,000 | 3.250.% |
| 2020 | 220,000 | 2.000% | 2030 | 130,000 | 3.375% |
| 2021 | 220,000 | 2.000% | 2031 | 135,000 | 3.500% |
| 2022 | 230,000 | 4.000% | 2032 | 140,000 | 3.500% |
| 2023 | 235,000 | 4.000% | *** | *** | *** |
| 2024 | 245,000 | 4.000% | 2035 | 450,000 | 3.625% |
| 2025 | 255,000 | 4.000% | | | |

C. The County reserves the right to redeem the Limited Tax Bonds maturing on or after February 15, 2026, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, before their scheduled maturity date, on February 15, 2025 or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. If less than all of the Limited Tax Bonds are to be redeemed, the County shall determine the amount thereof to be redeemed, and shall direct the Paying Agent/Registrar to call by lot the Limited Tax Bonds, or portions thereof, for redemption.

D. The Limited Tax Bonds maturing on February 15, 2035 (the "Limited Tax Term Bonds"), are subject to mandatory sinking fund redemption in the amounts and at prices of par plus accrued interest to the redemption date on February 15, in the following years:

$450,000 Limited Tax Term Bond Maturing February 15, 2035

| Year | Principal Amount |
|---|---|
| 2033 | $145,000 |
| 2034 | 150,000 |
| 2035 (maturity) | 155,000 |

E. The Refunded Bonds to be refunded and/or defeased through the issuance of the Bonds are designated and described in **Schedule I** attached hereto. The Refunded Bonds are hereby called for redemption and shall be redeemed on the redemption dates therefore specified on **Schedule I** at redemption prices equal to the principal amount thereof plus interest accrued thereon to the respective redemption dates. Notices of redemption shall be given by the paying agent/registrar for the Refunded Bonds at the times and in the manner set forth in the orders authorizing the issuance thereof.

F. As shown in the savings schedule attached hereto as **Exhibit A**, the refunding of the Refunded Bonds results in a net present value debt service savings of approximately $106,860.01 representing a net present value debt service savings of approximately 7.857354% of the principal amount of the Refunded Bonds.

G. The Limited Tax Bonds have a scheduled closing date of August 18, 2015 (the "Closing Date").

H. In accordance with the parameters contained in Section 7.01 of the Order, the undersigned does hereby find, certify and represent that the foregoing terms of the Limited Tax Bonds satisfy the following requirements and parameters contained within such Section 7.01:

(i) the refunding of the Refunded Bonds produces a total net present value debt service savings of at least 3.50% of the principal amount of the Refunded Bonds;

(ii) the aggregate principal amount of the new money Limited Tax Bonds to be issued for the purposes described in Section 3.01(i) is $2,295,000, which together with the net premium allocated to voted authorization of $5,000, does not exceed the limits described in Section 3.01(i) ($2,300,000);

(iii) the new money Limited Tax Bonds authorized to be issued pursuant to Section 3.01(i) do not mature later than February 15, 2035;

(iv) the refunding Limited Tax Bonds authorized to be issued pursuant to Section 3.01(ii) hereof do not mature later than the final maturity date of the Refunded Bonds being refunded;

(v) the Limited Tax Bonds bear interest at a true interest cost of 2.463232%, which is not greater than 3.85%;

(vi) the aggregate principal amount of the refunding Limited Tax Bonds is $1,380,000, which is less than $1,565,000 as required by Section 3.01(ii) of the Order and the total principal amount of the Limited Tax Bonds does not exceed $3,865,000; and

(vii) the Limited Tax Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations.

2. Proceeds from the sale of the Limited Tax Bonds shall be applied as follows:

A. The amount of $1,447,100.52, representing $1,380,000 of principal and $67,100.52 of net premium on the Limited Tax Bonds shall be deposited to the Escrow Fund, which amount shall be applied as provided in the Escrow Agreement for the refunding of the Refunded Bonds.

B. The amount of $2,300,000, representing $2,295,000 of principal and $5,000 of net premium on the Bonds allocated to voted authorization, shall be deposited to the Project Fund for the purposes set out in Section 3.01(i) of the Order.

C. Premium received on the Bonds in the amount of $51,130.66 shall be used to pay the costs of issuing the Limited Tax Bonds. To the extent any such sum is not used for such purpose, such excess shall be deposited to the Interest and Sinking Fund.

3. The Limited Tax Bonds shall be issued substantially in the form attached hereto as **Exhibit B**.

4. The Limited Tax Bonds authorized and approved by the Order are hereby sold by the County to the Underwriters acting in accordance with the bond purchase contract (the "Purchase Contract"), dated July 8, 2015, attached hereto as **Exhibit C** and incorporated herein by reference as a part of the Pricing Certificate for all purposes. The terms of the Purchase Contract are hereby determined to be the most advantageous reasonably attainable by the County. The Authorized Officer, as authorized and directed in the Order to execute said Purchase Contract for and on behalf of the County and as the act and deed of the Commissioners Court of the County (the "Commissioners Court"), has so executed such Purchase Contract as the Commissioner Court's act and deed. The representations, warranties, and agreements of the County contained therein are true and correct in all material respects and shall be honored and performed by the County.

5. The use of the Preliminary Official Statement by the Underwriters in connection with the public offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects. The final Official Statement, being a modification and amendment of the Preliminary Official Statement to reflect the terms of sale (together with such changes approved by the Authorized Officer, or any one or more of said officials), shall be and is hereby in all respects approved and the Underwriters may and shall use and distribute said final Official Statement, dated July 8, 2015, in the reoffering, sale and delivery of the Bonds to the public.

6. In accordance with Article XII of the Order, the information to be provided pursuant to the Rule shall include the financial information and operating data with respect to the County as identified in Article XII and Exhibit A to the Order.

7. The Bank of New York Mellon Trust Company, N.A. is hereby designated as the Escrow Agent for the Bonds and the Escrow Agreement attached hereto as **Exhibit D** and incorporated herein by reference is hereby approved.

8. The County does not reserve the right to issue any additional bonds in the future pursuant to the Order.

Executed this 8th day of July, 2015.

**AUTHORIZED OFFICER**

By: _____

## SCHEDULE I

### Schedule of Refunded Bonds

(See Attached)

## SUMMARY OF BONDS REFUNDED

**Collin County, Texas**
**$3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015**
**Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)**
***** Final Numbers *****

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|---|---|---|---|---|---|
| $2,190,000 Limited Tax Permanent Improvement Bonds, Series 2007, 2007: | | | | | |
| SERIAL | 02/15/2018 | 4.000% | 110,000.00 | 02/15/2017 | 100.000 |
| | 02/15/2019 | 4.200% | 115,000.00 | 02/15/2017 | 100.000 |
| | 02/15/2020 | 4.250% | 120,000.00 | 02/15/2017 | 100.000 |
| | 02/15/2021 | 4.300% | 125,000.00 | 02/15/2017 | 100.000 |
| | 02/15/2022 | 4.350% | 130,000.00 | 02/15/2017 | 100.000 |
| TERM27 | 02/15/2027 | 5.000% | 760,000.00 | 02/15/2017 | 100.000 |
| | | | 1,360,000.00 | | |



Schedule I-2

**EXHIBIT A**

**SAVINGS SCHEDULE**

(See Attached)

## SUMMARY OF REFUNDING RESULTS

Collin County, Texas
$3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015
Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)
*** Final Numbers ***

| | |
|---|---|
| Dated Date | 08/18/2015 |
| Delivery Date | 08/18/2015 |
| Arbitrage yield | 2.930380% |
| Escrow yield | 0.377541% |
| Value of Negative Arbitrage | 52,170.74 |
| | |
| Bond Par Amount | 1,380,000.00 |
| True Interest Cost | 2.463232% |
| Net Interest Cost | 2.570445% |
| All-In TIC | 2.628400% |
| Average Coupon | 3.407543% |
| Average Life | 7.118 |
| | |
| Par amount of refunded bonds | 1,360,000.00 |
| Average coupon of refunded bonds | 4.798019% |
| Average life of refunded bonds | 7.385 |
| | |
| PV of prior debt to 08/18/2015 @ 2.628400% | 1,553,960.53 |
| Net PV Savings | 106,860.01 |
| Percentage savings of refunded bonds | 7.857354% |



Exhibit A-2

## SAVINGS

**Collin County, Texas**
**$3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015**
**Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)**
***** Final Numbers *****

| Date | Prior Debt Service | Refunding Debt Service | Savings |
|---|---|---|---|
| 09/30/2016 | 63,360.00 | 62,640.00 | 720.00 |
| 09/30/2017 | 63,360.00 | 52,700.00 | 10,660.00 |
| 09/30/2018 | 171,160.00 | 161,400.00 | 9,760.00 |
| 09/30/2019 | 171,545.00 | 159,000.00 | 12,545.00 |
| 09/30/2020 | 171,580.00 | 161,550.00 | 10,030.00 |
| 09/30/2021 | 171,342.50 | 159,050.00 | 12,292.50 |
| 09/30/2022 | 170,827.50 | 160,200.00 | 10,627.50 |
| 09/30/2023 | 169,625.00 | 159,900.00 | 9,725.00 |
| 09/30/2024 | 172,625.00 | 159,400.00 | 13,225.00 |
| 09/30/2025 | 170,250.00 | 158,700.00 | 11,550.00 |
| 09/30/2026 | 172,500.00 | 157,800.00 | 14,700.00 |
| 09/30/2027 | 174,250.00 | 162,400.00 | 11,850.00 |
| | 1,842,425.00 | 1,714,740.00 | 127,685.00 |

**Savings Summary**

| | |
|---|---|
| Savings PV date | 08/18/2015 |
| Savings PV rate | 2.628400% |
| PV of savings from cash flow | 106,860.01 |
| Net PV Savings | 106,860.01 |



Exhibit A-3

## EXHIBIT B

## FORMS OF BONDS

The form of Limited Tax 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 Limited Tax Bonds, shall be substantially as follows:

(a) Form of Limited Tax Bond

REGISTERED
No. R-_____

REGISTERED
$_____

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| _____% | February 15, ____ | August 18, 2015 | _____ ___ |

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 Closing 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, 2016.

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, dated July 1, 2015, is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of $3,675,000 (herein referred to as the "Bonds") pursuant to a certain order of the Commissioners Court of the County (the "Order") for the public purpose of providing funds (i) to acquire and improve land for park and open space purposes, including joint county–city projects, (ii) to refund certain outstanding limited tax obligations of the County, and (iii) pay the costs of issuance related to the Bonds.

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

The County has reserved the option to redeem the Bonds maturing on or after February 15, 2026, in whole or in part, before their respective scheduled maturity dates, on February 15, 2025, 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, 2035 (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.

$450,000 Term Bonds Maturing February 15, 2035

| Year | Principal Amount |
|---|---|
| 2033 | $145,000 |
| 2034 | 150,000 |
| 2035 (maturity) | 155,000 |

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.

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

redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the County to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the county in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

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

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

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

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

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

County Clerk, Collin County

County Judge, Collin County

[SEAL]

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

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

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

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

Comptroller of Public Accounts
of the State of Texas

[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:

A. 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;

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

| Years | Principal Installments | Interest Rates |
|---|---|---|

(Information to be inserted from the Pricing Certificate); and

C. the Initial Bond shall be numbered T-1.

**EXHIBIT C**

**BOND PURCHASE CONTRACT**

(See Tab 4)

**EXHIBIT D**

**ESCROW AGREEMENT**

(See Tab 5)

# ORDER

## AUTHORIZING THE ISSUANCE OF

**$2,190,000**
**COLLIN COUNTY, TEXAS**
**LIMITED TAX PERMANENT IMPROVEMENT BONDS**
**SERIES 2007**

**Dated: February 1, 2007**

**Adopted: February 13, 2007**

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AN ORDER OF THE COMMISSIONERS COURT OF COLLIN COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF COLLIN COUNTY, TEXAS, LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2007, IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,190,000; 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 permanent improvement 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

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

| Purpose | Amount Voted | Amount Previously Issued | Amount Being Issued | Unissued Balance |
|---|---|---|---|---|
| Land for Park and Open Space Purposes Including Joint County-City Projects | $11,000,000 | $6,600,000 | $2,200,000* | $2,200,000 |

* Includes premium in the amount of $10,000 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 in a single series at this time; and

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

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

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

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

"Bond" means any of the Bonds.

"Bonds" means the County's bonds entitled "Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2007" authorized to be issued by Section 3.01.

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

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

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

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

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

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

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

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

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

"Interest Payment Date" means the date or dates upon which interest on the Bonds is scheduled to be paid until the maturity of the Bonds, such dates being February 15 and August 15 of each year commencing February 15, 2008.

"Order" means this Order.

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

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

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

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

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

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

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

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

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

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

"Underwriters" means, JPMorgan Securities, Inc., Piper Jaffray & Co. and Prager, Sealy & Co, 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, within the limit prescribed by law, to pay such debt service requirements, full allowance being made for delinquencies and costs of collection.

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

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

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

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

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization. The County's bonds to be designated "Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2007," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including Chapter 331, Texas Local Government Code, as amended, in the aggregate principal amount of $2,190,000 for the public purpose of providing funds (i) for park purposes, to-wit for the purpose of acquiring and improving land for park and open space purposes, including joint county-city projects and (ii) to pay costs of issuance associated with the sale of the Bonds.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest. (a) The Bonds shall be dated February 1, 2007, 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

| Year | Principal Amount | Interest Rate | Year | Principal Amount | Interest Rate |
|---|---|---|---|---|---|
| 2008 | $ 20,000 | 4.250% | 2016 | $ 100,000 | 4.250% |
| 2009 | 75,000 | 4.250% | 2017 | 105,000 | 4.250% |
| 2010 | 80,000 | 4.250% | 2018 | 110,000 | 4.000% |
| 2011 | 80,000 | 4.250% | 2019 | 115,000 | 4.200% |
| 2012 | 85,000 | 4.250% | 2020 | 120,000 | 4.250% |
| 2013 | 90,000 | 4.250% | 2021 | 125,000 | 4.300% |
| 2014 | 95,000 | 4.250% | 2022 | 130,000 | 4.350% |
| 2015 | 100,000 | 4.250% | | | |

Term Bonds

| Year | Principal Amount | Interest Rate |
|---|---|---|
| 2027 | $760,000 | 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,

2008 and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

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

(b) Interest on the Bonds shall be payable to the Owners whose names appear in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be at least 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

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

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

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

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

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

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

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

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

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

Section 3.05. Ownership. (a) The County, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that interest is to be paid to the person in whose name the Bond

is registered on the Record Date), and for all other purposes, whether or not such Bond is overdue, and neither the County nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

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

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

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

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

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

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

(f) Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond so selected for redemption, in whole or in part, when such redemption is scheduled to occur within 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, 2018, 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, 2017, 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 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 in the following schedule:

Term Bonds Maturing February 15, 2027

| Redemption Date | Principal Amount |
|---|---|
| February 15, 2023 | $135,000 |
| February 15, 2024 | 145,000 |
| February 15, 2025 | 150,000 |
| February 15, 2026 | 160,000 |
| February 15, 2027(maturity) | 170,000 |

(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) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 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.

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 4.05 of this Order, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the County defaults in the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

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

## ARTICLE V

## PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar. (a) The County hereby appoints The Bank of New York Trust Company, 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

COLLIN COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT BOND
SERIES 2007

| INTEREST RATE: | MATURITY DATE: | ORIGINAL ISSUE DATE: | CUSIP NUMBER: |
|---|---|---|---|
| _____% | February 15, ____ | February 1, 2007 | _____ |

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, 2008.

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 Trust Company, 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 $2,190,000 (herein referred to as the "Bonds") pursuant to a certain order of the Commissioners Court of the County (the "Order") for the public purpose of providing funds (i) for certain authorized public improvements as specified in the Order and (ii) to pay the costs of issuance related to the Bonds.

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

The County has reserved the option to redeem the Bonds maturing on or after February 15, 2018, in whole or in part, before their respective scheduled maturity dates, on February 15, 2017, 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.

Bonds maturing in the year 2027 (the "Term Bonds") are subject to mandatory sinking fund redemption prior to their scheduled maturity, and will be redeemed by the County, in part at a redemption price equal to the principal amount thereof plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

Term Bonds Maturing February 15, 2027

| Redemption Date | Principal Amount |
|---|---|
| February 15, 2023 | $135,000 |
| February 15, 2024 | 145,000 |
| February 15, 2025 | 150,000 |
| February 15, 2026 | 160,000 |
| February 15, 2027(maturity) | 170,000 |

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.

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

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

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

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

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

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

_____ _____

County Clerk, Collin County County Judge, Collin County

[SEAL]

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

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

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

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

_____

Comptroller of Public Accounts
of the State of Texas

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

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

THE BANK OF NEW YORK TRUST COMPANY, 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:

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

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

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

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

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

(c) All officers of the County are authorized to take such actions and to execute such documents, certificates and receipts, and to make such elections with respect to the tax-exempt status of the Bonds, as they may deem necessary and appropriate in order to consummate the delivery of the Bonds. 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. (a) The County Judge is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the County is hereby authorized and directed to issue a check of the County payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount not to exceed $9,500).

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Purchasers under and subject to the general supervision and direction of the

County Judge, against receipt by the County of all amounts due to the County under the terms of sale.

## ARTICLE VIII

## CREATION OF FUNDS AND ACCOUNTS; DEPOSIT OF PROCEEDS; INVESTMENTS

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

(i) Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2007, Interest and Sinking Fund; and

(ii) Collin County, Texas, Limited Tax Permanent Improvement Bonds, Series 2007, Construction Fund.

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

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

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

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

Section 8.03. Construction Fund. (a) Money on deposit in the Construction Fund, including investment earnings thereon, shall be used for the purposes specified in Section 3.01 (i) and (ii) 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.

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, plus premium in the amount of $1,187.45 shall be deposited to the Interest and Sinking Fund.

(b) The remaining balance received on the Closing Date (representing $2,190,000 principal amount of the Bonds plus a premium of $10,000, shall be deposited to the Construction Fund, such moneys to be dedicated and used for the purposes specified in Section 3.01(i).

(c) Premium on the Bonds in the amount of $32,000 shall be deposited to a special fund of the County to pay costs of issuance of the Bonds. Any amounts remaining after costs of issuance have been paid 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, 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. While any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay the interest on and the principal of the Bonds, as applicable, as will accrue or mature on each applicable Interest Payment Date.

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

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

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

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

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

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

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

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

(f) Arbitrage Rebate. If the County does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the County will take all necessary steps to comply with the requirement that certain amounts earned by the County on the investment of the "gross proceeds" of the Bonds (within the

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

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

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

## ARTICLE X

## DEFAULT AND REMEDIES

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

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

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

Section 10.02. Remedies for Default. (a) Upon the happening of any Event of Default, then and in every case any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the County for the purpose of protecting and enforcing the rights of the Owners under this Order, by mandamus or other suit,

action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

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

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

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

## ARTICLE XI

## DISCHARGE

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

## ARTICLE XII

## CONTINUING DISCLOSURE UNDERTAKING

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

Section 12.02. Annual Reports. (a) The County shall provide annually to each NRMSIR and to any SID, within six (6) months after the end of each fiscal year, financial information and

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

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

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

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

(i) principal and interest payment delinquencies

(ii) nonpayment related defaults;

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

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

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

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

(vii) modifications to rights of Owners;

(viii) bond calls;

(ix) defeasance;

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

(xi) rating changes.

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

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

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

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

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

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

(e) The provisions of this Article may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as

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

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

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APPROVED AND ADOPTED this February 13, 2007.

County Judge, Collin County, Texas

ATTEST:

County Clerk, Collin County, Texas

[SEAL]

COUNTY COURT OF COLLIN COUNTY, TEXAS

*Signature Page for 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**

$3,675,000
Collin County, Texas
Limited Tax Refunding and Improvement Bonds, Series 2015

July 8, 2015

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

Ladies and Gentlemen:

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

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree, jointly and severally, to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's $3,675,000 Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Bonds").

Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer acknowledges and agrees that: (i) the transaction described in by this Contract is an arm's length, commercial transaction between the Issuer and the Underwriters in which each Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction described herein and the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter has provided other services or is currently providing other services to the Issuer on other matters); (iii) each Underwriter is acting solely in its capacity as underwriter for its own account, (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction described herein expressly are set forth in this Contract; (v) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate; (vi) the Issuer recognizes that the Underwriters expect to profit from the acquisition and potential distribution of the Bonds; and (vii) the Underwriters have provided to the Issuer prior disclosures under Rule G-17

of the Municipal Securities Rulemaking Board (the "MSRB"), which have been received by the Issuer.

The Bonds are to be issued, secured and sold under the provisions of an order (the "Order") adopted by the Commissioners Court of the Issuer on June 15, 2015, and shall have the terms and features (including those with respect to price and rates) as set forth in the Pricing Certificate (as defined in the Order) (the Order and the Pricing Certificate are jointly referred to herein as the "Bond Order"). The Pricing Certificate shall be executed on behalf of the Issuer by the representative of the Issuer (the "Pricing Officer") named in the Order and shall be dated the date hereof. The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions, yields and interest rates per annum are set forth in Schedule I attached hereto. The Bonds shall otherwise have such terms and provisions as set forth and described in the Official Statement referred to below.

The purchase price for the Bonds shall be $3,798,231.18 (representing the principal amount of the Bonds, plus a net original issue premium of $144,653.15 and less an underwriting discount of $21,421.97).

Delivered to the Issuer herewith as a good faith deposit is a corporate check of the Representative payable to the order of the Issuer in the amount of $33,950. In the event the Issuer accepts this Contract, such check shall be held uncashed by the Issuer until the time of Closing (as defined herein), at which time such check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Contract, such check will be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Contract (unless waived by the Representative), or should such obligations of the Underwriters be terminated for any reason permitted by this Contract, such check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters, and, except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this Contract shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters. Immediately following the Closing, the Issuer shall return the good faith check to the Representative.

2. Public Offering. The Underwriters agree to make a bona fide public offering of all of the Bonds at a price or yield not to exceed the public offering prices or yields set forth on page 3 of the Official Statement and may subsequently change such offering prices or yields without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices or yields lower than the public offering prices or yields stated on page 3 of the Official Statement; provided that on or before the Closing, the Representative shall execute and deliver to Bracewell & Giuliani LLP, Dallas, Texas ("Bond Counsel") an issue price certificate for the Bonds

prepared by Bond Counsel verifying the initial offering prices to the public at which the Underwriters reasonably expected to sell or in fact sold a substantial amount of each stated maturity of the Bonds to the public.

3. The Official Statement.

(a) Preliminary Official Statement. The Issuer previously has delivered, or caused to be delivered, copies of a Preliminary Official Statement, dated June 25, 2015, relating to the Bonds (the "Preliminary Official Statement"), to the Underwriters for their use in determining interest in the Bonds. The Issuer prepared the Preliminary Official Statement for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby ratifies and approves the use by the Underwriters of the Preliminary Official Statement prior to the date hereof, and until the availability of the final Official Statement, in connection with the public offering of the Bonds. The Issuer hereby represents and warrants that it deemed the Preliminary Official Statement final, within the meaning of Rule 15c2-12 issued by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), as of its date, except for the omission of information specified in Section (b)(1) of the Rule, as permitted by Section (b)(1) of the Rule. The Issuer hereby confirms that it does not object to the distribution of the Preliminary Official Statement in electronic form.

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

(c) If, after the date of this Contract to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same

pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period", as defined in the Rule, and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriters (and for the purposes of this clause provide the Underwriters with such information as the Representative may from time to time reasonably request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will prepare and furnish, at the Issuer's sole expense, in such quantity and in formats as the Representative shall reasonably request, and in a "designated electronic format", in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB, copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Contract and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy of such supplement or amendment to the Official Statement. Additionally, if amendments are made to the Escrow Agreement during the period described above, the Issuer will prepare and provide, or cause to be provided, at the Issuer's sole expense, to the Underwriters a copy of the amendment or amendments to the Escrow Agreement in a "designated electronic format".

(d) The Representative hereby agrees to timely file the Official Statement and the Escrow Agreement (and any amendments thereto) with the MSRB in the format prescribed by the MSRB. Unless otherwise notified in writing by the Underwriters, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

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

(a) The Issuer is a body politic and corporate and a political subdivision of the State of Texas (the "State") duly created, organized and existing under the laws of the State, and has full legal right, power, and authority pursuant to the Constitution and general laws of the State, including Chapters 1207 and 1371, Texas Government Code, as amended, and Chapter 331, Texas Local Government Code, as amended (collectively, the "Act"), and at the date of the Closing will continue to have full legal right, power and authority under the Act (i) to adopt the Order and to make the delegations set forth therein and take the actions authorized thereby, (ii) to enter into, execute and deliver the Pricing Certificate, this Contract, any escrow or deposit agreement pertaining to the

discharge of the obligations of the Issuer that are being refunded by the Bonds (the "Escrow Agreement"), and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Contract, the Escrow Agreement and the Bond Order, which contains the Undertaking (as defined in Section 6(i)(2) hereof), are hereinafter referred to as the "Issuer Documents"), (iii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iv) to carry out and consummate the transactions described in the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance, in all material respects with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance of this Contract, the Issuer has duly authorized all necessary action to be taken by it for the (i) adoption of the Order and the issuance and sale of the Bonds, (ii) approval of the Preliminary Official Statement and the Official Statement, (iii) approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents and (iv) consummation by the Issuer of all other transactions described in the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement, and the Pricing Officer shall have executed and delivered the Pricing Certificate in accordance with the Order and the Act;

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

(d) To its knowledge, the Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or any of its property or assets are, otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Order and compliance

with the provisions on the Issuer's part contained therein, will not conflict with or constitute a material breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or to which any of its property or assets are, otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Order;

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

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

(g) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer, (i) contesting the due organization and valid corporate existence of the Issuer or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the levy, assessment and/or collection of taxes pledged to the payment of principal of and interest on the Bonds pursuant to the Bond Order, (iii) contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Order or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any

basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

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

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

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

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

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

(m) The financial statements of, and other financial information regarding, the Issuer contained in the Official Statement fairly present the financial position of the Issuer as of the dates and for the periods therein set forth, (i) the audited financial

statements have been prepared in accordance with generally accepted accounting principles consistently applied and (ii) the other financial information has been determined on a basis substantially consistent with that of the Issuer's audited financial statements included in the Official Statement. Prior to the Closing, the Issuer will not take any action within or under its control that will cause an adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer from that described in the Official Statement. Except as may be described in the Official Statement, the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) Other than the Issuer's Unlimited Tax Road and Refunding Bonds, Series 2015 (the "Unlimited Tax Bonds") described in the Official Statement, the Issuer will not, prior to the Closing, offer or issue any bonds, notes or other obligations for borrowed money or take action to incur any material liabilities, direct or contingent (except in the ordinary course of business), payable from or secured by any ad valorem taxes which will secure the Bonds without the prior approval of the Representative, such approval not to be unreasonably withheld;

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

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

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

5. Closing.

(a) At 10:00 a.m. Central time, on August 18, 2015, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriters (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the initial Bond to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), as the entity appointed by the Issuer and agreed to by the Underwriters to make delivery of the Bonds, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Paying Agent/Registrar, as the entity appointed by the Issuer and agreed to by the Underwriters to make delivery of the Bonds, will, subject to the terms and conditions hereof, accept such delivery and the Underwriters will pay the purchase price of the Bonds as set forth in

Section 1 of this Contract in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent/Registrar, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the Order has been duly adopted by the Issuer and the Pricing Certificate has been duly executed by the Pricing Officer pursuant to the Order, and both of the foregoing documents are in full force and effect;

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

under the 1933 Act or to qualify the Bond Order under the Trust Indenture Act; and

(iii) such firm was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions "PLAN OF FINANCING" (excluding the information under the subcaption "Sources and Uses of Proceeds"), "THE BONDS" (excluding the information under the subcaptions "Book-Entry-Only System" and "Bondholders' Remedies"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Bonds for Sale", "Legal Investments and Eligibility to Secure Public 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 Bond Order contained therein fairly and accurately describe the provisions thereof.

In addition, such supplemental opinion shall include an opinion to the effect that the Refunded Limited Tax Bonds (as defined in the Official Statement) have been discharged, paid and retired and are regarded as being outstanding only for the purpose of receiving payment from the funds held by the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of the Act, unless such opinion is provided in accordance with the provisions of paragraph 6(i)(3) hereof.

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

(5) An opinion of McCall, Parkhurst & Horton L.L.P., as counsel for the Underwriters, dated the date of the Closing, addressed to the Underwriters, substantially in the form attached hereto as Exhibit A;

(6) A certificate, dated the date of Closing, of an appropriate official of the Issuer, to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding or tax challenge against the Issuer is pending or, to the best of such person's knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents, (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and/or levying and/or collecting ad

valorem taxes and making payments on the Bonds pursuant to the Bond Order, or contest the pledge of ad valorem taxes to the payment of the principal of and interest on the Bonds, or (e) contest the redemption of the Refunded Limited Tax Bonds; (iii) the Order was duly adopted by the Issuer, is in full force and effect and has not been modified, amended or repealed, and the Pricing Certificate and this Contract have been duly executed and delivered by the Pricing Officer and are in full force and effect and have not been modified, amended or repealed; (iv) to the best of such person's knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (v) there has not been any materially adverse change in the financial condition of the Issuer since September 30, 2014, the latest date as of which audited financial information is available;

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

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

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

(10) An executed copy of the Escrow Agreement;

(11) A copy of a special report prepared by Grant Thornton LLP, independent certified public accountants, addressed to the Issuer, Bond Counsel and the Underwriters, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Securities and uninvested cash on hand, if any, under the Escrow Agreements (as defined in the Official Statement) to pay, when due, the principal of and interest on the Refunded Bonds (as defined in the Official Statement), and (ii) the computation of the yields with respect to

the Securities and the Bonds (as used in this paragraph, the term "Bonds" includes the Unlimited Tax Bonds);

(12) An opinion or certificate, dated on or prior to the date of Closing, of the Attorney General of the State, approving the Bonds as required by law, and the registration certificate of the Comptroller of Public Accounts of the State; and

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

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

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

7. Termination. The Representative shall have the right to cancel the Underwriters' obligation to purchase the Bonds (to be evidenced by a written notice to the Issuer terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds) if, between the date of this Contract and the date of the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the reasonable judgment of the Representative, by the occurrence of any of the following:

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

interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions described herein;

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

(c) any state blue sky or securities commission or other governmental agency or body in any jurisdiction in which more than ten percent (10%) of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

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

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

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

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

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

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

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

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

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

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

(n) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred and shall be continuing at the date of Closing.

With respect to the conditions described in subparagraphs (e) and (l) above, the Representative is not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Contract which would permit it to invoke Underwriters' termination rights hereunder.

8. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (i) the cost of preparation and printing of the Bonds, the Preliminary Official Statement and the Official Statement; (ii) the fees and disbursements of Bond Counsel and counsel to the Issuer, if any; (iii) the fees and disbursements of the Financial Advisor to the Issuer; (iv) the fees and disbursements of the Paying Agent/Registrar for the Bonds, the paying agent for the Refunded Limited Tax Bonds, the Escrow Agent, the verification agent and any engineers, accountants and other experts, consultants or advisers retained by the Issuer, if any;

(v) the fees of the Attorney General of the State; and (vi) the fees for bond ratings.

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

(c) The Issuer acknowledges that the Underwriters will pay from the Underwriters' expense allocation of the underwriting discount certain expenses incurred by the Underwriters which are incidental to implementing this Contract and the issuance of the Bonds, including, but not limited to, the applicable per bond assessment charged by the Municipal Advisory Council of Texas, meals, transportation and lodging incurred on behalf of representatives of the Issuer, if any, and any other miscellaneous closing costs. The Municipal Advisory Council of Texas is a non-profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

(d) The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

9. Notices. Any notice or other communication to be given to the Issuer under this Contract may be given by delivering the same in writing at its address set forth above, Attention: Mr. Bill Bilyeu, County Administrator, and any notice or other communication to be given to the Underwriters under this Contract may be given by delivering the same in writing to Citigroup Global Markets Inc., 300 Crescent Court, Suite 940, Dallas, Texas 75201, Attention: Mario Carrasco.

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

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

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

13. Severability. If any provision of this Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any

other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

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

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

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

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

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

*[Remainder of page left blank intentionally]*

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

Very truly yours,

CITIGROUP GLOBAL MARKETS INC. and
ESTRADA HINOJOSA & COMPANY, INC.,
the "Underwriters"

By: CITIGROUP GLOBAL MARKETS INC.,
as Representative of the Underwriters

By: _____
Authorized Officer

ACCEPTANCE:

ACCEPTED AND AGREED TO at _____ a.m./p.m. Central Time on _____, 2015.

COLLIN COUNTY

By: _____
Pricing Officer

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

Very truly yours,

CITIGROUP GLOBAL MARKETS INC. and
ESTRADA HINOJOSA & COMPANY, INC.,
the "Underwriters"

By: CITIGROUP GLOBAL MARKETS INC.,
as Representative of the Underwriters

By: _____
Authorized Officer

ACCEPTANCE:

ACCEPTED AND AGREED TO at 10:00 (a.m.)/p.m. Central Time on July 8, 2015.

COLLIN COUNTY

By: _____
Pricing Officer

**Schedule I**

$3,675,000
Collin County, Texas
Limited Tax Refunding and Improvement Bonds, Series 2015

Dated Date: July 1, 2015
Delivery Date: August 18, 2015

**$3,225,000 Serial Bonds**
(Interest to accrue from Delivery Date)

| Maturity Date (February 15) | Principal Amount | Interest Rate | Initial Yield |
|---|---|---|---|
| 2016 | $ 105,000 | 2.000 % | 0.350 % |
| 2017 | 100,000 | 2.000 | 0.730 |
| 2018 | 210,000 | 2.000 | 1.010 |
| 2019 | 210,000 | 2.000 | 1.260 |
| 2020 | 220,000 | 2.000 | 1.510 |
| 2021 | 220,000 | 2.000 | 1.780 |
| 2022 | 230,000 | 4.000 | 2.040 |
| 2023 | 235,000 | 4.000 | 2.240 |
| 2024 | 245,000 | 4.000 | 2.410 |
| 2025 | 255,000 | 4.000 | 2.560 |
| 2026 | 265,000 | 4.000 | 2.810* |
| 2027 | 280,000 | 3.000 | 3.080 |
| 2028 | 120,000 | 3.125 | 3.220 |
| 2029 | 125,000 | 3.250 | 3.390 |
| 2030 | 130,000 | 3.375 | 3.510 |
| 2031 | 135,000 | 3.500 | 3.570 |
| 2032 | 140,000 | 3.500 | 3.610 |

**$450,000 Term Bonds**
(Interest to accrue from Delivery Date)

$450,000 3.625% Term Bonds due February 15, 2035, Priced to Yield 3.750%

* Yield shown is yield to first call date, February 15, 2025.

**Optional Redemption**. The Bonds maturing on and after February 15, 2026, are subject to redemption prior to stated maturity, at the option of the Issuer, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

**Mandatory Redemption**. The Bonds maturing on February 15, 2035 (the "Term Bonds"), are subject to mandatory sinking fund redemption prior to their stated maturity and shall be redeemed in part at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on February 15 in each of the years as set forth on the following page:

**Term Bonds Stated to**
**Mature on February 15, 2035**

| Year | Principal Amount |
|---|---|
| 2033 | $ 145,000 |
| 2034 | 150,000 |
| 2035** | 155,000 |

** Stated maturity.

**Exhibit A**

**Form of Opinion of McCall, Parkhurst & Horton L.L.P., as Counsel to the Underwriters**

August 18, 2015

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

Re: $3,675,000 Collin County, Texas, Limited Tax Refunding and Improvement Bonds, Series 2015

Ladies and Gentlemen:

We have acted as counsel for you as the underwriters of the Bonds addressed above (the "Bonds"), issued under and pursuant to an order (the "Authorization") of Collin County, Texas (the "County") on June 15, 2015, as supplemented by the Pricing Certificate as defined in the Authorization (the "Pricing Certificate", and, collectively with the Authorization, the "Bond Order") authorizing the issuance of the Bonds, which Bonds you are purchasing pursuant to a Purchase Contract dated July 8, 2015. 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 certifications 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 Bonds and we have assumed, but not independently verified, that the signatures on all documents and Bonds that we have examined are genuine.

Based on and subject to the foregoing, we are of the opinion that, under existing laws, the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bond Order is 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 July 8, 2015 (the "Official Statement") and because the information in the Official Statement included under the captions and subcaptions "THE BONDS - Book-Entry-Only System," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" and Appendices 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 the information contained under such captions and subcaptions and in the appendices, and, except as set forth in the last sentence of this paragraph, we are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of other 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 participation in the preparation of the Official Statement as

your counsel, we had discussions with representatives of the County, including its Financial Advisor and Bond Counsel, regarding the contents of the Official Statement. In the course of such activities, no facts came to our attention which 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 captions and subcaptions "THE BONDS - Book-Entry-Only System," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" and Appendices 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 light of the circumstances under which they were made, not misleading.

In addition, based upon (i) our understanding of Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule") and interpretive guidance published by the United States Securities and Exchange Commission relating thereto; (ii) our review of the continuing disclosure undertaking of the Issuer contained in the Bond Order; and (iii) the inclusion in the Official Statement of a description of the specifics of such undertaking, and in reliance on the opinion of Bond Counsel that the Bond Order has been duly adopted by the Issuer and is in full force and effect and constitutes a valid and legally binding obligation of the Issuer enforceable in accordance with its terms, we have no reason to believe that such undertaking does not meet the requirements of paragraph (b)(5)(i) of the Rule and, accordingly, we advise you that such undertaking provides a suitable basis for you, as the underwriters of the Bonds, and any other broker, dealer or municipal securities dealer acting as a Participating Underwriter (as defined in the Rule) in connection with the offering of the Bonds, to make a reasonable determination that the Issuer has met the qualifications of paragraph (b)(5)(i) of the Rule.

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
Limited Tax Refunding and Improvement Bonds
Series 2015

Dated as of July 1, 2015

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Exhibit A – Verification Report of Grant Thornton LLP

# ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of July 1, 2015 (herein, together with any amendments or supplements hereto, called the "Agreement"), entered into by and between COLLIN COUNTY, TEXAS (the "Issuer"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent").

W I T N E S S E T H :

WHEREAS, the Issuer has heretofore issued and there presently remain outstanding the obligations (the "Refunded Bonds") of the Issuer and described in the Verification Report of Grant Thornton LLP (the "Report") relating to the Refunded Bonds attached hereto as Exhibit A;

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 the Report; 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, and this Agreement constitutes an escrow agreement of the kind authorized and required by Chapter 1207; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the other places of payment, if any, for the Refunded Bonds the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the issuance, sale, and delivery of the Collin County, Texas, Limited Tax Refunding and Improvement Bonds, Series 2015 (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 such 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 (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; (2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date hereof, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (3) 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 hereof, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

"Beginning Cash Balance" means the funds described in the Report attached to this Agreement as the initial balance in the Escrow Fund.

"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," "Bonds," and "Report" 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 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 B-1 of the Report attached hereto and incorporated by reference as a part of this Agreement for all purposes. The Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

## ARTICLE III

## CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent hereby creates on its books a special trust and irrevocable escrow fund to be known as the Collin County, Texas, Limited Tax Refunding and Improvement Bonds, Series 2015 Escrow Fund (the "Escrow Fund") for the purpose of paying the principal of and interest on the Refunded Bonds as described in Exhibit B-1 of the Report 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 the Report. 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 the Report.

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 the Report. 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 the Report, 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 Bonds, the Issuer, at its option, may substitute cash or Authorized Securities for the Authorized Securities listed in Exhibit B-1 of the Report, 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 the Report for which such obligation is substituted, and

(b) mature on or before the maturity date of the obligation listed in the Report for which such obligation is substituted.

The Issuer may at any time substitute the Authorized Securities listed in the Report 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 (a) 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 (b) 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 (A) 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 (B) 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 (1) 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 (2) 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 Escrow 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 in the Report 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 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 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) 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. Upon receipt of the aforesaid specific sum stated in subsections (a) of this Section, the Escrow Agent shall acknowledge such receipt to the Issuer in writing.

(c) The amount of paying agency fees due on the Refunded Bonds and payable to the Escrow Agent at closing is $300. 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.

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.<br>Issuer Administrative Services<br>2001 Bryan Street, 11th Floor<br>Dallas, Texas 75201 |
| To the Issuer: | Collin County, Texas<br>2300 Bloomdale Rd., Suite 3100<br>McKinney, Texas 75071<br>Attention: County Auditor |
| To the Rating Agencies: | Moody's Investors Service, Inc.<br>2200 Ross Avenue<br>Suite 4650 West<br>Dallas, Texas 75201<br>Attention: Public Finance Department |
| | Standard & Poor's Rating Group<br>25 Broadway<br>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 the Report 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 and the Pricing Certificate authorizing the issuance of the Bonds, the receipt of such Order and Pricing Certificate constituting written notice of redemption of such Refunded Bonds, as described in the Report. 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 order 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: _____
AUTHORIZED OFFICER

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

By: _____

Title: Associate

# INDEX TO EXHIBITS

Exhibit A Verification Report of Grant Thornton LLP

EXHIBIT A

(See Attached Tab 10)

PAYING AGENT/REGISTRAR AGREEMENT

between

COLLIN COUNTY, TEXAS

and

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

Pertaining to

Collin County, Texas
Limited Tax Refunding and Improvement Bonds
Series 2015

Dated as of July 1, 2015

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PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (this "Agreement") is by and between Collin County, Texas (the "Issuer"), and The Bank of New York Mellon Trust Company, N.A. (the "Bank"), a 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 Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Bonds"), in an aggregate principal amount of $3,675,000 to be issued as registered securities without coupons;

WHEREAS, all things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof;

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Bonds, in accordance with the terms thereof, and that the Bank act as Registrar for the Bonds;

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment. (a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Bonds in paying to the Owners of the Bonds the principal, redemption premium, if any, and interest on all or any of the Bonds.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Bonds.

(c) The Bank hereby accepts its appointment, and agrees to act as, the Paying Agent and Registrar.

Section 1.02. Compensation. (a) As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A hereto for the first year of this Agreement, or such part thereof, this Agreement shall be in effect, and thereafter while this Agreement is in effect, the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for counties, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

(b) In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance

with any of the provisions hereof, including the reasonable compensation and the expenses and disbursements of its agents and counsel.

## ARTICLE II

## DEFINITIONS

Section 2.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

"Bond" or "Bonds" means any or all of the Issuer's Limited Tax Refunding and Improvement Bonds, Series 2015, dated July 1 2015, and issued in the aggregate principal amount of $3,675,000.

"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: _____
AUTHORIZED OFFICER

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

By: _____

Title: Associate

ANNEX "A"

SCHEDULE OF FEES FOR SERVICE AS PAYING AGENT/REGISTRAR



# Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015

July 16, 2015

**Presented By:**

BNY Mellon Corporate Trust

**Fee Schedule for the following:**

- Paying Agent
- Registrar
- Escrow Agent

BNY MELLON

## Fee Schedule

Subject to the Terms and Disclosures below, upon appointment of The Bank of New York Mellon Trust Company, N.A. ("BNYM" or "us" or "affiliates" or "subsidiaries") in the roles as outlined within this Fee Schedule (this "Fee Schedule"), Collin County, Texas ("Customer" or "You") shall be responsible for the payment of the fees, expenses and charges as set forth herein. Fees are payable or accrue at the time of the execution of the governing documents (the "Transaction Documents") in connection with the closing of the transaction (the "Transaction") which is the subject of this Fee Schedule.

## General Fees

| **Acceptance Fee** | **$0** |
|---|---|

The Transaction Acceptance Fee is payable at the time of the execution of the governing documents in connection with the closing of the transaction which is the subject of this Agreement (the "**Transaction**"), and compensates BNYM for the following: review of all supporting documents, initial establishment of the required accounts and Know Your Customer checks.

| **Annual Paying Agent Fee** | **$750** |
|---|---|

An annual charge covering the normal paying agent duties related to account administration and bondholder services. Our pricing Is based on the assumption on that the bonds are DTC-eligible/book-entry only. This fee is payable annually, in advance.

| **Defeasance Escrow Agent Fee ($750 * 2)** | **$1,500** |
|---|---|

A charge covering the normal duties and responsibilities related to account administration. 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 $500. This fee is payable at closing.

| **Pricing of Call or Redemption of Bonds ($300 * 1)** | **$300** |
|---|---|

Call Pricing includes distribution of the call notice to holders of record, redemption processing, and notification to EMMA. Any publication expenses (i.e. Bond Buyer, regional periodical, financial periodicals, etc.) for the call notice will be billed to the Issuer at cost.

| **Arbitrage Rebate** | **Please Call For Quote** |
|---|---|

Delivered by a highly experienced team of professionals, our arbitrage rebate compliance services are designed to help maximize allowable investment returns on your bond funds and minimize or eliminate your arbitrage liability. When BNYM is the trustee and/or paying agent for your tax-exempt bonds, we simplify the process and provide *seamless* arbitrage reporting and information.

| **Extraordinary Services/Miscellaneous Fees** |
|---|

The charges for performing extraordinary or other services not contemplated at the time of the execution of the Transaction Documents or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNY Mellon's sole discretion. If it is contemplated that BNY Mellon hold/and or value collateral, 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. If all outstanding bonds of a series are defeased or redeemed, or BNY Mellon is removed as paying agent prior to the maturity of the bonds, a termination fee may be assessed at that time.

**PRIVILEGED AND CONFIDENTIAL**
**The information in this fee schedule is confidential and is intended for the sole use of the addressee only. This information shall not be intentionally disclosed, reproduced, copied, published, distributed or displayed in any form to any third party without BNYM's prior written approval.**

Miscellaneous fees and expenses may include, but are not necessarily limited to supplemental agreements, tender processing, the preparation and distribution of sinking fund redemption notices, optional redemptions, failed remarketing processing, preparation of special or interim reports, UCC filing fees, auditor confirmation fees, wire transfer fees, Letter of Credit drawdown fees, transaction fees to settle third-party trades, and reconcilement fees to balance trust account balances to third-party investment provider statements. Counsel, accountants, special agents and others will be charged at the actual amount of fees and expenses billed. FDIC or other governmental charges will be passed along as incurred. Reimbursement will be required for any out-of-pocket expenses and will be invoiced to the Customer at cost.

Customer agrees to reimburse BNYM for extraordinary expenses incurred by it in connection with the Transaction to the extent permitted by law.

In the event that the United States Department of Treasury suspends the sale of State and Local Government Series (SLGS) and where SLGS reinvestments are required, BNY Mellon will seek direction from the Customer. If alternative investment direction is given by the Customer for BNY Mellon to purchase an open market security, BNY Mellon will charge a transaction fee determined at the time of the transaction.

### Default Administration

If an event of default occurs under the Transaction Documents, the services of each employee of BNYM administering such default will be charged at the prevailing hourly rate for default administration services as set out from time to time. In addition, all of BNYM's costs and expenses including but not limited to any legal costs, travel costs and applicable taxes shall be charged to Customer.

### Negative Interest Rates – Charges

With respect to any funds invested by BNYM in connection with the Transaction, if: (i) any recognized overnight benchmark rate or any official overnight interest rate set by a central bank or other monetary authority is negative or zero; or (ii) any market counterparty or other institution applies a negative interest rate or any related charge to any account or balance of BNYM or any account or balance opened for You by BNYM, BNYM may apply a charge to any of Your accounts or balances. BNYM will give You prompt written notice of the application of any such charges. You acknowledge and agree that the application of such a charge by BNYM may cause the effective interest rate applicable to Your account or balance to be negative, notwithstanding that one or more of the rates set by third parties specified in clauses (i) and (ii) above may be positive.

## Terms and Disclosures

### General

BNYM's final acceptance of its appointment pursuant to the Transaction Documents is subject to the full review and approval of all related documentation and standard Know Your Customer procedures. In the event that this Transaction does not proceed with BNYM in the roles contemplated by this Fee Schedule and the Transaction Documents, Customer will be responsible for payment of any external counsel fees and expenses and out-of-pocket expenses which BNYM may have incurred up to and including the termination date.

Customer 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 BNYM to vendors who have not performed services for BNYM's benefit under the various bond or note issuances or other undertakings contemplated by this Fee Schedule.

The Bank of New York Mellon Corporation is a global financial organization that operates in and provides services and products to clients through its affiliates and subsidiaries located in multiple jurisdictions (the "BNY Mellon Group"). The BNY Mellon Group may (i) centralize in one or more affiliates and subsidiaries certain activities (the "Centralized Functions"), including audit, accounting, administration, risk management, legal, compliance, sales, product communication, relationship management, and the compilation and analysis of information and data regarding Customer (which, for purposes of this provision, includes the name and business contact information for Customer employees and representatives) and the accounts established pursuant to the Transaction Documents ("Customer Information") and (ii) use third party service providers to store, maintain and process

**PRIVILEGED AND CONFIDENTIAL**
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Customer Information ("Outsourced Functions"). Notwithstanding anything to the contrary contained elsewhere in this Fee Schedule or the Transaction Documents and solely in connection with the Centralized Functions and/or Outsourced Functions, Customer consents to the disclosure of, and authorizes BNY Mellon to disclose, Customer Information to (i) other members of the BNY Mellon Group (and their respective officers, directors and employees) and to (ii) third-party service providers (but solely in connection with Outsourced Functions) who are required to maintain the confidentiality of Customer Information. In addition, the BNY Mellon Group may aggregate Customer Information with other data collected and/or calculated by the BNY Mellon Group, and the BNY Mellon Group will own all such aggregated data, provided that the BNY Mellon Group shall not distribute the aggregated data in a format that identifies Customer Information with Customer specifically. Customer represents that it is authorized to consent to the foregoing and that the disclosure of Customer Information in connection with the Centralized Functions and/or Outsourced Functions does not violate any relevant data protection legislation. Customer also consents to the disclosure of Customer Information to governmental and regulatory authorities in jurisdictions where the BNY Mellon Group operates and otherwise as required by law.

Customer agrees that BNYM shall have no obligation to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties as paying agent or registrar in connection with the Transaction, or in the exercise of any of its rights or powers in connection therewith, if it shall have reasonable grounds for believing that repayment of such funds is not assured to it. Customer agrees to reimburse BNYM for extraordinary expenses incurred by it in connection with the Transaction to the extent permitted by law.

Please note the fees quoted in this Fee Schedule are based upon the information available at the present time. Further quotes may be provided once the structure of the deal has been finalized. Annual Fees cover a period of one year and any portion thereof and are not subject to pro-ration. Fees may be subject to adjustment during the life of the engagement.

## Advance Fees

BNYM requires that Customer agree to the fees quoted in this Fee Schedule prior to the commencement of any work or the provision of any services by BNYM in relation to the Transaction. In the event that BNYM provides any services to Customer prior to your agreement to the fees quoted herein, the commencement of such work or the provision of such services shall not be deemed to constitute a waiver of the fees listed in this Fee Schedule. BNYM reserves the right to cease providing services until such time as Customer agrees to the fees quoted herein. BNYM reserves the right to request that any and all fees due and payable pursuant to this Fee Schedule and related in any way to the Transaction are paid in advance (either in whole or in part) prior to the provision of any services.

## Acceptance/Revocation of Offer

You may agree to the fees quoted herein by (i) executing this Fee Schedule and returning it to us, (ii) closing the Transaction, or (iii) instructing us or continuing to instruct us after receipt of this Fee Schedule. Upon the earlier to occur of (i), (ii) and (iii), the fees quoted herein shall be deemed accepted by you. If you agree to the fees quoted herein, the terms of this Fee Schedule shall supersede any prior fees quoted with respect to the Transaction. BNYM may revoke the terms of this Fee Schedule if the Transaction does not close within three months from the date of this Fee Schedule. Should the Transaction fail to close for any reason, a termination fee equal to BNYM's Acceptance Fee, any external counsel fees, expenses and disbursements and all out-of-pocket expenses will apply.

## Confidential Information

All information provided to Customer by BNYM must remain confidential and may not be intentionally disclosed, reproduced, copied, published, or displayed in any form to any third party without BNYM's prior written approval.

**PRIVILEGED AND CONFIDENTIAL**
**The information in this fee schedule is confidential and is intended for the sole use of the addressee only. This information shall not be intentionally disclosed, reproduced, copied, published, distributed or displayed in any form to any third party without BNYM's prior written approval.**

## Customer Notice Required By the USA Patriot Act

To help the U.S. 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. When Customer establishes a relationship with BNYM, we will ask Customer to provide certain information (and documents) that will help us to identify Customer. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us identify Customer. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

**PRIVILEGED AND CONFIDENTIAL**
**The information in this fee schedule is confidential and is intended for the sole use of the addressee only. This information shall not be intentionally disclosed, reproduced, copied, published, distributed or displayed in any form to any third party without BNYM's prior written approval.**

REGISTERED
No. R-1

REGISTERED
$105,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 2.000% | February 15, 2016 | August 18, 2015 | 194740 HS8 |

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

CEDE & CO.

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

ONE HUNDRED 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 Closing 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, 2016.

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

REGISTERED
No. R-2

REGISTERED
$100,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 2.000% | February 15, 2017 | August 18, 2015 | 194740 HT6 |

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

CEDE & CO.

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

ONE HUNDRED 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 Closing 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, 2016.

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

REGISTERED
No. R-3

REGISTERED
$210,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 2.000% | February 15, 2018 | August 18, 2015 | 194740 HU3 |

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 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 Closing 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, 2016.

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

REGISTERED
No. R-4

REGISTERED
$210,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 2.000% | February 15, 2019 | August 18, 2015 | 194740 HV1 |

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 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 Closing 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, 2016.

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

REGISTERED
No. R-5

REGISTERED
$220,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 2.000% | February 15, 2020 | August 18, 2015 | 194740 HW9 |

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 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 Closing 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, 2016.

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

REGISTERED
No. R-6

REGISTERED
$220,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 2.000% | February 15, 2021 | August 18, 2015 | 194740 HX7 |

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 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 Closing 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, 2016.

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

REGISTERED
No. R-7

REGISTERED
$230,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 4.000% | February 15, 2022 | August 18, 2015 | 194740 HY5 |

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 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 Closing 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, 2016.

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

REGISTERED
No. R-8

REGISTERED
$235,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 4.000% | February 15, 2023 | August 18, 2015 | 194740 HZ2 |

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 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 Closing 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, 2016.

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

REGISTERED
No. R-9

REGISTERED
$245,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 4.000% | February 15, 2024 | August 18, 2015 | 194740 JA5 |

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 HUNDRED FORTY-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 Closing 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, 2016.

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

REGISTERED
No. R-10

REGISTERED
$255,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 4.000% | February 15, 2025 | August 18, 2015 | 194740 JB3 |

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 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 Closing 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, 2016.

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

REGISTERED
No. R-11

REGISTERED
$265,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 4.000% | February 15, 2026 | August 18, 2015 | 194740 JC1 |

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 HUNDRED SIXTY-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 Closing 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, 2016.

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

REGISTERED
No. R-12

REGISTERED
$280,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 3.000% | February 15, 2027 | August 18, 2015 | 194740 JD9 |

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 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 Closing 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, 2016.

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

REGISTERED
No. R-13

REGISTERED
$120,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 3.125% | February 15, 2028 | August 18, 2015 | 194740 JH0 |

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

CEDE & CO.

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

ONE HUNDRED 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 Closing 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, 2016.

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

REGISTERED
No. R-14

REGISTERED
$125,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 3.250% | February 15, 2029 | August 18, 2015 | 194740 JE7 |

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

CEDE & CO.

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

ONE HUNDRED TWENTY-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 Closing 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, 2016.

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

REGISTERED
No. R-15

REGISTERED
$130,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 3.375% | February 15, 2030 | August 18, 2015 | 194740 JJ6 |

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

CEDE & CO.

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

ONE HUNDRED 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 Closing 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, 2016.

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

REGISTERED
No. R-16

REGISTERED
$135,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 3.500% | February 15, 2031 | August 18, 2015 | 194740 JK3 |

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

CEDE & CO.

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

ONE HUNDRED 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 Closing 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, 2016.

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

REGISTERED
No. R-17

REGISTERED
$140,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 3.500% | February 15, 2032 | August 18, 2015 | 194740 JF4 |

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

CEDE & CO.

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

ONE HUNDRED FORTY THOUSAND DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Closing 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, 2016.

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

REGISTERED
No. R-18

REGISTERED
$450,000

United States of America
State of Texas
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BOND
SERIES 2015

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| 3.625% | February 15, 2035 | August 18, 2015 | 194740 JG2 |

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

FOUR 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 Closing 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, 2016.

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, dated July 1, 2015, is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of $3,675,000 (herein referred to as the "Bonds") pursuant to a certain order of the Commissioners Court of the County (the "Order") for the public purpose of providing funds (i) to acquire and improve land for park and open space purposes, including joint county–city projects, (ii) to refund certain outstanding limited tax obligations of the County, and (iii) pay the costs of issuance related to the Bonds.

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

The County has reserved the option to redeem the Bonds maturing on or after February 15, 2026, in whole or in part, before their respective scheduled maturity dates, on February 15, 2025, 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, 2035 (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.

$450,000 Term Bonds Maturing February 15, 2035

| Year | Principal Amount |
|---|---|
| 2033 | $145,000 |
| 2034 | 150,000 |
| 2035 (maturity) | 155,000 |

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.

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

Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the county in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

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

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

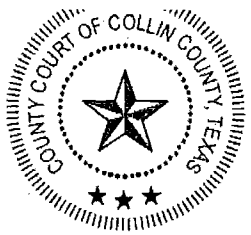
Neither the County nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange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

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

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

County Clerk, Collin County

County Judge, Collin County




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.

SPECIMEN

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

FirstSouthwest
Continuing Disclosure Services

PRELIMINARY OFFICIAL STATEMENT

**Dated June 25, 2015**

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

**NEW ISSUE - Book-Entry-Only**

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

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

**$65,825,000***
**COLLIN COUNTY, TEXAS**
**UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2015**

**Dated Date: July 1, 2015**
**Accrues from Delivery Date**

**Due: February 15, as shown below**

PAYMENT TERMS . . . Interest on the $65,825,000* Collin County, Texas Unlimited Tax Road and Refunding Bonds, Series 2015 (the "Unlimited Tax Bonds") will accrue from the date of initial delivery (the "Delivery Date") to the initial purchasers shown below (the "Underwriters"), and will be payable February 15, 2016, and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Unlimited Tax Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Unlimited Tax Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Unlimited Tax Bonds may be acquired in denominations of $5,000 or integral multiples thereof. ***No physical delivery of the Unlimited Tax Bonds will be made to the owners thereof.*** *Principal of, premium,* if any, and interest on the Unlimited Tax Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Unlimited Tax Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . *The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the* Texas Constitution, as amended, Chapters 1207, 1371 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and a bond order (the "Unlimited Tax Authorization") adopted on June 15, 2015 by the Commissioners Court of the County (the "Commissioners Court") in which the Commissioners Court delegated pricing of the Unlimited Tax Bonds and certain other matters to an "Authorized Officer" who will approve a pricing certificate (the "Unlimited Tax Pricing Certificate") which will contain the final terms of sale and complete the sale of the Unlimited Tax Bonds (the Unlimited Tax Authorization and *the Unlimited Tax Pricing Certificate are jointly referred to as the "Unlimited Tax Bond Order"),* and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, without legal limit as to rate or amount, as provided by the Unlimited Tax Bond Order (see "The Bonds – Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Unlimited Tax Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including 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 "Refunded Unlimited Tax Bonds") for debt service savings, and (iii) pay the costs of issuance associated with the sale of the Unlimited Tax Bonds.

**MATURITY SCHEDULE***

**CUSIP Prefix: 194738 (1)**

| Amount | (2-15) Maturity | Interest Rate | Initial Yield | CUSIP Suffix (1) | Amount | (2-15) Maturity | Interest Rate | Initial Yield | CUSIP Suffix (1) |
|---|---|---|---|---|---|---|---|---|---|
| $ 6,055,000 | 2016 | | | | $ 3,960,000 | 2026 | | | |
| 1,985,000 | 2017 | | | | 4,165,000 | 2027 | | | |
| 4,670,000 | 2018 | | | | 1,810,000 | 2028 | | | |
| 5,615,000 | 2019 | | | | 1,900,000 | 2029 | | | |
| 3,860,000 | 2020 | | | | 2,000,000 | 2030 | | | |
| 4,015,000 | 2021 | | | | 2,100,000 | 2031 | | | |
| 3,330,000 | 2022 | | | | 2,210,000 | 2032 | | | |
| 3,460,000 | 2023 | | | | 2,320,000 | 2033 | | | |
| 3,600,000 | 2024 | | | | 2,440,000 | 2034 | | | |
| 3,765,000 | 2025 | | | | 2,565,000 | 2035 | | | |

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

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Unlimited Tax Bonds having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption).

SEPARATE ISSUES . . . The Unlimited Tax Bonds are being offered by the County concurrently with its Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Limited Tax Bonds"), under a common Official Statement, and the Unlimited Tax Bonds and Limited Tax Bonds are hereinafter sometimes referred to collectively as the "Bonds." The Limited Tax Bonds and the Unlimited Tax Bonds are separate and distinct securities offerings being issued and sold independently except for the Official Statement, and, while the Limited Tax Bonds and the Unlimited Tax Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders.

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

DELIVERY . . . *It is expected that the Unlimited Tax Bonds will be available for delivery through* The Depository Trust Company on August 18, 2015 (the "Delivery Date").

**CITIGROUP** **ESTRADA HINOJOSA & COMPANY, INC.**

* Preliminary, subject to change.

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

FirstSouthwest
Continuing Disclosure Services

PRELIMINARY OFFICIAL STATEMENT

Dated June 25, 2015

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

**NEW ISSUE - Book-Entry-Only**

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

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

# $3,395,000*
# COLLIN COUNTY, TEXAS
# LIMITED TAX REFUNDING AND IMPROVEMENT BONDS, SERIES 2015

**Dated Date: July 1, 2015**
**Accrues from Delivery Date**

**Due: February 15, as shown below**

**PAYMENT TERMS** . . . Interest on the $3,395,000* Collin County, Texas, Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Limited Tax Bonds") will accrue from the date of initial delivery (the "Delivery Date") to the initial purchasers shown below (the "Underwriters"), and will be payable February 15, 2016, and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Limited Tax Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Limited Tax Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Limited Tax Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Limited Tax Bonds will be made to the owners thereof.** *Principal of, premium, if any, and interest on the Limited Tax Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Limited Tax Bonds.* See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE** . . . The Limited Tax Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapters 1207 and 1371, Texas Government Code, as amended and Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007 and a bond order (the "Limited Tax Authorization") adopted on June 15, 2015 by the Commissioners Court of the County (the "Commissioners Court") in which the Commissioners Court delegated pricing of the Limited Tax Bonds and certain other matters to an "Authorized Officer" who will approve a pricing certificate (the "Limited Tax Pricing Certificate") which will contain the final terms of sale and complete the sale of the Limited Tax Bonds (the Limited Tax Authorization and the Limited Tax Pricing Certificate are jointly referred to as the "Limited Tax Bond Order"), and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, within the limits prescribed law, as provided by the Limited Tax Bond Order (see "The Bonds – Authority for Issuance").

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

**MATURITY SCHEDULE***

**CUSIP Prefix: 194738 (1)**

| Amount | (2-15) Maturity | Interest Rate | Initial Yield | CUSIP Suffix (1) | Amount | (2-15) Maturity | Interest Rate | Initial Yield | CUSIP Suffix (1) |
|---|---|---|---|---|---|---|---|---|---|
| $ 55,000 | 2016 | | | | $ 250,000 | 2026 | | | |
| 80,000 | 2017 | | | | 265,000 | 2027 | | | |
| 190,000 | 2018 | | | | 110,000 | 2028 | | | |
| 195,000 | 2019 | | | | 115,000 | 2029 | | | |
| 200,000 | 2020 | | | | 120,000 | 2030 | | | |
| 210,000 | 2021 | | | | 130,000 | 2031 | | | |
| 210,000 | 2022 | | | | 135,000 | 2032 | | | |
| 220,000 | 2023 | | | | 140,000 | 2033 | | | |
| 230,000 | 2024 | | | | 150,000 | 2034 | | | |
| 235,000 | 2025 | | | | 155,000 | 2035 | | | |

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**OPTIONAL REDEMPTION** . . . The County reserves the right, at its option, to redeem Limited Tax Bonds having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption).

**SEPARATE ISSUES** . . . The Limited Tax Bonds are being offered by the County concurrently with its Unlimited Tax Road and Refunding Bonds, Series 2015 (the "Unlimited Tax Bonds"), under a common Official Statement, and the Limited Tax Bonds and Unlimited Tax Bonds are hereinafter sometimes referred to collectively as the "Bonds." The Limited Tax Bonds and the Unlimited Tax Bonds are separate and distinct securities offerings being issued and sold independently except for the Official Statement, and, while the Limited Tax Bonds and the Unlimited Tax Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders.

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

**DELIVERY** . . . It is expected that the Limited Tax Bonds will be available for delivery through The Depository Trust Company on August 18, 2015 (the "Delivery Date").

**CITIGROUP** **ESTRADA HINOJOSA & COMPANY, INC.**

* *Preliminary, subject to change.*

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

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

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

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

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

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

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

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

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

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

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

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

## OFFICIAL STATEMENT SUMMARY

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

**THE COUNTY** ..... The County is a body politic and political subdivision of the State, located in northeast Texas and is a component of the Dallas-Fort Worth Metroplex. The County covers approximately 836 square miles. The City of McKinney is the County Seat.

**THE UNLIMITED TAX BONDS**..... The Unlimited Tax Bonds are issued as $65,825,000* Unlimited Tax Road and Refunding Bonds, Series 2015 (the "Unlimited Tax Bonds"). The Unlimited Tax Bonds mature serially on February 15 in each of the years 2016 through 2035 (see "The Bonds - Description of the Bonds").

**THE LIMITED TAX BONDS**..... The Limited Tax Bonds are issued as $3,395,000* Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Limited Tax Bonds"). The Limited Tax Bonds mature serially on February 15 in each of the years 2016 through 2035 (see "The Bonds - Description of the Bonds").

**PAYMENT OF INTEREST** ..... Interest on the Unlimited Tax Bonds and Limited Tax Bonds (collectively, the "Bonds") will accrue from the Delivery Date, and is payable February 15, 2016, and each August 15 and February 15 thereafter until maturity or prior redemption (see "The Bonds - Description of the Bonds").

**AUTHORITY FOR ISSUANCE**..... The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207, 1371 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and a bond order (the "Unlimited Tax Authorization") adopted on June 15, 2015 by the Commissioners Court of the County (the "Commissioners Court") in which the Commissioners Court delegated pricing of the Unlimited Tax Bonds and certain other matters to an "Authorized Officer" who will approve a pricing certificate (the "Unlimited Tax Pricing Certificate") which will contain the final terms of sale and complete the sale of the Unlimited Tax Bonds (the Unlimited Tax Authorization and the Unlimited Tax Pricing Certificate are jointly referred to as the "Unlimited Tax Bond Order") (see "The Bonds - Authority for Issuance").

The Limited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Chapters 1207 and 1371, Texas Government Code, as amended and Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007, and a bond order (the "Limited Tax Authorization") adopted on June 15, 2015 by the Commissioners Court of the County (the "Commissioners Court") in which the Commissioners Court delegated pricing of the Limited Tax Bonds and certain other matters to an "Authorized Officer" who will approve a pricing certificate (the "Limited Tax Pricing Certificate") which will contain the final terms of sale and complete the sale of the Limited Tax Bonds (the Limited Tax Authorization and the Limited Tax Pricing Certificate are jointly referred to as the "Limited Tax Bond Order") (see "The Bonds - Authority for Issuance").

**SECURITY FOR THE BONDS**..... The Unlimited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, without legal limit as to rate or amount, on all taxable property located within the County (see "The Bonds - Security and Source of Payment-Unlimited Tax Bonds").

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

* Preliminary, subject to change.

**REDEMPTION** ..... The County reserves the right, at its option, to redeem Bonds of either series, having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds - Optional Redemption").

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

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

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

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

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

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

**SELECTED FINANCIAL INFORMATION**

| Fiscal Year Ended 9/30 | Estimated County Population | Taxable Assessed Valuation [1] | Per Capita Taxable Assessed Valuation | Funded Tax Debt | Per Capita Funded Tax Debt | Ratio Funded Tax Debt to Taxable Assessed Valuation | % of Total Tax Collections |
|---|---|---|---|---|---|---|---|
| 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 [3] | 74,630,300,190 | 91,781 | 393,350,000 | 484 | 0.53% | 102.52% |
| 2014 | 834,642 [3] | 79,238,767,392 | 94,937 | 391,410,000 | 469 | 0.49% | 102.05% |
| 2015 | 854,778 [3] | 86,871,450,852 | 101,630 | 401,360,000 [4] | 470 | 0.46% | 100.62% [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: Texas Workforce Commission
(3) Source: County Officials
(4) Projected; includes all limited tax and unlimited tax debt of the County and the Bonds. Excludes the Refunded Bonds. Preliminary, subject to change.
(5) Collections through May 1, 2015.

## COUNTY OFFICIALS, STAFF, AND CONSULTANTS

### ELECTED OFFICIALS

| Commissioners Court | Term Expires |
|---|---|
| Keith Self<br>County Judge | 12/31/2018 |
| Susan Fletcher<br>Commissioner, Precinct No. 1 | 12/31/2016 |
| Cheryl Williams<br>Commissioner, Precinct No. 2 | 12/31/2018 |
| Chris Hill<br>Commissioner, Precinct No. 3 | 12/31/2016 |
| Duncan Webb<br>Commissioner, Precinct No. 4 | 12/31/2018 |

### OTHER ELECTED AND APPOINTED OFFICIALS

| Name | Position | Term Expires |
|---|---|---|
| Bill Bilyeu | County Administrator | Appointed by Commissioners Court |
| Jeff May | County Auditor | Appointed by District Judges 9/30/2015 |
| Monika Arris | Budget Director | Appointed by Commissioners Court |
| Stacey Kemp | County Clerk | 12/31/2018 |
| Kenneth L. Maun | Tax Assessor-Collector | 12/31/2016 |

### CONSULTANTS AND ADVISORS

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

Bond Counsel ..... Bracewell & Giuliani LLP
Dallas, Texas

Financial Advisor ..... First Southwest Company LLC
Fort Worth, Texas

For additional information regarding the County, please contact:

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

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

COLLIN COUNTY, TEXAS

**$65,825,000***

**UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2015**

**$3,395,000***

**LIMITED TAX REFUNDING AND IMPROVEMENT BONDS, SERIES 2015**

## INTRODUCTION

This Official Statement, which includes the Appendices and Schedule I hereto, provides certain information regarding the issuance of $65,825,000* Collin County, Texas Unlimited Tax Road and Refunding Bonds, Series 2015 (the "Unlimited Tax Bonds") and $3,395,000* Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Limited Tax Bonds" and, together with the Unlimited Tax Bonds, the "Bonds"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the separate orders (the "Unlimited Tax Authorization" and "Limited Tax Authorization," respectively), each adopted by the Commissioners Court of the County on June 15, 2015, in which the Commissioners Court delegated pricing of the respective Bonds and certain other matters to an "Authorized Officer" who will approve separate pricing certificates (the "Unlimited Tax Pricing Certificate" and "Limited Tax Pricing Certificate," respectively), which will each contain the final terms of sale and complete the sale of the respective Unlimited Tax Bonds and Limited Tax Bonds. The Unlimited Tax Authorization and the Unlimited Tax Pricing Certificate are jointly referred to as the "Unlimited Tax Bond Order", the Limited Tax Authorization and the Limited Tax Pricing Certificate are jointly referred to as the "Limited Tax Bond Order", and the Unlimited Tax Bond Order and the Limited Tax Bond Order are jointly referred to as the "Orders."

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

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

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

## PLAN OF FINANCING

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

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

**REFUNDED BONDS** . . . The principal of and interest due on the Refunded Unlimited Tax Bonds and Refunded Limited Tax Bonds (collectively, the "Refunded Bonds"), respectively, 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 will provide that a portion of the proceeds from the sale of the respective Bonds in an amount sufficient to accomplish the discharge and final payment of the Refunded Bonds will be deposited with the Escrow Agent pursuant to the Escrow Agreements for deposit to special escrow funds (the "Escrow Funds") established under the respective 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 respective Refunded Bonds.

* Preliminary, subject to change.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the respective 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 respective 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:

| | Unlimited Tax Bonds | Limited Tax Bonds |
|---|---|---|
| Sources of Funds | | |
| Par Amount of Bonds | $ - | $ - |
| Reoffering Premium | - | - |
| Transfer from Prior Issue Debt Service Funds | - | - |
| Total Sources of Funds | $ - | $ - |
| Uses of Funds | | |
| Deposit to Escrow Fund | $ - | $ - |
| Deposit to Construction Fund | - | - |
| Costs of Issuance (1) | - | - |
| Total Uses of Funds | $ - | $ - |

(1) Includes the Underwriters' Discount.

## THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated July 1, 2015 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on the cover page (with respect to the Unlimited Tax Bonds) and page 3 (with respect to the Limited Tax Bonds) hereof. Interest will accrue on the Bonds from the Delivery Date to the Underwriters and will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15, 2016, and on each August 15 and February 15 thereafter until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment by such participating members to the beneficial owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein.

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

AUTHORITY FOR ISSUANCE . . . The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207, 1371 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and the Unlimited Tax Bond Order.

The Limited Tax Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapters 1207 and 1371, Texas Government Code, as amended and Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007 and the Limited Tax Bond Order.

SECURITY AND SOURCES OF PAYMENT . . .

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

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

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

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

*Road Bonds*...An unlimited tax rate is authorized to be voted to pay debt service on road bonds; Article III, Section 52 of the Texas Constitution provides that such debt may not exceed 25% of the County's assessed valuation of real property. The Unlimited Tax Bonds will be payable from the levy and collection of this tax.

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

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

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

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem the Bonds of either series having stated maturities on and after February 15, 2026 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2025 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the County may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date. The County reserves the right, in the case of an optional redemption to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying

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

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

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

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

After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the County to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the County: (i) in the proceedings providing for the firm banking arrangements, expressly reserves the right to call Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds 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 Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The County and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

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

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## TAX INFORMATION

**AD VALOREM TAX LAW** . . . The appraisal of property within the County is the responsibility of the Collin Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under Title 1 of the Texas Tax Code (referred to herein as the "Property Tax Code") to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal, and the market data comparison method of appraisal. The chief appraiser selects the most appropriate method. Effective January 1, 2010, State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed the lesser of (1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value in the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The County may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the County by petition filed with the Appraisal Review Board.

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

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

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

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

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

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

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces. The exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000; provided, however, that beginning in the 2009 tax year, a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Furthermore, effective January 1, 2012, the surviving spouse of a deceased veteran who had received a disability rating of 100% is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

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 "Tax Information - County Application of Texas Tax Code" and "Table 1 – Valuation, Exemptions and General Obligation Bond Debt."

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

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

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

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

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

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

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

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

Furthermore, the Property Tax Code provides the Commissioners Court may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the County's website if the County owns, operates or controls an Internet website and public notice be given by television if the County has free access to a television channel) and the Commissioners Court has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

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

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

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

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

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

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

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

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

COUNTY APPLICATION OF TEXAS TAX CODE . . . The County grants a $30,000 exemption to the market value of the residence homestead of persons 65 years of age or older and $20,000 for the disabled.

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

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

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

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

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

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

The County has exempted freeport property from taxation.

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

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

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

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

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

| | | |
|---|---|---|
| 2014/15 Market Valuation Established by the Collin Central Appraisal District (excluding totally exempt property) | | $ 99,688,597,050 |
| Less Exemptions/Reductions at 100% Market Value: | | |
| Over 65 and Disabled | $ 1,166,119,079 | |
| Disabled Veterans Exemptions | 179,869,136 | |
| Charitable Organizations | 39,768,287 | |
| Tax Abatements | 645,471,875 | |
| Homestead Exemption | 2,281,754,655 | |
| Freeport Exemption | 678,672,568 | |
| Pollution Control Property | 28,896,166 | |
| Historical Exemption | 27,005,819 | |
| Leased Vehical Exemption | 541,280,919 | |
| Homestead Cap Adjustment | 428,758,623 | |
| Limited Income Housing | 8,682,982 | |
| Agricultural Productivity, Open Space Land Use Reductions | 6,785,647,719 | |
| Other | 5,218,370 | 12,817,146,198 |
| 2014/15 Taxable Assessed Valuation | | $ 86,871,450,852 |
| *County Funded Debt Payable from Ad Valorem Taxes (as of 5-1-15)* | | |
| Limited Tax Debt | $ 109,590,000 (1) | |
| Unlimited Tax Debt | 222,550,000 (1) | |
| The Limited Tax Bonds | 3,395,000 (2) | |
| The Unlimited Tax Bonds | 65,825,000 (2) | |
| Funded Debt Payable from Ad Valorem Taxes | | $ 401,360,000 |
| Interest and Sinking Fund (as of 5-1-15) | | $ 23,710,850 |
| Ratio General Obligation Debt to Taxable Assessed Valuation | | 0.46% |

2015 Estimated Population - 854,778
Per Capita Taxable Assessed Valuation - $101,630
Per Capita Funded Debt Payable from Ad Valorem Taxes - $470

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

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

| | Taxable Appraised Value for Fiscal Year Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | 2014 | | 2013 | |
| Category | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | $ 56,546,137,774 | 56.72% | $ 50,936,281,711 | 56.36% | $ 48,335,459,628 | 56.45% |
| Real, Residential, Multi-Family | 6,074,926,159 | 6.09% | 5,387,792,815 | 5.96% | 4,909,285,970 | 5.73% |
| Real, Vacant Lots/Tracts | 921,247,580 | 0.92% | 830,859,338 | 0.92% | 824,879,626 | 0.96% |
| Real, Acreage (Land Only) | 6,856,587,675 | 6.88% | 6,360,727,206 | 7.04% | 7,119,882,130 | 8.31% |
| Real, Farm and Ranch Improvements | 1,979,630,249 | 1.99% | 1,792,805,955 | 1.98% | 805,914,525 | 0.94% |
| Real, Commercial and Industrial | 17,945,664,473 | 18.00% | 16,672,278,031 | 18.45% | 15,755,099,044 | 18.40% |
| Real and Intangible Personal, Utilities | 1,338,256,503 | 1.34% | 1,182,787,309 | 1.31% | 1,163,061,803 | 1.36% |
| Tangible Personal, Business | 6,280,817,426 | 6.30% | 6,118,621,334 | 6.77% | 5,720,297,694 | 6.68% |
| Tangible Personal, Other | 42,333,456 | 0.04% | 42,642,081 | 0.05% | 45,864,441 | 0.05% |
| Inventory | 868,483,801 | 0.87% | 799,245,446 | 0.88% | 734,478,360 | 0.86% |
| Special Inventory Tax | 243,831,450 | 0.24% | 207,699,640 | 0.23% | 187,868,538 | 0.22% |
| Totally Exempt Property | 590,680,504 | 0.59% | 52,070,546 | 0.06% | 27,916,542 | 0.03% |
| Total Appraised Value Before Exemptions | $ 99,688,597,050 | 100.00% | $ 90,383,811,412 | 100.00% | $ 85,630,008,301 | 100.00% |
| Less: Total Exemption/Reductions | (12,817,146,198) | | (11,145,044,020) | | (10,999,708,111) | |
| Taxable Assessed Value | $ 86,871,450,852 | | $ 79,238,767,392 | | $ 74,630,300,190 | |

| | Taxable Appraised Value for Fiscal Year Ended September 30, | | | |
|---|---|---|---|---|
| | 2012 | | 2011 | |
| Category | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | $ 47,803,044,461 | 57.07% | $ 47,129,255,659 | 56.95% |
| Real, Residential, Multi-Family | 4,462,205,042 | 5.33% | 4,359,373,394 | 5.27% |
| Real, Vacant Lots/Tracts | 892,928,396 | 1.07% | 903,532,169 | 1.09% |
| Real, Acreage (Land Only) | 7,090,704,021 | 8.46% | 7,415,809,201 | 8.96% |
| Real, Farm and Ranch Improvements | 817,548,827 | 0.98% | 833,309,201 | 1.01% |
| Real, Commercial and Industrial | 15,198,818,038 | 18.14% | 14,844,885,029 | 17.94% |
| Real and Intangible Personal, Utilities | 1,128,257,894 | 1.35% | 1,174,373,653 | 1.42% |
| Tangible Personal, Business | 5,485,905,795 | 6.55% | 5,146,374,881 | 6.22% |
| Tangible Personal, Other | 40,668,941 | 0.05% | 42,760,159 | 0.05% |
| Inventory | 681,181,171 | 0.81% | 755,930,021 | 0.91% |
| Special Inventory Tax | 167,581,030 | 0.20% | 146,010,145 | 0.18% |
| Total Appraised Value Before Exemptions | $ 83,768,843,616 | 100.00% | $ 82,751,613,512 | 100.00% |
| Less: Total Exemptions/Reductions | (11,306,325,057) | | (11,473,926,034) | |
| Taxable Assessed Value | $ 72,462,518,559 | | $ 71,277,687,478 | |

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 |
|---|---|---|---|---|---|---|
| 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] | 74,630,300,190 | 91,781 | 393,350,000 | 0.53% | 484 |
| 2014 | 834,642 [3] | 79,238,767,392 | 94,937 | 391,410,000 | 0.49% | 469 |
| 2015 | 854,778 [3] | 86,871,450,852 | 101,630 | 401,360,000 [4] | 0.46% | 470 |

(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: Texas Workforce Commission
(3) Source: County Officials
(4) Projected; includes the Bonds. Excludes the Refunded Bonds. Preliminary, subject to change.

**TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY**

| Fiscal Year Ended 9/30 | Tax Rate | General Fund | Interest and Sinking Fund | Tax Levy | % Current Collections | % Total Collections |
|---|---|---|---|---|---|---|
| 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 | 176,489,220 | 101.06% | 102.52% |
| 2014 | 0.23750 | 0.18033 | 0.057166 | 185,623,326 | 101.01% | 102.05% |
| 2015 | 0.23500 | 0.17727 | 0.057732 | 200,570,830 | 99.44% [1] | 100.62% [1] |

(1) Collections through May 1, 2015.

**TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS**

| | Tax Year | | | | |
|---|---|---|---|---|---|
| Limited Constitutional Taxes [1] | 2014 | 2013 | 2012 | 2011 | 2010 |
| Operating Fund | $ 0.173268 | $ 0.176334 | $ 0.173046 | $ 0.173046 | $ 0.184580 |
| Limited Tax Debt Service Fund | 0.017131 | 0.019378 | 0.026190 | 0.026190 | 0.025530 |
| Total Constitutional Tax Rate | $ 0.190399 | $ 0.195712 | $ 0.199236 | $ 0.199236 | $ 0.210110 |
| Unlimited Constitutional Taxes [2] | | | | | |
| Road & Bridge Fund | $ 0.004000 | $ 0.004000 | $ 0.003000 | $ 0.003000 | $ 0.000000 |
| Permanent Improvement Fund | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Unlimited Tax Debt Service Fund | 0.040601 | 0.037788 | 0.037764 | 0.037764 | 0.029890 |
| Total Tax Rate | $ 0.235000 | $ 0.237500 | $ 0.240000 | $ 0.240000 | $ 0.240000 |

(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 | 2014/15 Taxable Assessed Valuation | % of Total Taxable Assessed Valuation |
|---|---|---|
| Oncor Electric Delivery Company | $ 519,537,661 | 0.60% |
| Bank of America NA | 320,720,305 | 0.37% |
| Stonebriar Mall Ltd. Partnership | 260,753,175 | 0.30% |
| Health Care Service Corporation | 211,520,075 | 0.24% |
| AT&T Mobility LLC | 175,236,979 | 0.20% |
| J.C. Penney Company | 161,355,729 | 0.19% |
| Cisco Systems Inc | 159,890,798 | 0.18% |
| Village at Allen LP | 144,127,995 | 0.17% |
| Willow Bend Shopping Center LP | 142,581,631 | 0.16% |
| EMC Corporation | 137,003,309 | 0.16% |
| | $ 2,232,727,657 | 2.57% |

**TABLE 7 - TAX ADEQUACY [1]**

| | |
|---|---|
| 2015 Principal and Interest Requirements | $ 44,982,052 |
| $0.0524 Tax Rate at 99% Collection Produces | $ 45,065,434 |
| | |
| Average Annual Principal and Interest Requirements, 2015 - 2035 | $ 27,388,749 |
| $0.0319 Tax Rate at 99% Collection Produces | $ 27,434,873 |
| | |
| Maximum Principal and Interest Requirements, 2016 | $ 52,200,090 |
| $0.0607 Tax Rate at 99% Collection Produces | $ 52,203,661 |

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

## TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

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

| Governmental Subdivision | 2014/15 Taxable Assessed Value [1] | 2014/15 Tax Rate | Total Funded Debt | Estimated % Applicable | County's Overlapping Funded Debt 4-1-15 |
|---|---|---|---|---|---|
| Collin County | $ 86,871,450,852 | $ 0.235000 | $ 401,360,000 [2] | 100.00% | $ 401,360,000 [2] |
| **Special Districts** | | | | | |
| Collin County Community College District | $ 81,910,515,275 | $ 0.082000 | $ 34,595 | 100.00% | $ 34,595 |
| Collin County Municipal Utility District No. 1 | 79,887,546 | 1.050000 | 11,500,000 | 100.00% | 11,500,000 |
| Seis Lagos Utility District | 129,843,030 | 0.435600 | - | 100.00% | - |
| Total Districts | | | | | $ 11,534,595 |
| **Cities** | | | | | |
| Allen | $ 9,187,990,377 | $ 0.540000 | $ 99,775,000 | 100.00% | $ 99,775,000 |
| Anna | 507,224,880 | 0.649000 | 16,346,000 | 100.00% | 16,346,000 |
| Blue Ridge | 26,954,190 | 0.589500 | 1,071,000 | 100.00% | 1,071,000 |
| Celina | 555,548,867 | 0.644900 | 30,650,000 | 100.00% | 30,650,000 |
| Fairview | 1,340,636,813 | 0.360000 | 26,370,000 | 100.00% | 26,370,000 |
| Farmersville | 161,401,628 | 0.785700 | 6,465,000 | 100.00% | 6,465,000 |
| Josephine | 44,259,521 | 0.615000 | 359,000 | 96.13% | 345,107 |
| Lavon | 195,927,225 | 0.455700 | 73,000 | 100.00% | 73,000.00 |
| Lowry Crossing | 101,041,528 | 0.229780 | - | 100.00% | - |
| Lucas | 697,050,818 | 0.320700 | 9,950,000 | 100.00% | 9,950,000 |
| McKinney | 13,473,925,466 | 0.583000 | 218,030,000 | 100.00% | 218,030,000 |
| Melissa | 441,539,721 | 0.610000 | 40,160,000 | 100.00% | 40,160,000 |
| Murphy | 1,800,624,097 | 0.550000 | 39,695,000 | 100.00% | 39,695,000 |
| Nevada | 51,049,739 | 0.191300 | - | 100.00% | - |
| New Hope | 37,434,264 | 0.210000 | - | 100.00% | - |
| Parker | 615,409,117 | 0.351000 | 5,390,000 | 100.00% | 5,390,000 |
| Princeton | 344,070,465 | 0.721800 | 16,005,000 | 100.00% | 16,005,000 |
| Prosper | 1,882,072,890 | 0.520000 | 59,525,000 | 92.56% | 55,096,340 |
| St. Paul | 77,548,751 | 0.392300 | - | 100.00% | - |
| Weston | 15,601,356 | 0.359900 | - | 100.00% | - |
| Wylie | 2,619,020,884 | 0.878900 | 95,260,000 | 98.01% | 93,364,326 |
| **County-Line Cities** | | | | | |
| Carrollton | $ 10,318,700,091 | $ 0.615400 | $ 176,485,000 | 0.52% | $ 917,722 |
| Dallas | 89,422,161,973 | 0.797000 | 1,705,236,064 | 4.04% | 68,891,537 |
| Frisco | 16,963,701,929 | 0.461910 | 622,865,000 | 63.22% | 393,775,253 |
| Garland | 10,449,430,568 | 0.704600 | 442,880,000 | 0.20% | 885,760 |
| Plano | 28,832,885,675 | 0.488600 | 300,470,000 | 96.72% | 290,614,584 |
| Richardson | 10,847,551,391 | 0.635160 | 249,555,000 | 40.35% | 100,695,443 |
| Royse City | 514,920,927 | 0.677100 | 21,962,000 | 16.38% | 3,597,376 |
| Sachse | 1,424,627,474 | 0.770800 | 37,750,000 | 36.11% | 13,631,525 |
| Total Cities | | | | | $ 1,531,794,972 |

(1) Tax Year 2014 Taxable Assessed Valuation.

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

| | 2014/15 Taxable Assessed Value [1] | 2014/15 Tax Rate | Total Funded Debt | Estimated % Applicable | County's Overlapping Funded Debt 4/1/2015 |
|---|---|---|---|---|---|
| **School Districts** | | | | | |
| Allen ISD | $ 8,683,712,227 | $ 1.640000 | $ 471,368,037 | 100.00% | $ 471,368,037 |
| Anna ISD | 600,012,756 | 1.540000 | 90,095,024 | 100.00% | 90,095,024 |
| Farmersville ISD | 333,904,921 | 1.430900 | 11,885,000 | 100.00% | 11,885,000 |
| Lovejoy ISD | 1,519,654,683 | 1.560000 | 143,927,131 | 100.00% | 143,927,131 |
| McKinney ISD | 9,596,804,039 | 1.670000 | 458,160,000 | 100.00% | 458,160,000 |
| Melissa ISD | 517,371,688 | 1.540000 | 57,983,710 | 100.00% | 57,983,710 |
| Plano ISD | 38,386,866,985 | 1.448000 | 852,635,313 | 100.00% | 852,635,313 |
| Princeton ISD | 535,094,610 | 1.620000 | 83,727,732 | 100.00% | 83,727,732 |
| Wylie ISD | 3,610,135,771 | 1.640000 | 307,599,292 | 100.00% | 307,599,292 |
| **County-Line School Districts** | | | | | |
| Bland ISD | $ 115,204,207 | $ 1.516300 | $ 14,835,400 | 8.92% | $ 1,323,318 |
| Blue Ridge ISD | 121,092,077 | 1.597500 | 14,970,000 | 98.65% | 14,767,905 |
| Celina ISD | 689,329,243 | 1.640000 | 56,532,529 | 93.58% | 52,903,141 |
| Community ISD | 544,216,111 | 1.615000 | 27,842,674 | 98.72% | 27,486,288 |
| Frisco ISD | 21,830,492,218 | 1.460000 | 1,683,160,843 | 72.36% | 1,217,935,186 |
| Gunter ISD | 202,990,610 | 1.620000 | 14,620,000 | 0.88% | 128,656 |
| Leonard ISD | 129,082,011 | 1.271000 | 1,020,000 | 8.23% | 83,946 |
| Prosper ISD | 3,019,101,801 | 1.670000 | 279,964,160 | 93.79% | 262,578,385 |
| Rockwall ISD | 6,734,915,904 | 1.440000 | 326,241,461 | 0.01% | 32,624 |
| Royse City ISD | 1,109,487,325 | 1.670000 | 104,123,002 | 8.38% | 8,725,508 |
| Trenton ISD | 138,354,037 | 1.451400 | 7,175,000 | 3.95% | 283,413 |
| Van Alstyne ISD | 448,349,615 | 1.520000 | 37,800,000 | 9.48% | 3,583,440 |
| Whitewright ISD | 156,385,054 | 1.370000 | 7,358,736 | 3.46% | 254,612 |
| Total School Districts | | | | | $ 4,067,467,658 |
| Total Direct and Overlapping Funded Debt | | | | | $ 6,012,157,225 |
| Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation | | | | | 7.34% |
| Per Capita Overlapping Funded Debt | | | | | $ 7,034 |

(1) Tax Year 2014 Taxable Assessed Valuation.

**TABLE 9 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

| Fiscal Year Ending 9/30 | Unlimited Tax Outstanding Debt [1] | | Limited Tax Outstanding Debt [1] | | The Unlimited Tax Bonds [2] | | The Limited Tax Bonds [3] | | Total Debt Service | % of Principal Retired |
|---|---|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | | |
| 2015 | $ 19,385,000 | $ 10,681,860 | $ 10,105,000 | $ 4,810,192 | $ - | $ - | $ - | $ - | $ 44,982,052 | |
| 2016 | 18,865,000 | 9,237,869 | 10,265,000 | 4,339,219 | 6,055,000 | 3,214,929 | 55,000 | 168,073 | 52,200,090 | |
| 2017 | 18,885,000 | 8,506,269 | 10,635,000 | 3,958,654 | 1,985,000 | 2,530,675 | 80,000 | 137,250 | 46,717,848 | |
| 2018 | 15,850,000 | 7,819,619 | 11,035,000 | 3,553,376 | 4,670,000 | 2,430,850 | 190,000 | 133,200 | 45,682,044 | |
| 2019 | 15,800,000 | 7,151,603 | 11,420,000 | 3,130,019 | 5,615,000 | 2,276,575 | 195,000 | 127,425 | 45,715,622 | 37.39% |
| 2020 | 14,860,000 | 6,489,071 | 9,035,000 | 2,742,878 | 3,860,000 | 2,115,150 | 200,000 | 121,500 | 39,423,599 | |
| 2021 | 13,445,000 | 5,865,746 | 9,320,000 | 2,398,229 | 4,015,000 | 1,957,650 | 210,000 | 115,350 | 37,326,975 | |
| 2022 | 13,785,000 | 5,243,403 | 9,280,000 | 2,041,894 | 3,330,000 | 1,810,750 | 210,000 | 109,050 | 35,810,096 | |
| 2023 | 14,440,000 | 4,600,628 | 7,540,000 | 1,690,352 | 3,460,000 | 1,674,950 | 220,000 | 101,500 | 33,727,429 | |
| 2024 | 15,110,000 | 3,959,635 | 7,890,000 | 1,337,579 | 3,600,000 | 1,533,750 | 230,000 | 92,500 | 33,753,464 | 68.50% |
| 2025 | 12,405,000 | 3,373,991 | 7,400,000 | 985,354 | 3,765,000 | 1,367,625 | 235,000 | 83,200 | 29,615,170 | |
| 2026 | 12,010,000 | 2,820,550 | 5,140,000 | 679,141 | 3,960,000 | 1,174,500 | 250,000 | 72,250 | 26,106,441 | |
| 2027 | 11,385,000 | 2,277,325 | 2,855,000 | 466,588 | 4,165,000 | 971,375 | 265,000 | 59,375 | 22,444,663 | |
| 2028 | 10,900,000 | 1,761,498 | 2,970,000 | 308,496 | 1,810,000 | 822,000 | 110,000 | 50,000 | 18,731,994 | |
| 2029 | 8,210,000 | 1,319,668 | 2,575,000 | 154,893 | 1,900,000 | 729,250 | 115,000 | 44,375 | 15,048,185 | 89.95% |
| 2030 | 7,440,000 | 972,900 | 625,000 | 70,544 | 2,000,000 | 631,750 | 120,000 | 38,500 | 11,898,694 | |
| 2031 | 7,780,000 | 646,225 | 650,000 | 46,978 | 2,100,000 | 529,250 | 130,000 | 32,250 | 11,914,703 | |
| 2032 | 5,900,000 | 349,200 | 515,000 | 25,688 | 2,210,000 | 421,500 | 135,000 | 25,625 | 9,582,013 | |
| 2033 | 3,640,000 | 146,400 | 290,000 | 10,975 | 2,320,000 | 308,250 | 140,000 | 18,750 | 6,874,375 | |
| 2034 | 1,840,000 | 36,800 | 150,000 | 2,719 | 2,440,000 | 189,250 | 150,000 | 11,500 | 4,820,269 | 99.37% |
| 2035 | - | - | - | - | 2,565,000 | 64,125 | 155,000 | 3,875 | 2,788,000 | 100.00% |
| Totals | $ 241,935,000 | $ 83,260,257 | $ 119,695,000 | $ 32,753,765 | $ 65,825,000 | $ 26,754,154 | $ 3,395,000 | $ 1,545,548 | $ 575,163,724 | |

(1) Includes that portion of interest offset by the refundable tax credit to be received by the County from the Department of Treasury as a result of a portion of the related outstanding obligations being designated as "Build America Bonds." See "Other Information – Sequestration" herein. Excludes the Refunded Bonds. Preliminary, subject to change.

(2) Average life of the issue – 8.747 years. Interest on the Unlimited Tax Bonds has been calculated at the average rate of 2.94% for purposes of illustration. Preliminary, subject to change.

(3) Average life of the issue –10.041 years. Interest on the Limited Tax Bonds has been calculated at the average rate of 3.00% for purposes of illustration. Preliminary, subject to change.

**TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION**

| | | |
|---|---|---|
| Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2015 | | $ 44,982,052 |
| Interest and Sinking Fund Balance, 9/30/2014 | $ 11,815,895 | |
| Budgeted Interest and Sinking Fund Tax Levy | 49,759,508 | |
| Non-Tax Revenues | 305,053 [1] | 61,880,456 |
| Estimated Balance, 9/30/2015 | | $ 16,898,404 |

(1) Includes the refundable tax credit to be received by the County from the Department of Treasury as a result of a portion of the related outstanding obligations being designated as "Build America Bonds." See "Other Information – Sequestration" herein.

**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 | $ 12,400,000 | $ 2,300,000 | $ 2,300,000 |
| Road [2] | 11/6/2007 | 235,600,000 | 161,330,000 | 43,488,000 | 30,782,000 |
| Court Buildings [1] | 11/6/2007 | 76,300,000 | 30,500,000 | - | 45,800,000 |
| | | $ 328,900,000 | $ 204,230,000 | $ 45,788,000 | $ 78,882,000 |

(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 are generally funded from a blend of bond proceeds, reserves or current year revenue sources. The current CIP covers fiscal years 2015 through 2019, and includes total capital expenditures of $278.1 million, of which $148.0 million are scheduled for fiscal year 2015. Most of the planned expenditures will be funded with proceeds of prior bond issues. As shown in Table 11, after the issuance of the Bonds, the County will have $78,882,000 of authorized but unissued bonds. The County anticipates issuing approximately $33,067,000 of such amount in fiscal year 2016 and the remaining bond authorization over the following three years in amounts that will allow the County to maintain a level debt service tax rate over such period.

**TABLE 12 - OTHER OBLIGATIONS**

**Operating Leases**

As lessor, the Health Care Foundation has a number of non-cancelable operating leases with minimum future rental revenues in aggregate of $2,805,860. The buildings are carried at a book value of $7,745,629 with accumulated depreciation of $5,077,550. Future minimum rental payments applicable to the operating leases are as follows:

| Fiscal Year Ending September 30, | HFC Contractual Future Rental Revenues |
|---|---|
| 2015 | $ 1,066,094 |
| 2016 | 694,426 |
| 2017 | 524,315 |
| 2018 | 264,129 |
| 2019 | 73,003 |
| 2020 | 66,870 |
| 2021 | 66,870 |
| 2022 | 50,153 |
| Total | $ 2,805,860 |

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 $1,403,743 for the year ended September 30, 2014. At September 30, 2014, future minimum rental payments applicable to the operating leases are as follows:

| Fiscal Year Ending September 30, | Contractual Future Rental Obligations |
|---|---|
| 2015 | $ 509,232 |
| 2016 | 408,226 |
| 2017 | 343,668 |
| 2018 | 139,617 |
| 2019 | 3,000 |
| Total | $ 1,403,743 |

**PENSION FUND** . . . The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed Chapter 841, Texas Government Code, as amended (the "TCDRS Act") so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. The County has elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed an amount of 8.0% in 2014 which was the same as 2013. The County also paid an additional $11.6 million in 2014 to eliminate any unfunded liability in the retirement program. The Commissioners Court, in conjunction with this additional payment, adopted a policy which will help to keep this rate of 8.0% consistent in future years by agreeing to reduce benefits of employees in the future. The contribution rate payable by the employee members for the calendar years of 2014 and 2013 was 7 % as adopted by the governing body of the County. The employee contribution rate and the County's contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

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

## FINANCIAL INFORMATION

### TABLE 13 - CHANGES IN NET ASSETS

| | Fiscal Year Ended September 30, | | | | |
|---|---|---|---|---|---|
| Revenues: | 2014 | 2013 | 2012 | 2011 | 2010 |
| Program Revenues: | | | | | |
| Charges for Services | $ 44,020,768 | $ 43,375,449 | $ 40,328,746 | $ 39,499,797 | $ 38,596,963 |
| Operating Grants and Contributions | 13,925,561 | 14,384,010 | 14,516,234 | 17,903,172 | 14,336,973 |
| Capital Grants and Contributions | 521,580 | 930,653 | 1,059,413 | 387,681 | 631,454 |
| Total Program Revenues | $ 58,467,909 | $ 58,690,112 | $ 55,904,393 | $ 57,790,650 | $ 53,565,390 |
| General Revenues: | | | | | |
| Taxes | $ 192,994,181 | $ 183,016,167 | $ 177,761,766 | $ 173,193,625 | $ 178,396,150 |
| Unrestricted Investment Earnings | 1,664,231 | 1,336,534 | 2,314,418 | 1,977,093 | 2,300,812 |
| Gain (Loss) on Sale of Assets | - | - | - | - | - |
| Miscellaneous | 468,097 | 142,080 | 903,048 | 195,152 | 203,048 |
| Total General Revenues | $ 195,126,509 | $ 184,494,781 | $ 180,979,232 | $ 175,365,870 | $ 180,900,010 |
| Total Revenues | $ 253,594,418 | $ 243,184,893 | $ 236,883,625 | $ 233,156,520 | $ 234,465,400 |
| Expenses: | | | | | |
| General Administration | $ 42,213,129 | $ 27,866,729 | $ 29,244,085 | $ 67,690,144 | $ 36,468,596 |
| Judicial | 16,727,057 | 16,427,358 | 16,068,834 | 14,109,924 | 17,436,080 |
| Financial Administration | 10,490,374 | 10,167,597 | 10,027,826 | 8,821,845 | 10,753,583 |
| Legal | 10,514,652 | 10,300,586 | 10,204,545 | 9,292,969 | 11,436,163 |
| Public Facilities | 25,337,831 | 21,949,602 | 18,700,897 | 17,040,033 | 16,981,488 |
| Equipment Services | 2,855,093 | 3,236,108 | 2,858,704 | 2,494,730 | 2,484,792 |
| Public Safety | 57,137,306 | 55,924,293 | 57,155,752 | 50,874,877 | 62,472,977 |
| Public Transportation | 37,669,979 | 42,392,813 | 45,514,784 | 70,789,320 | 87,756,972 (1) |
| Health and Welfare | 18,932,952 | 18,130,149 | 17,188,582 | 18,074,594 | 19,088,453 |
| Culture and Recreation | 2,275,303 | 3,333,334 | 1,591,047 | 1,521,696 | 1,622,389 |
| Conservation | 255,552 | 246,371 | 249,193 | 235,128 | 293,137 |
| Debt Service, Interest and Fiscal Charges | 14,406,180 | 21,846,718 | 22,193,212 | 17,588,985 | 17,078,488 |
| Total Expenses - Before Transfers | $ 238,815,408 | $ 231,821,658 | $ 230,997,461 | $ 278,534,245 | $ 283,873,118 |
| *Change in Net Position* | $ 14,779,010 | $ 11,363,235 | $ 5,886,164 | $ (45,377,725) | $ (49,407,718) |
| Adjustments | | - | 61,992 | (9) | - |
| Net Position as of October 1 | 373,293,732 | 361,930,497 | 355,982,341 | 401,360,075 | 450,767,793 |
| Net Position as of September 30 | $ 388,072,742 | $ 373,293,732 | $ 361,930,497 | $ 355,982,341 | $ 401,360,075 |

(1) In 2010, the County transferred a significantly higher amount of infrastructure assets to cities than in prior years. Once a road project is completed or construction oversight is handed over to a city, the County writes off the asset.

**TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

| | Fiscal Year Ended September 30, | | | | |
|---|---|---|---|---|---|
| Revenues | 2014 | 2013 | 2012 | 2011 | 2010 |
| Taxes | $ 140,746,018 | $ 129,156,674 | $ 126,555,655 | $ 131,828,854 | $ 130,271,143 |
| License and Permits | 456,366 | 378,671 | 282,352 | - | - |
| Federal and State Funds | 6,361,798 | 5,033,417 | 7,042,027 | 6,379,302 | 3,908,666 |
| Fees and Charges for Services | 19,099,538 | 19,319,252 | 18,435,832 | 17,368,901 | 16,070,485 |
| Fines and Forfeitures | 1,763,311 | 2,142,678 | 2,191,532 | 1,992,671 | 1,821,451 |
| Rental Revenues | 302,820 | 254,430 | 222,540 | - | - |
| Interest | 1,123,376 | 485,868 | 1,133,435 | 2,117,949 | 2,189,100 |
| Miscellaneous | 774,800 | 1,269,903 | 811,304 | 932,685 | 598,633 |
| Total Revenues | $ 170,628,027 | $ 158,040,893 | $ 156,674,677 | $ 160,620,362 | $ 154,859,478 |
| | | | | | |
| Expenditures | | | | | |
| General Administration | $ 37,944,750 | $ 23,850,268 | $ 24,948,893 | $ 63,529,742 | $ 28,875,085 |
| Judicial | 15,063,445 | 14,598,191 | 14,551,857 | 14,954,776 | 14,141,857 |
| Financial Administration | 10,301,765 | 9,903,760 | 9,773,492 | 10,093,805 | 9,970,218 |
| Legal | 10,388,114 | 10,040,658 | 9,969,632 | 10,465,059 | 10,655,750 |
| Public Safety | 53,594,955 | 52,794,966 | 55,369,495 | 57,793,126 | 46,021,607 |
| Public Health and Welfare | 13,679,712 | 12,075,076 | 11,651,835 | 12,011,123 | 10,767,712 |
| Public Facilities | 10,804,060 | 10,575,698 | 10,457,208 | 10,159,746 | 9,652,871 |
| Culture and Recreation | 937,036 | 841,464 | 1,027,050 | 1,028,684 | 424,024 |
| Equipment Services | 2,217,536 | 2,164,730 | 2,208,379 | 2,094,787 | 1,940,815 |
| Capital Outlay | 4,226,191 | 3,964,567 | 4,010,412 | 11,600,278 | 1,990,979 |
| Conservation | 256,500 | 244,445 | 246,119 | 278,096 | 276,767 |
| Total Expenditures | $ 159,414,064 | $ 141,053,823 | $ 144,214,372 | $ 194,009,222 | $ 134,717,685 |
| | | | | | |
| Excess (Deficiency) of Revenues Over Expenditures | $ 11,213,963 | $ 16,987,070 | $ 12,460,305 | $ (33,388,860) | $ 20,141,793 |
| | | | | | |
| Other Financing Sources (Uses) | | | | | |
| Sale of Capital and Non-Captial Assets | $ 84,928 | $ 3,540,233 | $ 42,885 | $ 20,353 | $ 109,520 |
| Operating Transfers In | 85,141 | 79,505 | 125,958 | 25,557 | 110,829 |
| Operating Transfers Out | (460,896) | (515,900) | (346,348) | (1,001,263) | (8,581,000) |
| Total Other Financing Sources (Uses) | $ (290,827) | $ 3,103,838 | $ (177,505) | $ (955,353) | $ (8,360,651) |
| | | | | | |
| Net Change in Fund Balances | $ 10,923,136 | $ 20,090,908 | $ 12,282,800 | $ (34,344,213) | $ 11,781,142 |
| | | | | | |
| Beginning Fund Balance | 185,718,969 | 165,628,061 | 153,345,261 | 187,689,474 [1] | 133,626,241 |
| | | | | | |
| Ending Fund Balance | $ 196,642,105 | $ 185,718,969 | $ 165,628,061 | $ 153,345,261 | $ 145,407,383 |

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

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

FINANCIAL POLICIES

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

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

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

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

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

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

INVESTMENTS

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

LEGAL INVESTMENTS . . . Under the PFIA, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit that are issued by a state or national bank domiciled in the State of Texas, a savings bank domiciled in the State of Texas, or a state or federal credit union domiciled in the State and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits, (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the FDIC or the National Credit Union share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits or a) where the funds are invested by an investing entity through: (i) a broker that has its main office or a branch office in this state and is selected from a list adopted by the County; or (ii) a depository institution that has its main office or a branch

office in this state and that is selected by the investing entity; (b) where the broker or the depository institution selected by the investing entity under (a) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints the depository institution selected by the investing entity under (a), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the United States Securities and Exchange Commission (the "SEC") and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the County; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State, (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-loan money market mutual funds registered with and regulated by the SEC that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share and (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph. The County also is authorized by the PFIA to invest its funds in certificates of deposit issued by one or more federally insured depository institutions, wherever located, in accordance with procedures set forth in the PFIA.

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

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

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

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

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

Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the County's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the County and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the County's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

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

**TABLE 14 - CURRENT INVESTMENTS**

As of May 1, 2015, the County's investable funds were invested in the following categories:

| Description | Percent | Book Value | Market Value |
|---|---|---|---|
| Local Government Investment Pools[(1)] | 65.58% | $ 294,702,567 | $ 294,702,567 |
| U.S. Agency Securities | 6.59% | 29,607,911 | 29,528,965 |
| Certificates of Deposit | 17.74% | 79,725,860 | 79,725,860 |
| Municipal Bonds | 4.61% | 20,702,256 | 20,583,481 |
| Money Market | 5.49% | 24,669,542 | 24,669,542 |
| | 100.00% | $ 449,408,136 | $ 449,210,415 |

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 LLC, the Financial Advisor for the County. TexSTAR is operated in a manner consistent with Rule 2a-7, promulgated by the SEC under authority of the Investment Company Act of 1940 that governs mutual funds.

## TAX MATTERS

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

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

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

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

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

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

### ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

#### Collateral Tax Consequences

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

**Tax Accounting Treatment of Original Issue Premium**

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

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

**Tax Accounting Treatment of Original Issue Discount Bonds**

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

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

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

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

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

**Tax Legislative Changes**

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

## CONTINUING DISCLOSURE OF INFORMATION

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

ANNUAL REPORTS . . . The County will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via the Electronic Municipal Market Access System ("EMMA") at www.emma.msrb.org. 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 the annual financial information appearing in the numbered tables described in the preceding sentence within six months after the end of each fiscal year ending in and after 2015 and, if not submitted as part of the annual financial information, the County will provide its audited annual financial statement when and if available, and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the County will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes 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 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 identified below or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The County's current fiscal year end is September 30. Accordingly, the County must provide updated information included in Tables 1 through 7 and 9 through 14 by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) by September 30 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the County otherwise would be required to provide financial information and operating data as set forth above.

NOTICE OF CERTAIN EVENTS . . . The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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 or additional trustee or the change of name of a trustee, if material. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States 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.

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

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

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . In connection with certain of the County's outstanding unlimited tax and limited tax debt issuances, the County has entered into continuing disclosure undertakings to provide certain updated financial information and operating data within six-months of the end of the County's fiscal year along with notices of specified material events at required times. In addition, for debt issuances prior to 2015, the County has agreed to provide audited financial statements within six-months of the end of the County's fiscal year if audited financial statements are available by such time. If audited financial statements are not available by the required time, the County has agreed to provide notice that audited financial statements are not available and to provide unaudited financial statements for the applicable fiscal year. The County has further agreed to provide audited financial statements when and if such audited financial statements become available.

During the previous five years, the County filed certain update financial information and operating data in the form of certain tables (the "Tables") identified in the official statements for each of the respective debt issuances within six-months (March 31) after the end of each fiscal year. The audited financial statements for the fiscal years ending September 30, 2012, September 30, 2011 and September 30, 2010 were not available within six months of the end of the respective fiscal years, but the Tables that were filed included certain unaudited financial statement information that was similar to the type included in the audited financial statements. The County filed audited financial statements for the fiscal years ended September 30, 2013 and September 30, 2014 within six-months of the end of each fiscal year. The County filed audited financial statements of the County for the fiscal years ended September 30, 2012, September 30, 2011 and September 30, 2010 on May 15, 2013, April 30, 2012 and May 20, 2011, respectively. The County also filed an annual Rule 15c2-12 Filing Cover Sheet for each of the previous five fiscal years within six-months of the end of each respective fiscal year that indicated whether or not the "annual financial report or CAFR" (Comprehensive Annual Financial Report) was being filed along with the Table information. The County did not provide a separate notice with regard to the respective audited financial statements being "not available" during such periods. For the fiscal years identified above for which the audited financial statements were not available within six-months of the end of the respective fiscal year, the County filed an amended Rule 15c2-12 Filing Cover Sheet along with the audited financial statements that indicated that the "annual financial report or CAFR" was now being filed by the County. The Rule 15c2-12 Filing Cover Sheets did not affirmatively state that the audited financial statements for such fiscal years were "not available". The County now has procedures in place to file the required notice if the "annual financial report or CAFR" is not available.

## OTHER INFORMATION

### RATINGS

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

### LITIGATION

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

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

## REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

## LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

## LEGAL MATTERS

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

## SEQUESTRATION

The American Recovery and Reinvestment Act of 2009 ("ARRA") authorized the issuance of "Build America Bonds," which permitted issuers to elect to receive payments equal to 35% payable on the "Build America Bonds." Under the "Build America Bonds" program, the County currently receives payments from the Federal government with respect to its outstanding $5,590,000 Unlimited Tax Road Bonds, Taxable Series 2009B (Build America Bonds – Direct Payment) and $9,990,000 Limited Tax Permanent Improvement Bonds, Taxable Series 2009B (Build America Bonds – Direct Payment) which were issued as direct-pay bonds (the "BABs"). The payment is equal to 35% of the interest payable on the taxable debt (the "Federal Subsidy"). Under the Budget Control Act of 2011, the Federal Subsidies in 2013 were reduced by 8.7%. The Bipartisan Budget Act of 2013, signed by the President on December 26, 2013, extended cuts in those payments to issuers due to sequester of federal expenditures. According to the Bipartisan Budget Act of 2013, sequester for the above interest subsidy payments and other mandatory programs will continue for fiscal years 2014 through 2021, and agreement leading to passage of the act requires sequester to be extended to 2022 and 2023. The sequester reduction percentage applied to payments received in August 2014 for the outstanding bonds which were issued as BABs was 7.2%. According to an update released by the IRS Office of Tax Exempt

Bonds (TEB), the sequester reduction percentage applied to the payments made to issuers of direct pay bonds in FY 2015 will be 7.3%. This percentage will apply to all direct credit subsidy payments scheduled to be made on or after October 1, 2014 through and including September 30, 2015. The sequestration rate for future federal fiscal years will be set from time to time unless Congress takes additional action to change or eliminate the sequestration percentage. As of the date of this Official Statement, the County does not believe that the current level of reduction in Federal Subsidies will materially adversely affect the financial condition of the County.

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

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

**UNDERWRITING**

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

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

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

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

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

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

### FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

### VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by First Southwest Company LLC 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 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 LLC on behalf of the County. Grant Thornton LLP will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations will be based and, accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

### MISCELLANEOUS

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

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

Pricing Officer
Collin County, Texas

**Schedule I**

## SCHEDULE OF THE REFUNDED BONDS*

### Unlimited Tax Road Bonds, Series 2006

| Original Dated Date | Stated Maturity | Interest Rate | Principal Amount Outstanding | Principal Amount Refunded |
|---|---|---|---|---|
| 3/15/2006 | 2/15/2017 | 4.000% | $ 795,000 | $ 795,000 |

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

### Unlimited Tax Road and Refunding Bonds, Series 2007

| Original Dated Date | Stated Maturity | Interest Rate | Principal Amount Outstanding | Principal Amount Refunded |
|---|---|---|---|---|
| 2/1/2007 | 2/15/2018 | 4.000% | $ 4,745,000 | $ 3,485,000 |
| | 2/15/2019 | 4.200% | 6,070,000 | 4,460,000 |
| | 2/15/2020 | 4.250% | 3,680,000 | 2,705,000 |
| | 2/15/2021 | 4.300% | 3,840,000 | 2,820,000 |
| | 2/15/2022 | 4.350% | 2,850,000 | 2,095,000 |
| | 2/15/2023 | 5.000% | 2,985,000 | 2,190,000 |
| | 2/15/2024 | 5.000% | 3,120,000 | 2,290,000 |
| | 2/15/2025 | 5.000% | 3,270,000 | 2,400,000 |
| | 2/15/2026 | 5.000% | 3,440,000 | 2,525,000 |
| | 2/15/2027 | 5.000% | 3,615,000 | 2,655,000 |
| | | | $ 37,615,000 | $ 27,625,000 |

The 2018 - 2027 maturities will be redeemed prior to their original maturity on February 15, 2017 at par.

### Limited Tax Refunding and Permanent Improvement Bonds, Series 2007

| Original Dated Date | Stated Maturity | Interest Rate | Principal Amount Outstanding | Principal Amount Refunded |
|---|---|---|---|---|
| 2/1/2007 | 2/15/2018 | 4.000% | $ 110,000 | $ 110,000 |
| | 2/15/2019 | 4.200% | 115,000 | 115,000 |
| | 2/15/2020 | 4.250% | 120,000 | 120,000 |
| | 2/15/2021 | 4.300% | 125,000 | 125,000 |
| | 2/15/2022 | 4.350% | 130,000 | 130,000 |
| | 2/15/2023 (1) | 5.000% | 135,000 | 135,000 |
| | 2/15/2024 (1) | 5.000% | 145,000 | 145,000 |
| | 2/15/2025 (1) | 5.000% | 150,000 | 150,000 |
| | 2/15/2026 (1) | 5.000% | 160,000 | 160,000 |
| | 2/15/2027 (1) | 5.000% | 170,000 | 170,000 |
| | | | $ 1,360,000 | $ 1,360,000 |

The 2018 - 2027 maturities will be redeemed prior to their original maturity on February 15, 2017 at par.

(1) Represents a term bond maturing February 15, 2027.

* Preliminary, subject to change.

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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, and approximately 15 miles from downtown Dallas. The County is an important component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area. The 836 square miles comprising the County represent a dynamic growth area in the Metroplex, and includes the Cities of Plano, McKinney (County Seat), Allen, Frisco, and Wylie.

**POPULATION** . . . Significant increases in population and economic growth have occurred during the past two decades. County population at the 1960 census was 41,247 . . . at the 1970 census, 66,920 . . . at the 1980 census, 144,576 . . . at the 1990 census, 264,036 . . . at the 2000 census, 491,675, at the 2010 census, 782,341, and the 2015 estimated population is 854,778.

**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 |
|---|---|
| HP Enterprise Svc LLC | 10,000 |
| Bank of America Home Loans | 4,646 |
| Toyota | 4,000 |
| J C Penny (Corporate HQ) | 3,800 |
| Capital One | 3,500 |
| University of Texas at Dallas | 3,500 |
| Blue Cross and Blue Shield of Texas | 3,100 |
| Medical Center of Plano (HCA) | 3,000 |
| GE Energy | 2,300 |
| Lineage Power Holdings Inc. | 2,300 |

**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:

| | Average Annual | | | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Civilian Labor Force | 471,554 | 459,556 | 447,144 | 438,328 | 425,252 |
| Employed | 450,277 | 434,398 | 420,733 | 408,777 | 394,597 |
| Unemployed | 21,277 | 25,158 | 26,411 | 29,551 | 30,655 |
| Percent Unemployed | 4.51% | 5.47% | 5.91% | 6.74% | 7.21% |

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 United States Environmental Protection Agency ("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 the Texas Commission on Environmental Quality, "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, 2014

The information contained in this Appendix consists of excerpts from the Collin County, Texas Annual Financial Report for the Year Ended September 30, 2014, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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PB&H

PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

# INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Commissioners Court
McKinney, Texas

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Collin County, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Collin County, Texas' basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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AICPA
Governmental Audit
Quality Center

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Collin County, Texas, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 25, the budgetary comparisons on pages 71 through 74, and the schedule of funding progress on page 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Collin County, Texas' basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Collin County, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 27, 2015

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# 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, 2014. 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 exceeded liabilities (net position) by $388.1 million on a government-wide basis at September 30, 2014, an increase of $14.8 million from 2013.

- For 2014, revenues of the County amounted to $253.6 million. The main revenue sources were property (ad valorem) taxes ($189.6 million), charges for services ($44.0 million) and operating grants and contributions ($13.9 million). These three revenue sources accounted for 76.9%, 17.4%, and 5%, respectively, or 99.8% of total governmental activity revenues.

- Total expenses were $238.8 million. The functional areas with the largest expense amounts were public safety ($57.1 million), general administration ($42.2 million), and public transportation ($37.7 million).

- Net capital assets were $419.7 million as of September 30, 2014. Net depreciation expense attributable to assets of governmental activities amounted to $26 million for 2014.

- An amount of $11.6 million was paid to eliminate all unfunded liabilities related to the County's retirement program.

### Highlights for Fund Financial Statements

The fund financial statements report detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

- The County's governmental funds reported an increase in fund balances of $33.0 million for fiscal year 2014, as compared to an increase of $32.7 million for fiscal year 2013.

- The General Fund reported a fund balance of $196.6 million for September 30, 2014, an increase of $10.9 million from September 30, 2013. General Fund revenues increased slightly by $12.6 million (7.8%). General Fund expenditures of $159.4 million increased by $18.3 million (13%) from 2013. As a result, General Fund revenues exceeded expenditures by $11.2 million and an additional net decrease of $3.1 million in net other financing sources and uses, mostly consisting of transfers to other funds, resulted in the $10.9 million increase in fund balance in spite of an $11.6 million payment to supplement the county employees retirement program.

**General Financial Highlights**

- In 2014, using a $12 million state grant received at the end of 2011, the County continued its work on the Outer Loop, spending $8.9 million through 2014 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 2014, the County transferred a net of $16.1 million 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 position provides information on all County assets and liabilities; the difference between the two is reported as net position. Over time, increases or decreases in net position 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 position of the County changed during the fiscal year presented herein. All changes in net position 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 2009 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 2011, 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 and abandoned 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 primarily to other governments and not the general public.

Governmental activities 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 was effective for periods that began 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 2014.

- **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 Special Revenue Fund
- Health Care Foundation Special Revenue Fund
- Regional Toll Road – Outer Loop Grant Special Revenue Fund
- Debt Service Fund
- 2007 Road Bond Capital Project Fund

Each of these funds is classified as a major fund for 2014. 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 on a project life budget, with an assigned project number for tracking and recording each transaction by project and funds in which the budget authority is specifically not granted to Commissioners Court by law.) Budgetary comparison schedules for major governmental funds are presented as required supplementary information. Budgetary comparison schedules for all other 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 Fund (enterprise fund) 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 County and to 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**

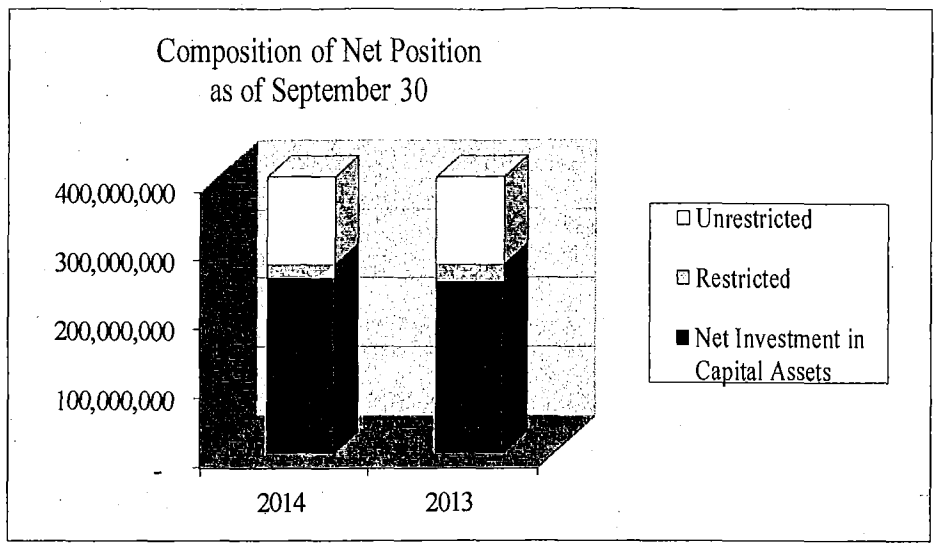
In addition to the basic financial statements and accompanying notes to those financial statements, certain required supplementary information schedules are also presented in this report with additional information regarding the results of the County's financial activities.

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 position of the County as of September 30, 2014 and 2013, is summarized and analyzed below:




| Statement of Net Position<br>As of September 30<br>($ in thousands) | 2014 | 2013 |
|---|---|---|
| **Assets:** | | |
| Current and Other Assets | $ 422,604 | $ 391,213 |
| Capital Assets | 419,659 | 438,119 |
| Total Assets | 842,263 | 829,332 |
| **Liabilities:** | | |
| Current Liabilities | 19,553 | 22,236 |
| Long-term Liabilities | 434,637 | 433,803 |
| Total Liabilities | 454,190 | 456,039 |
| **Net Position:** | | |
| Net Investment in Capital Assets | 251,955 | 247,266 |
| Restricted | 21,373 | 25,366 |
| Unrestricted | 114,745 | 100,661 |
| Total Net Position | $ 388,073 | $ 373,293 |

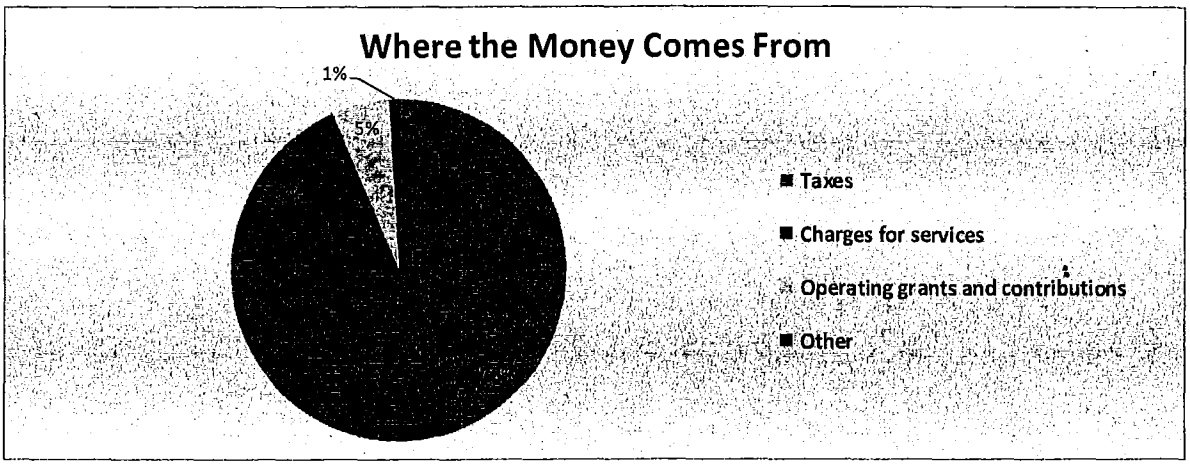
- Net position serves as a useful indicator of financial position. Assets exceeded liabilities by $388 million as of September 30, 2014, and by $373.3 million as of September 30, 2013, a net increase of $14.7 million.

- Net 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 Position (60.9%). 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. Currently all future debt service payments are required to be paid by future property tax collections.

- Restricted Net Position (5.3%) represents resources subject to external restrictions on their use. Of these restricted net assets, 57.3% of the restricted assets are to repay long-term debt, 37.2% are restricted to provide health care services, 5.4% are restricted for the County's Myers Park Foundation, and the balance is for the grant programs.

- The remaining portion of the County's net position (33.8%) is unrestricted and may be used to meet ongoing obligations.

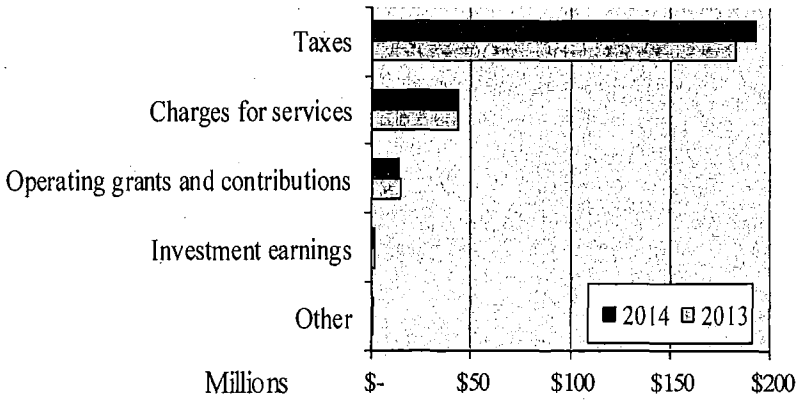
Reflected below is a comparison of Collin County revenues by source.

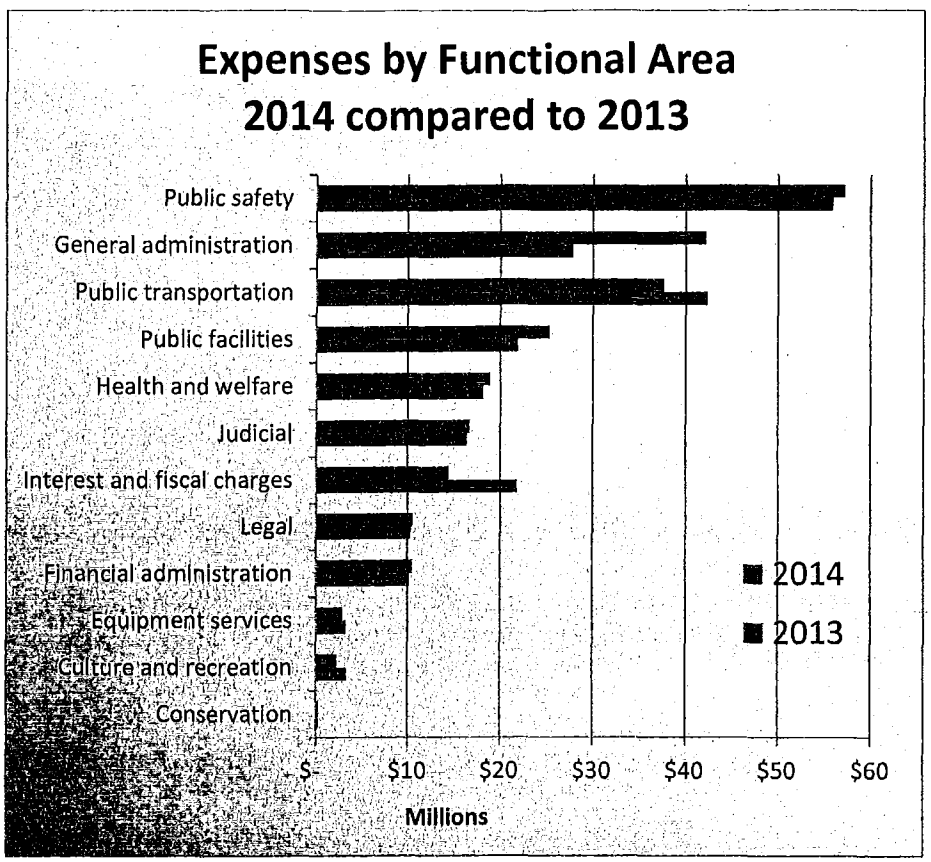



Overall government-wide revenues increased in 2014 over 2013 by $6.2 million (2.6%), due primarily to higher taxes collected ($5.1 million, or 2.9%) and more collected in charges for services ($3.0 million, or 7.6%). A summary of the amounts and more detailed explanation is provided in the table below.

| Summary of Changes in Net Position<br>For the Fiscal Years Ended September 30<br>($ in thousands) | 2014 | 2013 |
|---|---|---|
| **Revenues** | | |
| *Program Revenues:* | | |
| Charges for services | $ 44,021 | $ 43,375 |
| Operating grants and contributions | 13,926 | 14,384 |
| Capital grants and contributions | 522 | 931 |
| Total Program Revenues | 58,469 | 58,690 |
| *General Revenues:* | | |
| Taxes | 192,994 | 183,016 |
| Investment earnings | 1,664 | 1,337 |
| Miscellaneous | 468 | 142 |
| Total General Revenues | 195,126 | 184,495 |
| Total Revenues | 253,595 | 243,185 |
| **Expenses** | | |
| General administration | 42,213 | 27,867 |
| Judicial | 16,727 | 16,427 |
| Financial administration | 10,490 | 10,168 |
| Legal | 10,515 | 10,301 |
| Public facilities | 25,338 | 21,950 |
| Equipment services | 2,855 | 3,236 |
| Public safety | 57,137 | 55,924 |
| Public transportation | 37,670 | 42,393 |
| Health and welfare | 18,933 | 18,130 |
| Culture and recreation | 2,275 | 3,333 |
| Conservation | 256 | 246 |
| Interest and fiscal charges | 14,406 | 21,847 |
| Total expenses | 238,815 | 231,822 |
| Change in Net Position | 14,780 | 11,363 |
| Net position at beginning of year | 373,293 | 361,930 |
| Net position at end of year | $ 388,073 | $ 373,293 |

Governmental Activities - Revenues by Source
For the Fiscal Years Ended September 30






Summarized above are details of government-wide activities of the County for 2014 and 2013.

- 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 remained almost level with a slight decrease of $222 thousand or 0.4%.

- General revenues consist of taxes (property and mixed beverage tax paid to the County by the State of Texas) and interest, as well as miscellaneous transactions, not attributable or allocable to a specific program. Property taxes, substantially largest of the revenues, increased by $9.2 million or 5.1%.

- Public transportation expense decreased by $4.7 million or 11.1%. Many of the road construction projects are joint efforts with cities in the County, with each party contributing 50% of the cost. This activity tends to fluctuate from year to year due to a large number of ongoing projects.

- General Administration expenses increased by $14.3 million (51.4%) due to $11.6 million in a one-time payment to TCDRS, a $1.011 million increase in computer equipment purchases and a $742 thousand increase in software maintenance.

- Public Facilities expenses increased by $3.4 million (15.4%) due to an increase in depreciation expense impart to adding historical buildings.

| Total Cost and Net Cost of Governmental Activities for Collin County<br>For the Six Largest Functions by Expense<br>For the Fiscal Years Ended September 30<br>($ in thousands) | | | | |
|---|---|---|---|---|
| | Total Cost of Services | | Net Cost of Services | |
| Functions/Programs | 2014 | 2013 | 2014 | 2013 |
| Public safety | $ 57,137 | $ 55,924 | $ 42,886 | $ 42,223 |
| Public transportation | 37,670 | 42,393 | 18,153 | 24,746 |
| General administration | 42,213 | 27,867 | 33,645 | 18,144 |
| Interest and fiscal charges | 14,406 | 21,847 | 14,261 | 21,547 |
| Public Facilities | 25,338 | 21,950 | 25,263 | 21,811 |
| Health and welfare | 18,933 | 18,130 | 13,007 | 11,131 |
| Other | 43,118 | 43,711 | 33,133 | 33,530 |
| Total | $ 238,815 | $ 231,822 | $ 180,348 | $ 173,132 |

**Financial Analysis of the County's Funds**

The County operates using a fund accounting system to ensure segregation of funds as needed or required. 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 $405.8 million, an increase of $33 million (8.9%) from the prior year.

As required by GASB 54, the classifications of fund balance are split into as many as five categories: nonspendable, restricted, committed, assigned, or unassigned. The County currently has no assigned fund balance.

A portion of fund balance (62.1%, or $251.9 million) of the governmental funds has been designated as nonspendable, restricted, or committed. The remaining $153.9 million is classified as unassigned and is available to meet current needs as determined by the Commissioners Court. The unassigned fund balance can only exist in the General Fund since all other funds by definition are restricted or committed.

Governmental Funds - Total Fund Balance
as of September 30, 2014
(in thousands)

| Fund Balance: | | | Major Purposes for Classification |
|---|---|---|---|
| Nonspendable | $ 16,765 | 4.1% | Inventories, Toll Road, Conservation District, Animal Shelter |
| Restricted | 214,920 | 53.0% | Housing Finance, Records, Road Construction, Debt Service, Special Revenues |
| Committed | 20,273 | 5.0% | Healthcare, Permament Improvement, Capital Murder Cases, Special Elections, Utility Price Changes, Pre-trial Release, Jury, Myers Park, Code Inspection |
| Unassigned | 153,882 | 37.9% | General Fund |
| | $ 405,840 | 100.0% | |

**Changes in Fund Balance – Major Funds**

In 2014, the County is presenting six major funds:

- General Fund
- General Road and Bridge Special Revenue Fund
- Health Care Foundation Special Revenue Fund
- RTR – Outer Loop Grant Special Revenue Fund
- Debt Service Fund
- 2007 Road Bond Capital Project Fund

Funds are required to be reported as major funds when 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.

At the end of 2014, the unassigned fund balance of the General Fund was $153.9 million. The total fund balance in the General Fund was $196.6 million, an increase of $10.9 million or 12.3% from 2013.

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

General Fund Revenue Highlights:

- Property tax revenues increased by $11.5 million (8.9%) from the prior year.
- Federal and state funds increased by $1.3 million due to:
    - (1) $793 thousand increase in Mixed Beverage Tax Collection as a result of increased liquor sales; &
    - (2) $564 thousand increase in Non-Capital Grant Proceeds Indigent Defense Health and Welfare; Quarterly amounts increased from $120,400 in FY13 to $151,434 in FY14 and received an Excess Payment of $413,003 in FY14 but only $1,778 in FY13.
- Fees and Charges for Services remained relatively stable with a 0.2% increased.
- Fines decreased by $380 thousand (17.7%) due to decline in issuance of tickets:
    - (1) DPS troopers didn't have enough officers to issue tickets;
    - (2) NTTA switched their process for issuance of tickets.
- Investment earnings were increased by $638 thousand (131.2%) due to having more funds to invest, changing market conditions and changing investment strategies while protecting the principal being invested.

General Fund Expenditure Highlights:

- General administration expenditures increased by $14.1 million due to $11.6 million in a one-time payment to TCDRS and adding additional computer equipment and software maintenance.
- Health and Welfare increased by $1.6 million primarily due to an increase in indigent defense cost in our court system.
- All other functional areas show slight increases from the prior year primarily due to an increase in labor costs.

**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 cost of road projects shared with the State are also included.

In 2005, Collin County began a program to convert all rock roads to asphalt in order to reduce dust and increase the useful life of the roads. The program is geared to convert the roads at a rate of 50 miles per year. The County completed 20.10 miles in 2014. As of September 30, 2014, the County had resurfaced 422 miles of roads or an average of 35.2 miles per year.

At the end of 2014, the fund balance of the General Road and Bridge Fund was $22.7 million, an increase of $3.6 million (18.8%) from the prior year. General Road and Bridge Fund revenues include fees and permits, property taxes, and fines and forfeitures.

Highlights of financial activities in the General Road and Bridge Fund are as follows:

General Road and Bridge Revenue Highlights

- Property tax revenues increased $936 thousand (40%) over the prior year.
- Revenues from Fees and Charges for Services increased by $931 thousand in 2014. The higher revenues are attributed to an increase in revenues from vehicle registrations.

General Road and Bridge Expenditures Highlights

- Road construction and maintenance expenditures decreased by $2.7 million in 2014 over the prior year, mostly due to a reduction in maintenance and operating costs from reduced costs for road materials.
- Capital outlay expenditures of $3.2 million increased in 2014 by $1.9 million (146.7%) from the prior year due to upgrades of equipment.

**Health Care Foundation Special Revenue 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 43.7% of the funding for the Health Care Foundation Fund in 2014.

The total fund balance of $7.7 million is a $783 thousand decrease (9.2%) from the prior year. Highlights of changes in fund balance in the Health Care Foundation Fund were:

Health Care Revenues

- Federal and state funds decreased by $1.2 million in 2014 due to a one-time windfall in 2013 from Medicaid 1115 Waiver funding that was not received in 2014.
- Fees and charges for service remained stable at $278 thousand with an increase of less than $1 thousand.
- Rental revenues increased $88 thousand (8.0%). The Healthcare Foundations facilities have space leased out to the private sector to help support the program.
- Investment revenue increased $103 thousand (332%) due to changing market conditions and changes in investment strategies while emphasizing the safety of principal.

Health Care Expenditures Highlights

- Expenditures decreased $203 thousand (7.6%) from 2013. The decrease is mostly attributed to a reduction in healthcare costs due to the restructuring of the indigent healthcare system.

**RTR – Outer Loop Grant Special Revenue Fund**

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 an Outer Loop around the Dallas – Fort Worth metroplex and through 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 not recognized until expenditures are incurred, which results in zero dollars in fund balance. No revenues or expenditures were recognized in 2014 even though the project is still active and funds are encumbered to continue the construction.

**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 2014 by $1.9 million over the 2013 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 debt service requirements and other debt-related expenditures. The County sets aside a portion of property taxes to meet its debt service requirements.

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

Debt Service Fund Revenues Highlights

- In 2014, property taxes allocated for debt service were $45.6 million approximately $3.6 million lower than 2013.
- Interest earned was approximately $7.4 thousand; $279.9 thousand lower than the prior year due to market conditions for investing in the short term.

Debt Service Fund Expenditures Highlights

- Debt service expenditures for 2014 debt service and fees were $43.9 million, of which $508 thousand was part of bond refunding transactions. Expenditures were $5.4 million lower than in 2013.

## 2007 Road Bond Capital Project Fund

The 2007 Road Bond Capital Project Fund is used to account for proceeds of road bonds authorized by voters on November 6, 2007. The total authorized for roads and highways was $235,600,000. Only a portion of the bonds have been issued to-date (in six series), beginning in 2008 and ending in 2014. The remainder of the bonds will be sold as needed. The total issued through September 30, 2014 is $151,245,000:

- 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
- Series 2013A: $25,665,000 issued June 1, 2013
- Series 2014: $25,045,000 issued June 9, 2014

In 2014 the fund balance increased by $16.7 million; key factors in the change in fund balance are:

2007 Road Bond Capital Project Fund Revenues/ Other Financing Sources

- Investment earnings increased by $29 thousand (9.6%) due to having more funds to invest from an additional bond issue.
- Received bond proceeds and premiums of $27.4 million.
- A receivable was increased by $339 thousand due to the sale of assets to the Collin County Toll Road Authority Fund for Outer Loop activity.

2007 Road Bond Capital Project Fund Expenditures

- Capital outlay for road projects in 2014 was $12.9 million, which is $1.5 million less than in 2013.

## 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
- Capital outlay

The final amended budget for the General Fund expenditure appropriation was $181.1 million or $1.6 million more than the original adopted budget of $179.5 million (excluding transfers). Actual expenditures for 2014 were $159.4 million or $21.7 million (12.0%) less than the final amended budget.

General Fund revenues for 2014 were more than the estimate by $3.9 million. This is highlighted as follows:

- Taxes – $1.4 million higher
- Federal and state funds - $1.9 million higher
- Fees and Charges for Services - $263 thousand higher
- Fines and forfeitures - $366 thousand lower
- Interest – $400.2 thousand higher
- Miscellaneous revenues - $62 thousand higher

The General Fund is the primary source for expenditures related to the overall operation and administration of the County. In 2014, the departments that contributed to actual expenditures being $21.7 million lower than budgeted expenditures were as follows:

- General administration was less than budget by $8.6 million. Highlights about this budget variance are as follows:
  - Actual expenditures for the County Clerk were $954 thousand less than budgeted expenditures in the Maintenance and Operating Category mostly due to a revised budget being established for archive and restoration (restricted funds) that was not utilized.
  - Actual expenses for the Non-Departmental were under budget by $1.7 million in the salary and benefit category due to unused budget for temporary workers.
  - Actual expenditures were $3.4 million under budget for Non-Departmental in the maintenance and operating category primarily because of maintenance contracts coming in well under budget.
  - Actual expenses for Information Technology were $182 thousand under budget in the maintenance and operating category.
  - Actual expenses for Telecommunications in the maintenance and operating category were under budget by $695 thousand.
  - Housing Finance Corporation was under budget by $539 thousand for its maintenance and operating category.

- Judicial actual expenditures were less than budget by $703 thousand. Highlights regarding this budget variance are as follows:
  - The County Courts-at-Law utilized all but $78 thousand of their $2.9 million budget.
  - The County Court-at-Law Clerks had $97 thousand remaining in their $1.6 million salary and benefit budget at year end.
  - The County Clerks – Probate/Mental Department left $67 thousand unused of their $572 thousand budget.
  - The District Courts had $44 thousand unspent of their $3.4 million combined budget at year end.
  - The Jury Services – District Clerk Department had $186 thousand remaining of their $873 thousand budget remaining at year end in maintenance and operating.
  - The Justice of the Peace departments left $98 thousand of their combined $2.2 million budget unspent.

- Financial administration actual expenditures were less than budget by $479 thousand. Highlights of this budget variance are as follows:
  - Salaries and benefits came in under budget as follows:
    - County Auditor - $62 thousand under budget
    - Budget Director - $54 thousand under budget
    - The Treasury Department - $10 thousand under budget
    - The Tax Appraisal District - $33 thousand under budget
    - Tax Assessor-Collector $206 thousand under budget
    - Purchasing Department $92 thousand under budget

- Legal actual expenditures for the District Attorney's Office were less than budget by $423 thousand under budget. This is highlighted as follows:
  - Salaries and benefits were lower than budgeted by $333 thousand
  - Maintenance and operating was $88 thousand less than budget at year end
  - Travel and training was $3 thousand less than budget.

- Public facilities expenditures were less than budget by $1.5 million of the $12.3 million budget. Highlights are as follows:
  - The Building Superintendent budget was $841 thousand less than budget in the maintenance and operating category.
  - Permanent Improvement was $573 thousand under budget in the maintenance and operating category.

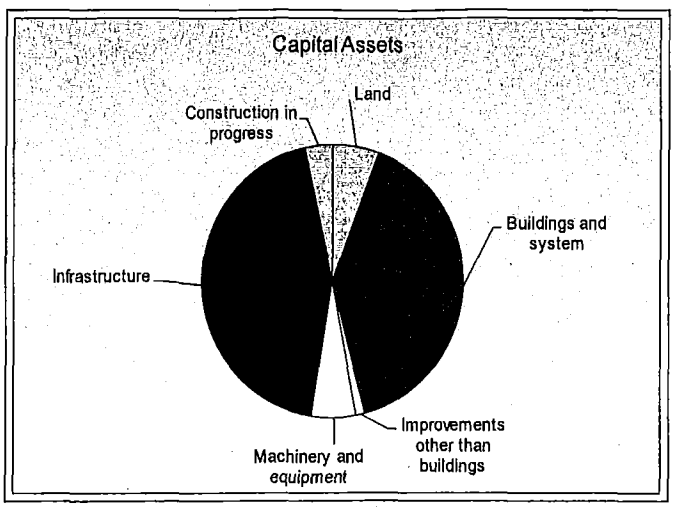
- Equipment services expenditures were lower than budget by $612 thousand primarily due to the maintenance and operating category coming in under budget.

- Public safety expenditures were lower than budget by $1.8 million. Highlights of this budget variance are as follows:
  - The Sheriff's Office budget was $252 thousand less than budget, of which $113 thousand was payroll related and $133 maintenance and operating related.
  - The Jail Operations Department maintenance and operating budget was under budget by $606 thousand in the maintenance and operating category, of which $465 thousand was left over at year end in the food supplies account.
  - The Minimum Security Operations maintenance and operating expenditures were $163 thousand under budget.
  - Homeland Security was $310 thousand under budget in the salaries and benefit category.

- Health and welfare expenses were $283 thousand under budget, of which most was due to inmate health coming in under budget ($192 thousand) and Substance Abuse salaries and benefits ($68 thousand).

- Capital outlay, which is presented separately from functional activities, was $7.1 million under budget, of which $1.5 million was for IT projects, $2.0 million was for Telecommunication projects, $2.5 million was for Permanent Improvement projects, and $655 thousand was for Equipment Services Department.

## Capital Assets and Debt Administration




**Capital Assets**
**As of September 30**
**($ in thousands)**

| | 2014 | 2013 |
|---|---|---|
| Land | $ 32,771 | $ 32,712 |
| Buildings and system | 258,913 | 257,187 |
| Improvements other than buildings | 7,526 | 6,607 |
| Machinery and equipment | 70,690 | 66,162 |
| Infrastructure | 293,747 | 291,663 |
| Construction in progress | 19,730 | 21,457 |
| Total capital assets | 683,377 | 675,788 |
| Less: Accumulated Depreciation | (263,718) | (237,669) |
| Total capital assets | $ 419,659 | $ 438,119 |

Capital Assets

The County's investment in capital assets for governmental activities (including business-type activities), net of accumulated depreciation at September 30, 2014, was $419.6 million, a decrease of $18.6 million from 2013.

Graphically, the contribution of each type of asset is shown on the chart above.

Details by type of activity are summarized below:

Major changes for 2014 are:

- Added Historical buildings for increase of 1.7 million
- Added purchases of $6.5 million to Machinery and Equipment; purchases were offset by $2 million in items written off when sold as surplus or traded in.
- Infrastructure increased by $6.3 million, primarily for road construction.
- Construction in Progress decreased by a net of $1 million ($1.4 million increase for new projects less $2.4 million for completed projects.)
- Accumulated depreciation net increase of $26 million.

Long-term Debt

At September 30, 2014, the County had $391.41 million in outstanding debt, a slight decrease of $1.94 million (0.5%).

In 2014, the County:

- Issued $2.2 million for park/open space projects
- Issued $25.045 million for road and bridge projects
- New issues refunded $21.18 million in existing debt to take advantage of savings due to lower interest rates.
- Paid $27,165 thousand in debt service principal and $16.2 million in interest costs to service debt.

Long-Term Debt by Intended Use of Proceeds
As of September 30
($ in thousands)

| | 2014 | 2013 |
|---|---|---|
| Road and Bridge Projects | $ 270,355 | $ 262,765 |
| Public Facilities/Park Projects | 121,055 | 130,585 |
| Total Long-Term Debt | $ 391,410 | $ 393,350 |

Additional information on capital asset activity and long-term debt activity can be found in the notes to the financial statements.

**Economic Factors**

The following economic factors are reflected in the 2014 General Fund and other budgets:

- The percentage increase in net taxable real property assessed value for fiscal year 2014 taxes was 6.2% (2013 increase was 3.0%).

- The average unemployment rate in Collin County for 2014 was 4.6% (5.5% in 2013).

Collin County relies on property taxes for operations since over 67% of the County's total revenues come from property taxes. Over the past few decades, the County has experienced consistent large increases (from 5% to 12%) in taxable values with the exception of 2009 when the County experienced a slight decrease. After 2009, increases have slowly increased back up to levels seen in recent decades. In 2014 the County experienced a 9.2% increase in the net taxable value of which 3.0% was new construction and 6.2% was an increase in existing property values. After experiencing an unemployment rate recent-year high of 7.8% in 2009, the rate has consistently decreased each year to its current rate of 4.6%. The County is experiencing a rapidly increasing population growth as it has been accustomed to in the past few decades. This year the County added over 20,000 residents, an average of 55 people per day. The County continues to aggressively invest in road and bridge projects across the County to meet the transportation needs of its residents and businesses to make the County an attractive place to live, to work and to do business.

During 2014, there were 20,136 people added to the County's population. This growth rate is expected to increase over the next couple of years due to large corporate projects moving into the County. State Farm is currently building a facility in Richardson fully within the County that is expected to employ 10,000 people and bring another 40,000 people to the area. Federal Express is planning on constructing a facility in Frisco that will bring in another 1,500 jobs. Toyota is moving their national headquarters to Plano which will be built on the county line between Collin and Denton Counties. Collin County is poised to be one of the fastest growing counties in the nation in upcoming years, just as the County has been in recent decades. In the last ten years the County added 195,321 people, an increase of 29.6%. The rate of and absolute numbers of growth continue to provide challenges in keeping up with roads and other infrastructure needs.

The 2010 Census showed the County population at 782,341 as of April 1, 2011. The 2010 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 as of September 30, 2014 is 854,778 according to the Bureau of Economic Analysis which is an increase of 72,437 or 9.3% over the 2010 Census. Collin County is currently the 6$^{th}$ most populous county of the 254 counties in the State of Texas.

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 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 County (to the south). 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 the Sam Rayburn Tollway (State Highway 121) to the North Texas Tollway Authority, which also operates the Dallas North Tollway. The Sam Rayburn Tollway was dedicated in 2011 and now provides easy access to the DFW International Airport, Fort Worth and points west.

In 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 is planned to 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 at a later time. CCTRA has also begun construction and has completed some of 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 toll road that is operated and managed by NTTA will continue to fund road construction for years to come. The State of Texas and the Regional Transportation Council (RTC) have identified various road and bridge projects across the Dallas – Fort Worth metroplex to fund with the transfer of the Sam Rayburn Tollway to the NTTA. A significant portion of these projects (over $900 million) are planned or under construction in Collin County.

Revenues estimates in 2015 are $301.5 million, an increase of 7.8% over the 2014 adopted budgeted estimates of $279.8 million. Property taxes of $202.7 million account for 67.5% of the County's revenue estimates.

The County's expenditure budget for 2014, which includes expenditures and transfers out, totals $301.5 million. The General Fund expenditure budget in 2015 is $166.6 million or 55.3% of the total adopted budget. An amount of $45.5 million (15.1% of the total) is budgeted for debt services.

There are several significant events expected to have an impact in 2015 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 2014 have helped the county to provide preventative and minor medical care in cities where the indigent population is located. Increasing medical care cost 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. Medicaid 1115 plans are being put in place, with the County as the anchor county in a new state regional provider.

As of September 30, 2014, the unassigned fund balance for the General Fund was $153.9 million which is 86.9% of the General Fund expenditure budget for 2015 or 337 operating days. The County has eliminated all long-term unfunded liabilities from employee retirement and health care benefits by changing policies and using excess reserves to pay down the liabilities. As such, the County is in excellent shape to endure a future economic downturn; however, the economy of the County continues to thrive despite the sluggish recovery of the national economy. The County will continue to closely monitor its expenditures to ensure that taxpayer dollars are spent wisely and in accordance with sound fiscal management policies.

In June of 2014 the County issued bonds of $2.2 million for park and open space projects as well as $25.045 million for road and bridge projects. The County partners with cities located within the county to enhance parks and transportation for citizens across the County. There are additional bond issues planned in upcoming years that have been approved by voters.

In 2006, the County began 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. In 2013 the County was awarded a $436 thousand grant by the Texas Indigent Defense Commission (TIDC) to continue to enhance this software to improve the processes for appointing and tracking information for providing attorneys to indigents. This project implementation has continued through 2014.

Additional projects include:

- Probate court implemented in February 2007
- Civil courts came on-line in March 2008
- Justice of the peace courts implemented in July 2009
- Configuration testing in process for criminal courts module, sheriff's office and jail administration
- District attorney implemented in 2010
- Constables implemented in 2011
- Sheriff's office, jail administration and community supervision implemented in December 2011

The property tax rate for 2015 was lowered to $0.235 per $100 from $0.2375 per $100 of valuation in 2014. 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 is in excellent fiscal condition to endure any future revenue shortfalls, should they occur; however, significant revenue shortfalls are unlikely due to the vibrant economic activity occurring within the County. Future fiscal pressures from rising health care costs along with changing health care laws, demand for constituent services, and costs of road construction could place pressure on the low tax rate in future years.

## 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.

# BASIC
# FINANCIAL STATEMENTS

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## COLLIN COUNTY, TEXAS

Statement of Net Position

September 30, 2014

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Component Unit |
| **Assets:** | | | | |
| Cash | $ 39,546,966 | $ 1,515,927 | $ 41,062,893 | $ 136,638 |
| Investments | 366,382,253 | 1,729,254 | 368,111,507 | - |
| Receivables (net of allowance for uncollectibles) | 9,379,304 | - | 9,379,304 | - |
| Prepaid expenses | 775,129 | - | 775,129 | - |
| Internal balances | 18,949,775 | ( 18,949,775) | - | - |
| Inventories | 3,275,444 | - | 3,275,444 | - |
| Capital assets (net of accumulated depreciation): | | | | |
| Land | 23,005,019 | 9,765,764 | 32,770,783 | - |
| Buildings and system | 162,681,584 | - | 162,681,584 | - |
| Improvements other than buildings | 4,314,794 | - | 4,314,794 | - |
| Machinery and equipment | 22,150,335 | - | 22,150,335 | - |
| Infrastructure | 178,010,731 | - | 178,010,731 | - |
| Construction in progress | 13,726,918 | 6,003,487 | 19,730,405 | - |
| Total assets | $ 842,198,252 | $ 64,657 | $ 842,262,909 | $ 136,638 |
| **Liabilities:** | | | | |
| Accounts payable and other current liabilities | 16,168,129 | - | 16,168,129 | 132,113 |
| Due to other governments | 1,460 | - | 1,460 | - |
| Unearned revenue | 3,384,047 | - | 3,384,047 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 36,534,647 | - | 36,534,647 | - |
| Due in more than one year | 398,101,884 | - | 398,101,884 | - |
| Total liabilities | 454,190,167 | - | 454,190,167 | 132,113 |
| **Net position:** | | | | |
| Net investment in capital assets | 236,185,265 | 15,769,251 | 251,954,516 | - |
| Restricted for: | | | | |
| Debt service | 12,533,122 | - | 12,533,122 | - |
| Health Care Foundation | 7,703,192 | - | 7,703,192 | - |
| Myers Park Foundation | 15,355 | - | 15,355 | - |
| Grant programs | 1,121,096 | - | 1,121,096 | - |
| Unrestricted (deficit) | 130,450,055 | ( 15,704,594) | 114,745,461 | 4,525 |
| Total net position | $ 388,008,085 | $ 64,657 | $ 388,072,742 | $ 4,525 |

**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 Year Ended September 30, 2014

| Fuctions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Primary Government: Business-type Activities | Primary Government: Total | Component Unit |
|---|---|---|---|---|---|---|---|---|
| Primary Government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General administration | $ 42,213,129 | $ 8,253,921 | $ 307,814 | $ 6,450 | $( 33,644,944) | $ - | $( 33,644,944) | |
| Judicial | 16,727,057 | 4,652,364 | 933,411 | 1,375 | ( 11,139,907) | - | ( 11,139,907) | |
| Financial administration | 10,490,374 | 3,564,206 | 2,190 | - | ( 6,923,978) | - | ( 6,923,978) | |
| Legal | 10,514,652 | 286,131 | 228,355 | 1,711 | ( 9,998,455) | - | ( 9,998,455) | |
| Public facilities | 25,337,831 | - | 63,072 | 12,118 | ( 25,262,641) | - | ( 25,262,641) | |
| Equipment services | 2,855,093 | - | 2,774 | 5,967 | ( 2,846,352) | - | ( 2,846,352) | |
| Public safety | 57,137,306 | 10,117,479 | 3,910,944 | 222,851 | ( 42,886,032) | - | ( 42,886,032) | |
| Public transportation | 37,669,979 | 16,871,159 | 2,396,181 | 249,627 | ( 18,153,012) | - | ( 18,153,012) | |
| Health and welfare | 18,932,952 | 274,801 | 5,650,846 | 5 | ( 13,007,300) | - | ( 13,007,300) | |
| Culture and recreation | 2,275,303 | 707 | 284,418 | 21,476 | ( 1,968,702) | - | ( 1,968,702) | |
| Conservation | 255,552 | - | - | - | ( 255,552) | - | ( 255,552) | |
| Interest and fiscal charges | 14,406,180 | - | 145,556 | - | ( 14,260,624) | - | ( 14,260,624) | |
| Total governmental activities | 238,815,408 | 44,020,768 | 13,925,561 | 521,580 | ( 180,347,499) | - | ( 180,347,499) | |
| Business-type activities: | | | | | | | | |
| Toll Road Authority | - | - | - | - | - | - | - | |
| Total business-type activities | - | - | - | - | - | - | - | |
| Total primary government | 238,815,408 | 44,020,768 | 13,925,561 | 521,580 | ( 180,347,499) | - | ( 180,347,499) | |
| Component unit: | | | | | | | | |
| Health and welfare | 44,435 | - | 48,861 | - | | | | 4,426 |
| Total component unit | $ 44,435 | $ - | $ 48,861 | $ - | | | | 4,426 |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 189,588,043 | - | 189,588,043 | - |
| Mixed beverage tax | | | | | 3,406,138 | - | 3,406,138 | - |
| Investment earnings | | | | | 1,663,328 | 903 | 1,664,231 | 99 |
| Miscellaneous | | | | | 468,097 | - | 468,097 | - |
| Total general revenues | | | | | 195,125,606 | 903 | 195,126,509 | 99 |
| Change in net position | | | | | 14,778,107 | 903 | 14,779,010 | 4,525 |
| Net position - beginning of year | | | | | 373,229,978 | 63,754 | 373,293,732 | - |
| Net position - end of year | | | | | $ 388,008,085 | $ 64,657 | $ 388,072,742 | $ 4,525 |

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

# COLLIN COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2014

| Assets | General Fund | General Road and Bridge | Health Care Foundation | RTR - Outer Loop |
|---|---|---|---|---|
| Cash | $ 31,640,835 | $ 294,315 | $ 773,439 | $ - |
| Investments | 151,861,844 | 19,825,195 | 7,059,016 | 3,377,541 |
| Receivables: | | | | |
| Taxes (net of allowance for uncollectibles) | 2,271,673 | 52,443 | - | - |
| Fines and fees | 1,206,324 | 834,575 | - | - |
| Due from other governments | 1,327,864 | 374,459 | - | - |
| Due from other funds | 1,447,334 | - | - | - |
| Advance to other funds | 17,502,142 | - | - | - |
| Interest | 335,000 | - | 17,125 | - |
| Miscellaneous | 410,856 | 89,622 | 1,200 | - |
| Inventories | 587,535 | 2,687,909 | - | - |
| Total assets | $ 208,591,407 | $ 24,158,518 | $ 7,850,780 | $ 3,377,541 |
| **Liabilities, Deferred Inflows of Resources, and Fund Balances** | | | | |
| Liabilities: | | | | |
| Accounts payable | $ 3,390,175 | $ 390,929 | $ 47,684 | $ 170,983 |
| Payroll related costs payable | 5,340,608 | 143,546 | 57,299 | - |
| Lease deposits payable | - | - | 42,605 | - |
| Due to other governments | 554 | 15 | - | - |
| Due to other funds | - | - | - | 28,539 |
| Unearned revenue | - | - | - | 3,178,019 |
| Total liabilities | 8,731,337 | 534,490 | 147,588 | 3,377,541 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue - fines and fees | 1,206,324 | 834,575 | - | - |
| Unavailable revenue - property taxes | 2,011,641 | 53,822 | - | - |
| Total deferred inflows of resources | 3,217,965 | 888,397 | - | - |
| Fund Balances: | | | | |
| Nonspendable | 16,764,677 | - | - | - |
| Restricted | 5,722,349 | 22,735,631 | 7,703,192 | - |
| Committed | 20,273,210 | - | - | - |
| Unassigned | 153,881,869 | - | - | - |
| Total fund balances | 196,642,105 | 22,735,631 | 7,703,192 | - |
| Total liabilities, deferred inflows of resources, and fund balances | $ 208,591,407 | $ 24,158,518 | $ 7,850,780 | $ 3,377,541 |

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

| Debt Service | 2007 Road Bond | Other Governmental Funds | Total |
|---|---|---|---|
| $ 40,846 | $ 651,150 | $ 1,532,575 | $ 34,933,160 |
| 11,706,029 | 106,056,238 | 59,191,335 | 359,077,198 |
| 756,910 | - | - | 3,081,026 |
| - | - | - | 2,040,899 |
| - | - | 807,210 | 2,509,533 |
| - | - | - | 1,447,334 |
| - | 375,983 | 1,355,057 | 19,233,182 |
| - | - | - | 352,125 |
| 29,337 | 860,000 | 3,015 | 1,394,030 |
| - | - | - | 3,275,444 |
| $ 12,533,122 | $ 107,943,371 | $ 62,889,192 | $ 427,343,931 |
| $ - | $ 1,330,437 | $ 1,074,591 | $ 6,404,799 |
| - | - | 70,243 | 5,611,696 |
| - | - | - | 42,605 |
| - | - | 891 | 1,460 |
| - | - | 1,249,669 | 1,278,208 |
| - | - | 206,028 | 3,384,047 |
| - | 1,330,437 | 2,601,422 | 16,722,815 |
| - | - | - | 2,040,899 |
| 674,916 | - | - | 2,740,379 |
| 674,916 | - | - | 4,781,278 |
| - | - | - | 16,764,677 |
| 11,858,206 | 106,612,934 | 60,287,770 | 214,920,082 |
| - | - | - | 20,273,210 |
| - | - | - | 153,881,869 |
| 11,858,206 | 106,612,934 | 60,287,770 | 405,839,838 |
| $ 12,533,122 | $ 107,943,371 | $ 62,889,192 | $ 427,343,931 |

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## COLLIN COUNTY, TEXAS

Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position

September 30, 2014

| | | |
|---|---|---|
| Total fund balances – governmental funds | | $ 405,839,838 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Prepaid capital project construction payments made to construct assets that will be donated to other local governments upon completion | | 775,129 |
| 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 | $ 23,005,019 | |
| Buildings and systems | 160,617,310 | |
| Improvements other than buildings | 4,314,794 | |
| Machinery equipment | 22,091,255 | |
| Infrastructure | 178,010,731 | |
| Construction in progress | 13,726,918 | |
| Total capital assets | | 401,766,027 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds: | | |
| Fines and fees earned in the current fiscal year but are not available to provide for current financial resources, and therefore, are reported as unavailable revenue in the funds. | $ 2,040,899 | |
| Property taxes earned in the current fiscal year but are not available to provide for current financial resources, and therefore, are unavailable in the funds. | 2,740,379 | |
| Total unavailable revenue | | 4,781,278 |
| 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 position. | | 8,134,851 |
| 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 | ( 4,039,191) | |
| Bonds, notes and loans payable | ( 391,410,000) | |
| Compensated absences | ( 6,742,127) | |
| Unamortized bond premiums | ( 31,097,720) | |
| Total liabilities | | ( 433,289,038) |
| Net position of governmental activities | | $ 388,008,085 |

**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, 2014

| | General | General Road and Bridge | Health Care Foundation |
|---|---|---|---|
| Revenues: | | | |
| Property taxes | $ 140,746,018 | $ 3,189,577 | $ - |
| Licenses and permits | 456,366 | 3,978 | - |
| Federal and state funds | 6,361,798 | - | 39,367 |
| Fees and charges for services | 19,099,538 | 16,510,912 | 227,777 |
| Fines and forfeitures | 1,763,311 | 1,969,559 | - |
| Other local government funds | - | 38,431 | - |
| Rental | 302,820 | - | 1,183,793 |
| Interest | 1,123,376 | 27,338 | 79,833 |
| Miscellaneous | 774,800 | 499,917 | 134,292 |
| Total revenues | 170,628,027 | 22,239,712 | 1,665,062 |
| Expenditures: | | | |
| Current: | | | |
| General administration | 37,944,750 | - | - |
| Judicial | 15,063,445 | - | - |
| Financial administration | 10,301,765 | - | - |
| Legal | 10,388,114 | - | - |
| Public facilities | 10,804,060 | - | 79,894 |
| Equipment services | 2,217,536 | - | - |
| Public safety | 53,594,955 | - | - |
| Public transportation | - | 15,510,793 | - |
| Health and welfare | 13,679,712 | - | 2,361,082 |
| Culture and recreation | 937,036 | - | - |
| Conservation | 256,500 | - | - |
| Capital outlay | 4,226,191 | 3,244,208 | 7,283 |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Bond issuance costs | - | - | - |
| Advance refunding escrow | - | - | - |
| Total expenditures | 159,414,064 | 18,755,001 | 2,448,259 |
| Excess (deficiency) of revenues over (under) expenditures | 11,213,963 | 3,484,711 | ( 783,197) |
| Other financing sources (uses): | | | |
| Transfers in | 85,141 | - | - |
| Transfers out | ( 460,896) | - | - |
| Sale of assets | 84,928 | 153,305 | - |
| Debt issuance | - | - | - |
| Refunding escrow payments | - | - | - |
| Premium (discount) on sale of bonds | - | - | - |
| Total other financing sources (uses) | ( 290,827) | 153,305 | - |
| Net change in fund balances | 10,923,136 | 3,638,016 | ( 783,197) |
| Fund balances – beginning | 185,718,969 | 19,097,615 | 8,486,389 |
| Fund balances – ending | $ 196,642,105 | $ 22,735,631 | $ 7,703,192 |

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

| RTR - Outer Loop | Debt Service | 2007 Road Bond | Other Governmental Funds | Total |
|---|---|---|---|---|
| $ - | $ 45,583,847 | $ - | $ 400 | $ 189,519,842 |
| - | - | - | - | 460,344 |
| - | 145,556 | - | 6,996,927 | 13,543,648 |
| - | - | - | 3,568,618 | 39,406,845 |
| - | - | - | 416,207 | 4,149,077 |
| - | - | 1,500,000 | - | 1,538,431 |
| - | - | - | - | 1,486,613 |
| - | 7,419 | 330,870 | 86,032 | 1,654,868 |
| - | - | - | 174,052 | 1,583,061 |
| - | 45,736,822 | 1,830,870 | 11,242,236 | 253,342,729 |
| - | - | - | 840,363 | 38,785,113 |
| - | - | - | 1,652,126 | 16,715,571 |
| - | - | - | - | 10,301,765 |
| - | - | - | 136,369 | 10,524,483 |
| - | - | - | 22,673 | 10,906,627 |
| - | - | - | - | 2,217,536 |
| - | - | - | 3,040,948 | 56,635,903 |
| - | - | - | 342,517 | 15,853,310 |
| - | - | - | 2,983,618 | 19,024,412 |
| - | - | - | - | 937,036 |
| - | - | - | - | 256,500 |
| - | - | 12,905,428 | 4,185,872 | 24,568,982 |
| - | 27,165,000 | - | - | 27,165,000 |
| - | 16,196,082 | - | - | 16,196,082 |
| - | 225,921 | - | - | 225,921 |
| - | 282,530 | - | - | 282,530 |
| - | 43,869,533 | 12,905,428 | 13,204,486 | 250,596,771 |
| - | 1,867,289 | ( 11,074,558) | ( 1,962,250) | 2,745,958 |
| - | - | - | 643,195 | 728,336 |
| - | - | - | ( 267,440) | ( 728,336) |
| - | - | 338,385 | 51 | 576,669 |
| - | 21,295,000 | 25,045,000 | 2,085,000 | 48,425,000 |
| - | ( 23,200,000) | - | - | ( 23,200,000) |
| - | 1,937,946 | 2,440,000 | 115,000 | 4,492,946 |
| - | 32,946 | 27,823,385 | 2,575,806 | 30,294,615 |
| - | 1,900,235 | 16,748,827 | 613,556 | 33,040,573 |
| - | 9,957,971 | 89,864,107 | 59,674,214 | 372,799,265 |
| $ - | $ 11,858,206 | $ 106,612,934 | $ 60,287,770 | $ 405,839,838 |

## 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, 2014

| | | |
|---|---|---|
| Net change in fund balances – governmental funds | | $ 33,040,573 |
| 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 | $ 15,864,174 | |
| Capital assets decreases | ( 975,008) | |
| Depreciation expense for all capital assets | ( 33,253,293) | |
| Total change in capital assets activity | | ( 18,364,127) |
| 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 position. | ( 48,425,000) | |
| Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net position. | 50,365,000 | |
| 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. | ( 2,347,201) | |
| Total long-term debt | | ( 407,201) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues over expenses of the internal service funds is reported with the governmental activities. | | 515,814 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Property taxes | ( 45,840) | |
| Fines and forfeitures | 64,143 | |
| Total changes in revenues | | 18,303 |
| 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 | 152,608 | |
| Compensated absences | ( 177,863) | |
| Total changes in long-term liabilities | | ( 25,255) |
| Change in net position of governmental activities | | $ 14,778,107 |

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

## COLLIN COUNTY, TEXAS

Statement of Net Position

Proprietary Funds

September 30, 2014

| | Business-type Activities – Collin County Toll Road Authority | Governmental Activities – Internal Service Funds |
|---|---|---|
| Assets: | | |
| Current assets: | | |
| Cash | $ 1,515,927 | $ 4,613,804 |
| Investments | 1,729,254 | 7,305,055 |
| Receivables: | | |
| Miscellaneous receivables | - | 1,689 |
| Total current assets | 3,245,181 | 11,920,548 |
| Capital assets (net of accumulated depreciation): | | |
| Land | 9,765,764 | - |
| Buildings and systems | - | 2,064,274 |
| Machinery and equipment | - | 59,080 |
| Construction in progress | 6,003,487 | - |
| Total capital assets | 15,769,251 | 2,123,354 |
| Total assets | 19,014,432 | 14,043,902 |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | - | 3,494,817 |
| Payroll payable | - | 22,312 |
| Claims payable | - | 1,939,389 |
| Due to other funds | - | 169,126 |
| Total current liabilities | - | 5,625,644 |
| Noncurrent liabilities: | | |
| Advance from other funds | 18,949,775 | 283,407 |
| Total noncurrent liabilities | 18,949,775 | 283,407 |
| Total liabilities | 18,949,775 | 5,909,051 |
| Net position: | | |
| Net investment in capital assets | 15,769,251 | 2,123,354 |
| Unrestricted (deficit) | ( 15,704,594) | 6,011,497 |
| Total net position | $ 64,657 | $ 8,134,851 |

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

## COLLIN COUNTY, TEXAS

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For The Year Ended September 30, 2014

| | Business-type Activities – Collin County Toll Road Authority | Governmental Activities – Internal Service Funds |
|---|---|---|
| Operating revenues: | | |
| Premiums | $ - | $ 25,410,201 |
| Charges for services | - | 1,512,693 |
| Other | - | 1,408,514 |
| Total operating revenues | - | 28,331,408 |
| Operating expenses: | | |
| Administration | - | 3,863,703 |
| Benefits | - | 23,851,154 |
| Depreciation | - | 111,001 |
| Total operating expenses | - | 27,825,858 |
| Operating income (loss) | - | 505,550 |
| Nonoperating revenues (expenses): | | |
| Gain on sale of asset | - | 1,804 |
| Interest income | 903 | 8,460 |
| Total nonoperating revenues (expenses) | 903 | 10,264 |
| Change in net position | 903 | 515,814 |
| Total net position – beginning | 63,754 | 7,619,037 |
| Total net position – ending | $ 64,657 | $ 8,134,851 |

**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, 2014

| | Business-type Activities – Collin County Toll Road Authority | Governmental Activities – Internal Service Funds |
|---|---|---|
| Cash flows from operating activities: | | |
| Receipts from customers and users | $ - | $ 27,051,144 |
| Insurance recovery | - | 1,280,535 |
| Administration costs | - | ( 4,146,904) |
| Benefits paid | - | ( 23,602,423) |
| Net cash provided by operating activities | - | 582,352 |
| Cash flows from capital financing activities: | | |
| Purchases of capital assets | ( 397,166) | - |
| Proceeds from sale of capital assets | - | 1,804 |
| Net cash used by capital financing activities | ( 397,166) | 1,804 |
| Cash flows from investing activities: | | |
| Sales (Purchases) of investments | ( 582) | 1,632,985 |
| Advance from other funds | 1,854,450 | - |
| Interest income | 903 | 8,460 |
| Net cash provided by investing activities | 1,854,771 | 1,641,445 |
| Net increase (decrease) in cash and cash equivalents | 1,457,605 | 2,225,601 |
| Cash and cash equivalents – October 1, 2013 | 58,322 | 2,388,203 |
| Cash and cash equivalents – September 30, 2014 | $ 1,515,927 | $ 4,613,804 |
| Reconciliation of operating loss to net cash provided (used) by operating activities: | | |
| Operating loss | $ - | $ 505,550 |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | |
| Depreciation expense | - | 111,001 |
| Other nonoperating expenses | - | ( 8,508) |
| Change in intergovernmental receivable | - | 271 |
| Change in accounts payable | - | 244,510 |
| Change in payroll payable | - | 3,809 |
| Change in due to other funds | - | 9,126 |
| Change in advance from other funds | - | ( 283,407) |
| Total adjustments | - | 76,802 |
| Net cash used in operating activities | $ - | $ 582,352 |
| Schedule of non-cash capital and related financing activities: | | |
| Contributions of capital assets | $ 55,959 | $ - |

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

# COLLIN COUNTY, TEXAS

Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

September 30, 2014

| | | |
|---|---|---|
| **Assets** | | |
| Cash | $ | 26,166,299 |
| Investments | | 16,679,497 |
| Assets held as security deposits | | 3,156,985 |
| Receivables: | | |
| Miscellaneous receivables | | 53,503 |
| Total assets | $ | 46,056,284 |
| **Liabilities** | | |
| Due to other governments | $ | 9,298,488 |
| Due to others/vouchers payable | | 33,272,552 |
| Cash bonds outstanding | | 3,473,477 |
| Cash deposits outstanding | | 11,767 |
| Total liabilities | $ | 46,056,284 |

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 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. 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. The most significant accounting and reporting policies of the County are described in the notes to the financial statements as required by GASB Statement Number 34.

### *(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 elected County Judge and four elected 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, road and bridge maintenance, juvenile services and assistance to indigents.

The accompanying basic financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, while legally separate entities, are in substance a part of the County's operations and are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

#### 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) are blended component units. The Commissioners Court sits as the governing board of the HFC, CCTRA and HCF. The HFC issues single and multiple-family revenue bonds that are disclosed as conduit debt in Footnote IV (F) and provides grants to qualified entities that enhance housing affordability for citizens of the County with fees that were revenues for the HFC. 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. The CCTRA was created to finance the future Outer Loop project within the County with future toll revenues once the construction is complete. The CCTRA is reported as an enterprise fund in the financial statements.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*(a) Reporting Entity* (Continued)

**Discretely presented component unit**

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

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

The government-wide financial statements include the statement of net position 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 component units. The effect of inter-fund transfers has been removed from these statements but continues to be reflected in 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 segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the fiduciary funds are excluded from the government-wide financial statements. The General Fund, the General Road and Bridge Special Revenue Fund, the Regional Toll Road (RTR) – Outer Loop Special Revenue Fund, the Debt Service 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 a 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 the 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 year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unavailable revenue. Property taxes that were levied October 1, 2013, have been assessed to finance the budget of the fiscal year beginning October 1, 2013. In accordance with the modified accrual basis of accounting, the balances outstanding at November 30, 2013, outstanding 60 days after year-end, are reflected as unavailable 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 due.

The County 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.

**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 Health Care Foundation was created with the sale of the county hospital in 1983 with the intent of providing healthcare to indigents with investment earnings or until the fund is depleted. The Health Care Foundation has purchased some buildings that are leased to the County and to businesses as an additional source of revenue. The fund also receives revenues from federal and state government sources.

**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 2007 Road Bond Capital Project Fund** is used to account for proceeds from 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 2014. The remainder of the bonds will be sold as needed. The total sold through September 30, 2014 is $151,245,000.

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
Series 2013A - $25,665,000 issued June 1, 2013
Series 2014 - $25,045,000 issued June 9, 2014

Additionally, the County reports the following fund types:

**Special Revenue Funds** are used to account for specific revenue sources (other than debt proceeds) that are restricted by 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 County or a combination of other governments including the 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 Funds** 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 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. These funds are held for various reasons being legal, contractual or operational. Examples of this are the courts often require funds to be held in trust by the County, the tax office collects funds on behalf of local governments and the state, and the Sheriff collects funds on behalf of inmates to make purchases in the Commissary. 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.

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.

### *(d) Assets, Liabilities, and Net position or Equity*

#### (1) Cash and Investments

Financial statements reporting cash include cash on hand and demand deposits. In accordance with State of Texas statutes and the County's Investment Policy idle funds are invested in 2a-7 pools, in obligations of U. S. Agencies, municipal bonds, certificate of deposit and other interest bearing accounts with the main objective being the protection of principal.

The County and its component units report investments at fair value in accordance with provisions of GASB Statement Number 31. 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. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements.

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.

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 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.

**(3) Inventories and Pre-paid 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 nonspendable 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 normally recorded as prepaid items in both government-wide and fund financial statements. The government-wide statements show prepaid expenses of $775,129. This balance represents advances to cities within the County in which the County agreed to pay half of road projects.

**(4) Restricted Equity**

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 fund balance 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

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. 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.

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 that the liabilities have matured and are payable out of current available resources.

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 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, in the current 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 V (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 unassigned. 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 | $ 15,718,735 | |
| North Texas Groundwater Conversation District | 175,000 | |
| Animal Shelter | 283,407 | |
| Inventories | 587,535 | |
| Total General Fund | | $ 16,764,677 |
| Total Nonspendable | | $ 16,764,677 |

## 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 fund balance. Restricted fund balances reported in the governmental fund statements are as follows:

| | | |
|---|---|---|
| Fund Balances: | | |
| Restricted: | | |
| General Fund: | | |
| Housing Finance Corporation | $ 577,264 | |
| Records Archive | 4,837,053 | |
| District Court Records Technology | 308,032 | |
| Total General Fund | | $ 5,722,349 |
| General Road and Bridge: | | |
| Public transportation | | 22,735,631 |
| Health Care Foundation: | | |
| Indigent healthcare | | 7,703,192 |
| Debt Service Funds: | | |
| Debt service activity | | 11,858,206 |
| 2007 Road Bond: | | |
| Road and bridge projects | | 106,612,934 |
| Other Governmental Funds: | | |
| General administration | 18,953,985 | |
| Judicial | 6,421,845 | |
| Financial administration | 2 | |
| Legal | 1,542,850 | |
| Public facilities | 1,882,989 | |
| Public safety | 1,528,111 | |
| Public transportation | 19,399,117 | |
| Health and welfare | 38,049 | |
| Culture and recreation | 10,520,822 | |
| Total Other Governmental Funds | | 60,287,770 |
| Total Restricted | | $ 214,920,082 |

### 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. If these funds are not ordered to be committed in future years they will be merged back into the General Fund since it is part of the budget adoption and not shown as committed. Committed fund balance is reported in the governmental fund statements as follows:

| | | |
|---|---|---|
| Fund Balances: | | |
| Committed: | | |
| General Fund: | | |
| Encumbrances | $ 6,144,951 | |
| Capital murder cases | 2,000,000 | |
| Special elections | 200,000 | |
| Utilities price spikes | 500,000 | |
| Permanent Improvement | 11,428,259 | |
| Total General Fund | | $ 20,273,210 |
| Total Committed | | $ 20,273,210 |

## II. 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 – Outer Loop Phase 3 Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, Sheriff Forfeiture Fund, District Attorney State Forfeiture, District Attorney Federal Treasury Forfeiture, District Attorney Federal Justice Forfeiture, LEOSE Education Fund, District Attorney Service Fee Fund, SCAAP Fund, Juvenile Case Manager Fund, District Attorney Pretrial Intervention Program Fund, District Attorney Apportionment 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 administerial by Commissioners Court. All governmental fund annual appropriations lapse at year end.

On or before the last day of May of each year all departments of the County submit requests for appropriations to the Budget Officer. The initial budget request and the Budget Officer's recommendations are provided to the 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 1st or as soon as possible thereafter the budget and the tax rate are adopted with tax notices mailed on or after October 1st.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, training and travel, maintenance and operating, and capital outlay 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 the 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.

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 it's 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 principal and interest on which are unconditionally 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).

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 four Local Government Investment Pools: TexPool, TexSTAR, Logic and Texas Class. 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. Logic and Texas Class are overseen by a governing board consisting of individuals from participating government entities in the pool.

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, 2014, are as follows:

| Type of Investment | | |
|---|---|---|
| Local government investment pools | $ | 170,916,331 |
| Federal agency bonds | | 68,186,853 |
| Municipal bonds | | 20,595,291 |
| Certificates of deposits | | 103,096,316 |
| Money Market | | 21,996,214 |
| Total investments | $ | 384,791,005 |

The risk exposures for governmental individual major funds, non-major funds in the aggregate, internal service 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.

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 other than what may be held in a local government investment pool (Logic and Texas Class). As of September 30, 2014, the local government pools (44.4% of the portfolio) were rated AAAm by Standard and Poor's. The federal agency bonds (17.7% of the portfolio) was rated AA+ by Standards and Poor's. The Municipal Bonds (5.7% of the portfolio) were rated AA or better by Standard and Poors. The Certificates of Deposits (26.8% of the portfolio) were fully collateralized in Collin County's name at the Federal Home Loan Bank of Dallas. All funds in money market accounts (5.4% of the portfolio) are FDIC insured or fully collateralized with securities held by the Federal Home Loan Bank or the Federal Reserve Bank of New York in the name of Collin County.

**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 five years for all investment types. The weighted average maturity for all securities was 1.138 years. All investments are normally held to maturity or until called.

**(b) Deposits**

The September 30, 2014, the carrying amount of deposits was as follows:

| | | |
|---|---|---|
| Governmental funds | $ | 34,933,160 |
| Proprietary funds | | 6,129,731 |
| Fiduciary funds | | 26,166,299 |
| Total | $ | 67,229,190 |

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, 2014.

***(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, Richardson, Sachse, St. Paul, Weston, and Wylie;

2. Independent School Districts of Allen, Anna, Blue Ridge, Celina, Community, Farmersville, Frisco, Lovejoy, McKinney, Melissa, Plano, Princeton, Prosper, and Wylie;

3. Seis Lago's Utility District 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, General Road and Bridge Fund, and Debt Service Fund 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 unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned such as grant revenue received but not yet expended.

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.

### *(d) Receivables*

Receivables as of year-end for the County's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | General Fund | General Road and Bridge Fund | Health Care Foundation Fund | Debt Service Fund | 2007 Road Bond Fund | Non-Major Funds |
|---|---|---|---|---|---|---|
| Receivables: | | | | | | |
| Taxes | $ 2,373,249 | $ 54,788 | $ - | $ 790,754 | $ - | $ - |
| Fines and Fees | 4,276,573 | 2,958,673 | - | - | - | - |
| Due from other governments | 1,327,864 | 374,459 | - | - | - | 807,210 |
| Due from other funds | 1,447,334 | - | - | - | - | - |
| Advance to other funds | 17,502,142 | - | - | - | 375,983 | 1,355,057 |
| Interest | 335,000 | - | 17,125 | - | - | - |
| Miscellaneous | 410,856 | 89,622 | 1,200 | 29,337 | 860,000 | 3,015 |
| Gross receivables | 27,673,018 | 3,477,542 | 18,325 | 820,091 | 1,235,983 | 2,165,282 |
| Less allowance for uncollectibl | 3,171,825 | 2,126,443 | - | 33,844 | - | - |
| Net receivables | $ 24,501,193 | $ 1,351,099 | $ 18,325 | $ 786,247 | $ 1,235,983 | $ 2,165,282 |

### *(e) Capital Assets*

Capital assets are recorded at cost or, if donated, at fair value at the date of receipt. Depreciation policies were adopted to include useful lives and classification by function. The capitalization threshold for equipment is $5,000. 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 2014. A summary of changes in capital assets follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital assets, not depreciated: | | | | | |
| Land | $ 23,608,661 | $ 16,916 | $( 620,558) | $ - | $ 23,005,019 |
| Construction in progress | 15,188,184 | 1,351,025 | ( 2,457,841) | ( 354,450) | 13,726,918 |
| Historical treasures | 89,760 | - | - | - | 89,760 |
| Total capital assets, not depreciated | 38,886,605 | 1,367,941 | ( 3,078,399) | ( 354,450) | 36,821,697 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 257,186,823 | 2,817,497 | ( 1,091,288) | - | 258,913,032 |
| Improvements other than buildings | 6,606,963 | 918,593 | - | - | 7,525,556 |
| Machinery and equipment | 66,072,717 | 6,533,879 | ( 2,005,820) | - | 70,600,776 |
| Infrastructure | 291,662,716 | 6,301,278 | ( 4,217,491) | - | 293,746,503 |
| Total assets being depreciated | 621,529,219 | 16,571,247 | ( 7,314,599) | - | 630,785,867 |
| Less accumulated depreciation for: | | | | | |
| Buildings | ( 82,498,398) | ( 14,824,338) | 1,091,288 | - | ( 96,231,448) |
| Improvements other than buildings | ( 2,840,300) | ( 370,462) | - | - | ( 3,210,762) |
| Machinery and equipment | ( 44,316,114) | ( 6,229,907) | 2,005,820 | - | ( 48,540,201) |
| Infrastructure | ( 108,013,676) | ( 11,939,587) | 4,217,491 | - | ( 115,735,772) |
| Total accumulated depreciation | ( 237,668,488) | ( 33,364,294) | 7,314,599 | - | ( 263,718,183) |
| Net capital assets, being depreciated | 383,860,731 | ( 16,793,047) | - | - | 367,067,684 |
| Governmental activities, capital assets | $ 422,747,336 | $( 15,425,106) | $( 3,078,399) | $( 354,450) | $ 403,889,381 |
| **Business-type activities:** | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | $ 9,102,732 | $ 683,687 | $( 20,655) | $ - | $ 9,765,764 |
| Construction in progress | 6,269,352 | 63,371 | ( 683,686) | 354,450 | 6,003,487 |
| Total capital assets, not depreciated | 15,372,084 | 747,058 | ( 704,341) | 354,450 | 15,769,251 |
| Business-type activities, capital assets | $ 15,372,084 | $ 747,058 | $( 704,341) | $ 354,450 | $ 15,769,251 |

Depreciation expense for FY 2014 was charged to functions/programs of the primary government as follows:

**Depreciation:**

| | |
|---|---|
| Governmental activities: | |
| General administration | $ 3,092,009 |
| Judicial | 35,656 |
| Financial administration | 152,158 |
| Public facilities | 14,946,384 |
| Equipment services | 673,723 |
| Public safety | 644,638 |
| Public transportation | 13,060,247 |
| Health and welfare | 84,773 |
| Culture and recreation | 563,706 |
| Total depreciation expense - governmental activities | $ 33,253,294 |
| Proprietary - Type Funds: | |
| Public facilities | 95,284 |
| Public safety | 15,717 |
| Total depreciation expense: | $ 33,364,295 |

### Construction Commitments

Collin County has active construction projects as of September 30, 2014. 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 Commitments:**

| Project Type | Remaining Commitment |
|---|---|
| Public transportation | $ 18,207,574 |
| Public facilities | 346,546 |
| Total | $ 18,554,120 |

### *(f) 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 were $654,245,000. The County issued two new bond series. The Limited Tax Refunding and Improvement Bonds, Series 2014 was issued in an amount of $2,200,000 to provide funding for park and open space projects and $21,800,000 to take advantage of bond refunding opportunities. The Unlimited Tax Road Bonds, Series 2014 issued in a total amount of $25,045,000 to fund new road projects.

The following are general obligation bonds and tax notes outstanding at September 30, 2014, and are for governmental activities only:

| Bond Issue | Interest Rates | Year Issued | Maturity | Due as of September 30, 2014 |
|---|---|---|---|---|
| Limited Tax Permanent Improvement and Refunding Bond 2005 | 3.000% to 5.000% | 2005 | 2025 | $ 4,000,000 |
| Limited Tax Permanent Improvement Bond 2006 | 4.000% to 5.000% | 2006 | 2026 | 3,160,000 |
| Limited Tax Permanent Improvement Bond 2007 | 4.250% to 5.000% | 2007 | 2027 | 1,665,000 |
| Limited Tax Refunding and Permanent Improvement Bond 2008 | 3.625% to 5.000% | 2008 | 2028 | 9,705,000 |
| Limited Tax Refunding and Permanent Improvement Bond 2009 | 2.000% to 5.000% | 2009 | 2025 | 24,630,000 |
| 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 | 4,465,000 |
| Limited Tax Permanent Improvement Bonds 2011 | 3.000% to 4.250% | 2011 | 2031 | 1,910,000 |
| Limited Tax Refunding and Permanent Improvement Bonds 2012 | 2.000% to 5.000% | 2012 | 2025 | 20,540,000 |
| Limited Tax Permanent Improvement Bond 2013A | 2.500% to 4.000% | 2012 | 2033 | 2,130,000 |
| Limited Tax Refunding Bonds 2013B | 0.450% to 3.189% | 2012 | 2025 | 15,480,000 |
| Limited Tax Refunding and Improvement Bonds 2014 | 2.000% to 5.000% | 2014 | 2034 | 23,380,000 |
| Unlimited TaxRoad and Refunding Bond 2005 | 3.000% to 5.000% | 2005 | 2025 | 3,160,000 |
| Unlimited TaxRoad Bond 2006 | 4.000% to 5.000% | 2006 | 2026 | 2,285,000 |
| Unlimited TaxRoad and Refunding Bond 2007 | 4.000% to 5.000% | 2007 | 2027 | 50,500,000 |
| Unlimited TaxRoad Bond 2008 | 4.000% to 5.500% | 2008 | 2028 | 32,500,000 |
| Unlimited TaxRoad and Refunding Bond 2009 | 2.000% to 5.000% | 2009 | 2025 | 10,790,000 |
| Unlimited TaxRoad Build America Bond 2009B | 4.600% to 6.300% | 2009 | 2029 | 5,590,000 |
| Unlimited TaxRoad Refunding Bond 2010 | 2.000% to 5.000% | 2010 | 2020 | 9,785,000 |
| Unlimited TaxRoad Bonds 2011 | 2.000% to 4.000% | 2011 | 2029 | 25,950,000 |
| Unlimited TaxRoad and Refunding Bonds 2012 | 2.000% to 5.000% | 2012 | 2032 | 49,140,000 |
| Unlimited TaxRoad Refunding Bonds 2013A | 1.000% to 5.000% | 2013 | 2033 | 39,640,000 |
| Unlimited TaxRoad Refunding Bonds 2013B | 0.650% to 4.000% | 2013 | 2025 | 15,970,000 |
| Unlimited TaxRoad Bond 2014 | 2.000% to 5.000% | 2014 | 2034 | 25,045,000 |
| | | | | $ 391,410,000 |

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$37,350,000 – New issue
$16,515,000 – Refunding
$53,865,000 – Total to be paid to bondholders
$ 4,000,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$33,800,000 – New issue
$ 3,160,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 2,190,000 – New issue
$ 1,665,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 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
$ 9,705,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$17,420,000 – New issue
12,660,000 – Refunding
$30,080,000 – Total to be paid to bondholders
$24,630,000 – Liability as of September 30, 2014

**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 semi-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 – Liability as of September 30, 2014

**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 were issued 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 8,120,000 – Refunding
$ 4,465,000 – Liability as of September 30, 2014

**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 occur annually beginning on February 15th, 2012 with installments ranging from $45,000 to $155,000. Interest payments occur semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 2,100,000 – New issue
$ 1,910,000 – Liability as of September 30, 2014

**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 the 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 3,270,000 – New issue
17,465,000 – Refunding
$20,735,000 – Total to be paid to bondholders
$20,540,000 – Liability as of September 30, 2014

**Limited Tax Permanent Improvement Bonds, Series 2013A**
(new issue authorized by voters on November 6, 2007, issued June 1, 2013)

$2,200,000 Limited Tax Permanent Improvement Bonds, Series 2013A 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 occur annually beginning on February 15th, 2014 with installments ranging from $70,000 to $150,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 2.5 to 4.0%. The final principal and interest payment is due on February 15th. 2033. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 2,200,000 – New issue
$ 2,130,000 – Liability as of September 30, 2014

**Limited Tax Refunding Bonds, Series 2013B**
(authorized by Commissioners Court and issued on June 1, 2013)

$15,720,000 Limited Tax Refunding Bonds, Series 2013B were issued 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, 2014, with installments ranging from $240,000 to $1,925,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 0.45% to 3.189%. The final principal and interest payment is due on February 15th, 2025. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$15,720,000 – Refunding
$15,480,000 – Liability as of September 30, 2014

**Limited Tax Refunding and Improvement Bonds, Series 2014**
(new issue authorized by voters on November 6, 2007, issued June 9, 2014)

$23,380,000 Limited Tax Refunding and Improvement Bonds, Series 2014 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, 2015 with installments ranging from $115,000 to $2,385,000. Interest payments occur semi-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, 2029. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 2,200,000 – New issue
21,180,000 – Refunding
$23,380,000 – Total to be paid to bondholders
$23,380,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$17,360,000 – New issue
25,815,000 – Refunding
$43,175,000 – Total to be paid to bondholders
$ 3,160,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$15,920,000 – New issue
$ 2,285,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$48,190,000 – New issue
15,185,000 – Refunding
$63,375,000 – Total to be paid to bondholders
$50,500,000 – Liability as of September 30, 2014

**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 was issued 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$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
$32,500,000 – Liability as of September 30, 2014

**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 was issued 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$10,070,000 – New issue
11,735,000 – Refunding
$21,805,000 – Total to be paid to bondholders
$10,790,000 – Liability as of September 30, 2014

**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 was issued 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 semi-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.

$5,590,000 – New issue
$5,590,000 – Liability as of September 30, 2014

**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 was issued 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$14,810,000 – Refunding
$ 9,785,000 – Liability as of September 30, 2014

**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 was issued 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$28,490,000 – New issue
$25,950,000 – Liability as of September 30, 2014

**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 was issued 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 of 2012 with installments ranging from $610,000 to $4,720,000. Interest payments occur semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$31,365,000 – New issue
19,435,000 – Refunding
$50,800,000 – Total to be paid to bondholders
$49,140,000 – Liability as of September 30, 2014

**Unlimited Tax Road and Refunding Bonds, Series 2013A**
(new issue authorized by voters on November 6, 2007, issued June 1, 2013)

$40,295,000 Unlimited Tax Road, Series 2013A was issued 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 of 2014 with installments ranging from $655,000 to $2,760,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 1.0% to 5.0%. The final principal and interest payment is due on February 15th, 2028. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$25,665,000 – New issue
14,630,000 – Refunding
$40,295,000 – Total to be paid to bondholders
$39,640,000 – Liability as of September 30, 2014

**Unlimited Tax Refunding Bonds, Series 2013B**
(authorized by Commissioners Court and issued on June 1, 2013)

$15,970,000 Unlimited Tax Refunding Bonds, Series 2013B was issued 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, 2015, with installments ranging from $495,000 to $2,245,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 0.65% to 4.0%. The final principal and interest payment is due on February 15th, 2025. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$15,970,000 – Refunding
$15,970,000 – Liability as of September 30, 2014

**Unlimited Tax Road, Series 2014**
(new issue authorized by voters on November 6, 2007, issued June 9, 2014)

$25,045,000 Unlimited Tax Road, Series 2014 was issued 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, 2015 with installments ranging from $785,000 to $1,840,000. Interest payments occur semi-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, 2034. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$25,045,000 – New issue
$25,045,000 – Liability as of September 30, 2014

***Defeased Bonds***

The county defeased certain general obligation bonds in 2014 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 liabilities for the defeased bonds are not included in the County's financial statements. As of September 30, 2014, an amount of $103,515,000 of bond debt has been defeased.

In 2014 the County issued bonds for refunding existing debt. The issue is as follows:

- The Limited Tax Refunding and Improvement, Series 2014, refunded portions of the Limited Tax Permanent Improvement and Refunding Bonds, Series 2004; the Limited Tax Permanent Improvement and Refunding Bonds, Series 2005; and the Limited Tax Permanent Improvement Bonds, Series 2006. The refunding was used to defease $23,200,000 of existing debt by issuing $21,180,000 which will save the County $1,491,504 over time ($1,294,073 in net present value).

***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.

### *Changes in Noncurrent Liabilities*

Noncurrent liabilities for the year ended September 30, 2014, were as follows (in thousands):

| Governmental activities: | Beginning Balance | Additions | Deductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| General obligation | $ 393,350 | $ 48,425 | $ 50,365 | $ 391,410 | $ 28,835 |
| Compensated absences | 6,564 | 8,261 | 8,083 | 6,742 | 4,500 |
| Claims and judgements | 5,138 | 4,569 | 7,221 | 5,386 | 2,975 |
| Unamortized bond premium | 28,751 | 4,718 | 2,370 | 31,099 | 225 |
| Total | $ 433,803 | $ 65,973 | $ 68,039 | $ 434,637 | $ 36,535 |

Compensated absences are liquidated in the funds that have employees (i.e., General Fund, General Road and Bridge Fund, Health Care Foundation Fund, etc.). The County has no other post-employment benefits due to Commissioners Court eliminating the benefit that was creating the liability in 2010.

### *Contractual Maturities*

The annual debt service for general obligation bonds is as follows:

| Year Ending September 30: | Principal | Interest |
|---|---|---|
| 2015 | $ 29,490,000 | $ 16,184,379 |
| 2016 | 29,130,000 | 14,961,741 |
| 2017 | 30,315,000 | 13,833,677 |
| 2018 | 30,480,000 | 12,636,523 |
| 2019 | 31,795,000 | 11,355,848 |
| 2020 | 26,720,000 | 10,144,476 |
| 2021 | 25,710,000 | 9,048,641 |
| 2022 | 25,290,000 | 7,953,861 |
| 2023 | 24,305,000 | 656,929 |
| 2024 | 25,435,000 | 5,755,354 |
| 2025 | 22,355,000 | 4,698,535 |
| 2026 | 19,835,000 | 3,708,066 |
| 2027 | 17,065,000 | 2,814,538 |
| 2028 | 13,870,000 | 2,069,994 |
| 2029 | 10,785,000 | 1,474,561 |
| 2030 | 8,065,000 | 1,043,444 |
| 2031 | 8,430,000 | 693,203 |
| 2032 | 5,415,000 | 374,888 |
| 2033 | 3,930,000 | 157,375 |
| 2034 | 1,990,000 | 39,519 |

The Debt Service Fund has $11.8 million available to service the general long-term bond retirement as of September 30, 2014. There are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all limitations and restrictions and continues to monitor the debt proceed uses to ensure compliance.

### *Conduit Debt*

The Housing Finance Corporation issues single-family revenue bonds to provide financial assistance to qualified homeowners. As of September 30, 2014, there are 9 active trust accounts with balances totaling $1,860,959 to service these programs. This debt resulting from these bond issues is not the obligation of the County. The HFC's liability to pay off debt is limited to revenues received on the loans made from the funds and the balance on the original funding held in trust.

*(g) 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 year end are referred to as "Due to/from other funds." The composition of inter-fund balances as of September 30, 2014, is as follows:

| | Due from | Due to |
|---|---|---|
| ***Due to/from other funds:*** | | |
| ***Governmental Funds:*** | | |
| General Fund | $ 1,447,334 | $ - |
| RTR - Outer Loop | - | 28,539 |
| Nonmajor Funds | - | 1,249,669 |
| Total Governmental Fund | 1,447,334 | 1,278,208 |
| ***Proprietary Type Funds:*** | | |
| Animal Safety Fund | - | 169,126 |
| Total | $ 1,447,334 | $ 1,447,334 |

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:

| | Advance to | Advance from |
|---|---|---|
| General Fund | $ 17,502,142 | $ - |
| 2007 Road Bond | 375,983 | - |
| Nonmajor Funds | 1,355,057 | - |
| Animal Safety Internal Service Fund | - | 283,407 |
| Collin County Toll Road Authority Fund | - | 18,949,775 |
| Total | $ 19,233,182 | $ 19,233,182 |

These balances are a result of funding for two separate activities. The first is a $283,407 balance to fund the County's share of the Animal Shelter in the Animal Safety fund. The Animal Shelter is funded with interlocal agreements with member cities within the County to provide animal shelter and animal control services. The second advance activity of $18,949,775 is financing the Collin County Toll Road Authority Fund to build the Outer Loop 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, 2014, is as follows:

| | Transfers In | Transfers Out |
|---|---|---|
| ***Governmental Funds:*** | | |
| General Fund | $ 85,141 | $ 460,896 |
| Nonmajor Funds | 643,195 | 267,440 |
| Total | $ 728,336 | $ 728,336 |

The transfers into the General Fund are made up mostly of salary supplement activity funding from special revenue funds under the District Attorney's control. The transfer out activity from the General Fund mostly consists of grant match funding ($108,429) and a transfer to the Courthouse Security Fund to supplement security activities ($350,000). The non-major fund activity includes the activity mentioned above plus additional grant match funding.

*(h) Capital Contributions*

Assets were transferred to the Collin County Toll Road Authority Enterprise Fund from the General Fund ($18,361) and the 2007 Road Bond Fund ($37,598) that were related to the Outer Loop project. A corresponding receivable (advance to other funds) was established so that the funds could be reimbursed in the future when the Outer Loop begins generating revenues.

*(i) Leases*

As lessor, the Health Care Foundation has a number of non-cancelable operating leases with minimum future rental revenues in the aggregate of $2,805,860. The buildings are carried at a book value of $7,745,629 with accumulated depreciation of $5,077,550. Future minimum rental payments applicable to the operating leases are as follows:

| | HCF Contractual Future Rental Revenues |
|---|---|
| Fiscal Year: | |
| 2015 | $ 1,066,094 |
| 2016 | 694,426 |
| 2017 | 524,315 |
| 2018 | 264,129 |
| 2019 | 73,003 |
| 2020 | 66,870 |
| 2021 | 66,870 |
| 2022 | 50,153 |
| Total | $ 2,805,860 |

The 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 $1,403,743 for the year ended September 30, 2014. At September 30, 2014, future minimum rental payments applicable to the operating leases are as follows:

| | Contractual Future Rental Obligations |
|---|---|
| Fiscal Year: | |
| 2015 | $ 509,232 |
| 2016 | 408,226 |
| 2017 | 343,668 |
| 2018 | 139,617 |
| 2019 | 3,000 |
| Total | $ 1,403,743 |

*(j) Restricted and Committed Encumbrances*

Encumbrances at year end are reported as restricted or committed fund balance. Total encumbrances in governmental funds as of September 30, 2014 were $42,547,831. These encumbrances by fund are as follows:

| | | |
|---|---|---|
| General Fund | $ | 10,302,345 |
| General Road and Bridge Special Revenue Fund | | 5,133,454 |
| Health Care Foundation Special Revenue Fund | | 1,165,652 |
| RTR - Outer Loop Grant Special Revenue Fund | | 234,275 |
| 2007 Road Bond Capital Project Fund | | 14,502,505 |
| Non-major funds | | 11,209,600 |
| Total Encumbrances | $ | 42,547,831 |

Significant encumbrances of these funds are as follows:

- **General Fund**
  - $2.4 million is encumbered for facilities projects.
  - $2.9 million is encumbered for the Information Technology and Telecommunications Departments, most of which is for capital project activity.
  - $1.7 million is encumbered in the Non-Departmental Department of which $832 thousand is for temporary workers, $500 thousand is for software maintenance, $400 thousand is for capital replacement.
  - $396 thousand is encumbered in Equipment Services of which most of which is for the purchase of new vehicles and heavy equipment.

- **General Road and Bridge Special Revenue Fund**
  - Of the $5.1 million encumbered in the General Road and Bridge Special Revenue Fund, an amount of $5 million is for road maintenance.

- **Health Care Foundation Special Revenue Fund**
  - Of the $1.2 million encumbered in the Health Care Foundation Special Revenue Fund an amount of $715 thousand is for Project Access, $177 thousand is for consulting work, $235 thousand is for grant awards, and $21 thousand is for software maintenance.

- **RTR – Outer Loop Grant Special Revenue Fund**
  - The $234 thousand encumbered in the RTR – Outer Loop Grant Special Revenue Fund is for a road construction contract.

- **2007 Road Bond Capital Project Fund**
  - The $14.5 million encumbered in the 2007 Road Bond Capital Project Fund for road engineering and construction contracts.

- **Non-major funds**
  - $5.4 million is encumbered for road and bridge engineering and construction contracts.
  - $1.2 million is encumbered for technology projects.
  - $4.3 million is encumbered for facilities and parks projects.

## 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, 2014, the County paid $850 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 nominal decrease of $192 thousand (1.0%) in health insurance benefit expenditures in 2014. The net position decreased $267 thousand due to increasing administrative costs from the prior year to a level of $1.6 million. Premiums increased by $911 thousand in 2014 from 2013. Management continues to monitor the claims and has made changes to coverage to help keep costs down as well as adjust to the changes and additional costs related to the Affordable Care Act.

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 2014 and 2013 follow (in thousands):

| | Liability | Estimates | Payments | Liability |
|---|---|---|---|---|
| 2014 Employee Medical | $ 855 | $ 18,581 | $ 18,581 | $ 855 |
| 2013 Employee Medical | 855 | 18,773 | 18,773 | 855 |
| 2014 Workers' Compensation | 638 | 362 | 362 | 638 |
| 2013 Workers' Compensation | 638 | 411 | 411 | 638 |
| 2014 Claims Liability | 447 | 987 | 987 | 447 |
| 2013 Claims Liability | 447 | 994 | 994 | 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.

### *(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. There is no liability as of September 30, 2014, because the full longevity payment has been recorded in the governmental fund statements as a current expenditure since the liability was paid as part of the last payroll in 2014.

### *(d) Post-Retirement Health Benefits*

**Plan Description**

The County's post-employment benefit plan is a single-employer defined benefit plan. 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 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 677 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.

**(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 8.0% in 2014 which was the same as 2013. The County also paid an additional $11.6 million in 2014 to eliminate any unfunded liability in the retirement program. The Commissioners Court, in conjunction with this additional payment, adopted a policy which will help to keep this rate of 8.0% consistent in future years by agreeing to reduce benefits of employees in the future. The contribution rate payable by the employee members for the calendar years of 2014 and 2013 was 7 % as adopted by the governing body of the County. The employee contribution rate and the County's contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

**(3) Annual Pension Cost**

For the accounting year ended September 30, 2014, the employer paid pension expenditures for the County to the TCDRS plan were $6,674,233 and the required contributions were $6,060,323. The actual contribution 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 2011, 2012 and 2013, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2011 and ending with 2013. As of December 31, 2013, the County's retirement plan was 104.5% funded. The December 31, 2013, actuarial valuation is the most recent valuation and provided the following information:

## Actuarial Valuation Information

| | | | |
|---|---|---|---|
| Actuarial valuation date | 12/31/2011 | 12/31/2012 | 12/31/2013 |
| Actuarial cost method | entry age | entry age | entry age |
| Amortization method | level percent of payroll, closed | level percent of payroll, open | level percent of payroll, open |
| Amortization period in year | 2.3 | 30.0 | 30.0 |
| 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 at the stated rate | 3.5% | 3.5% | 3.5% |
| Cost-of-living adjustments | 0.0% | 0.0% | 0.0% |

## Schedule of Funding Information

| Actuarial valuation date | 12/31/2011 | 12/31/2012 | 12/31/2013 |
|---|---|---|---|
| Actuarial value of assets | $ 292,341,994 | $ 318,362,025 | $ 342,561,297 |
| Actuarial accrued liability (AAL) | $ 294,809,845 | $ 310,506,865 | $ 327,856,714 |
| Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] | $ 2,467,861 | $( 7,855,160) | $( 14,704,583) |
| Funded ratio | 99.16% | 102.53% | 104.49% |
| Annual covered payroll (actuarial) | $ 85,213,179 | $ 84,306,943 | $ 84,997,069 |
| UAAL or (OAAL) as percentage of covered payroll | 2.90% | -9.32% | -17.30% |

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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, 2014

| | Budget | | | Variance with Final Budget positive |
|---|---|---|---|---|
| | Original | Final | Actual | (negative) |
| Revenues: | | | | |
| Property taxes | $ 139,341,129 | $ 139,341,129 | $ 140,746,018 | $ 1,404,889 |
| Licenses and permits | 279,000 | 279,000 | 456,366 | 177,366 |
| Federal and state funds | 4,377,538 | 4,401,664 | 6,361,798 | 1,960,134 |
| Fees and charges for services | 18,701,697 | 18,836,109 | 19,099,538 | 263,429 |
| Fines and forfeitures | 2,126,800 | 2,129,000 | 1,763,311 | ( 365,689) |
| Rental | 258,702 | 258,702 | 302,820 | 44,118 |
| Interest | 723,100 | 723,100 | 1,123,376 | 400,276 |
| Miscellaneous | 259,000 | 712,557 | 774,800 | 62,243 |
| Total revenues | 166,066,966 | 166,681,261 | 170,628,027 | 3,946,766 |
| Expenditures: | | | | |
| Current: | | | | |
| General administration | 46,931,553 | 46,566,768 | 37,944,750 | 8,622,018 |
| Judicial | 15,737,928 | 15,766,306 | 15,063,445 | 702,861 |
| Financial administration | 10,781,084 | 10,781,084 | 10,301,765 | 479,319 |
| Legal | 10,798,007 | 10,811,450 | 10,388,114 | 423,336 |
| Public facilities | 11,538,807 | 12,303,384 | 10,804,060 | 1,499,324 |
| Equipment services | 2,781,466 | 2,829,373 | 2,217,536 | 611,837 |
| Public safety | 55,287,904 | 55,430,100 | 53,594,955 | 1,835,145 |
| Health and welfare | 12,264,400 | 13,963,063 | 13,679,712 | 283,351 |
| Culture and recreation | 1,002,754 | 1,002,810 | 937,036 | 65,774 |
| Conservation | 269,765 | 269,765 | 256,500 | 13,265 |
| Capital outlay | 12,143,920 | 11,387,720 | 4,226,191 | 7,161,529 |
| Total expenditures | 179,537,588 | 181,111,823 | 159,414,064 | 21,697,759 |
| Excess (deficiency) of revenues over (under) expenditures | ( 13,470,622) | ( 14,430,562) | 11,213,963 | 25,644,525 |
| Other financing sources (uses): | | | | |
| Transfers in | - | 85,141 | 85,141 | - |
| Transfers out | ( 350,000) | ( 507,172) | ( 460,896) | 46,276 |
| Sale of assets | - | 84,928 | 84,928 | - |
| Total other financing sources (uses) | ( 350,000) | ( 337,103) | ( 290,827) | 46,276 |
| Net change in fund balance | ( 13,820,622) | ( 14,767,665) | 10,923,136 | 25,690,801 |
| Fund balance – beginning | 185,718,969 | 185,718,969 | 185,718,969 | - |
| Fund balance – ending | $ 171,898,347 | $ 170,951,304 | $ 196,642,105 | $ 25,690,801 |

## 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, 2014

| | Budget | | | Variance with Final Budget positive (negative) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | $ 3,157,946 | $ 3,157,946 | $ 3,189,577 | $ 31,631 |
| Licenses and permits | 2,000 | 2,000 | 3,978 | 1,978 |
| Fees & charges for services: | | | | |
| Road mileage fees | 7,500,000 | 7,500,000 | 8,270,725 | 770,725 |
| Vehicle title fees | 800,000 | 800,000 | 904,565 | 104,565 |
| Road & bridge fees | 6,545,000 | 6,545,000 | 7,335,622 | 790,622 |
| Total fees & charges for services | 14,845,000 | 14,845,000 | 16,510,912 | 1,665,912 |
| Fines and forfeitures: | | | | |
| County clerk | 1,399,900 | 1,399,900 | 1,383,976 | ( 15,924) |
| District clerk | 480,500 | 480,500 | 585,583 | 105,083 |
| Total fines and forfeitures | 1,880,400 | 1,880,400 | 1,969,559 | 89,159 |
| Other local government funds | - | 128,430 | 38,431 | ( 89,999) |
| Interest | 100,000 | 100,000 | 27,338 | ( 72,662) |
| Miscellaneous: | | | | |
| Sale of road and bridge materials | 100,000 | 100,000 | 470,016 | 370,016 |
| Other and grants | 5,933 | 5,933 | 29,901 | 23,968 |
| Total miscellaneous | 105,933 | 105,933 | 499,917 | 393,984 |
| Total revenues | 20,091,279 | 20,219,709 | 22,239,712 | 2,020,003 |
| Expenditures: | | | | |
| Current: | | | | |
| Public Transportation: | | | | |
| Road and Bridge Maintenance: | | | | |
| Salaries and benefits | 5,287,963 | 5,287,963 | 5,003,708 | 284,255 |
| Training and travel | 11,616 | 11,616 | 11,042 | 574 |
| Maintenance and operating | 16,719,024 | 16,887,055 | 9,161,566 | 7,725,489 |
| Total Road and Bridge Maintenance | 22,018,603 | 22,186,634 | 14,176,316 | 8,010,318 |
| Engineering: | | | | |
| Salaries and benefits | 467,560 | 467,560 | 390,104 | 77,456 |
| Training and travel | 12,985 | 12,985 | 4,572 | 8,413 |
| Maintenance and operating | 5,865 | 5,865 | 2,884 | 2,981 |
| Total Engineering | 486,410 | 486,410 | 397,560 | 88,850 |

## 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, 2014

| | Budget | | | Variance with Final Budget positive (negative) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| Services and Operations: | | | | |
| Salaries and benefits | $ 453,831 | $ 455,068 | $ 455,068 | $ - |
| Training and travel | 10,493 | 10,493 | 6,797 | 3,696 |
| Maintenance and operating | 21,230 | 13,952 | 10,410 | 3,542 |
| Total Services and Operations | 485,554 | 479,513 | 472,275 | 7,238 |
| Soil Conservation: | | | | |
| Maintenance and operating | 44,035 | 44,035 | 33,833 | 10,202 |
| Special Projects: | | | | |
| Salaries and benefits | 199,614 | 199,614 | 159,630 | 39,984 |
| Training and travel | 1,425 | 1,425 | - | 1,425 |
| Maintenance and operating | 600 | 600 | 209 | 391 |
| Total Special Projects | 201,639 | 201,639 | 159,839 | 41,800 |
| Non-departmental: | | | | |
| Maintenance and operating | 557,839 | 516,869 | 270,970 | 245,899 |
| Total public transportation | 23,794,080 | 23,915,100 | 15,510,793 | 8,404,307 |
| Capital Outlay: | | | | |
| Public Transportation: | | | | |
| Road and Bridge Maintenance | 3,440,813 | 3,506,564 | 3,244,208 | 262,356 |
| Total Capital Outlay | 3,440,813 | 3,506,564 | 3,244,208 | 262,356 |
| Total expenditures | 27,234,893 | 27,421,664 | 18,755,001 | 8,666,663 |
| Excess (deficiency) of revenues over (under) expenditures | ( 7,143,614) | ( 7,201,955) | 3,484,711 | 10,686,666 |
| Other financing sources (uses): | | | | |
| Sale of assets | - | 153,305 | 153,305 | - |
| Total other financing sources (uses) | - | 153,305 | 153,305 | - |
| Net change in fund balance | ( 7,143,614) | ( 7,048,650) | 3,638,016 | 10,686,666 |
| Fund balance – beginning | 19,097,615 | 19,097,615 | 19,097,615 | - |
| Fund balance – ending | $ 11,954,001 | $ 12,048,965 | $ 22,735,631 | $ 10,686,666 |

## 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, 2014

| | Budget | | | Variance with Final Budget positive |
|---|---|---|---|---|
| | Original | Final | Actual | (negative) |
| Revenues: | | | | |
| Federal and state funds | $ 50,000 | $ 50,000 | $ 39,367 | $( 10,633) |
| Fees and charges for services | 241,400 | 241,400 | 227,777 | ( 13,623) |
| Rental | 1,111,627 | 1,111,627 | 1,183,793 | 72,166 |
| Interest | 50,000 | 50,000 | 79,833 | 29,833 |
| Miscellaneous | 15,000 | 126,724 | 134,292 | 7,568 |
| Total revenues | 1,468,027 | 1,579,751 | 1,665,062 | 85,311 |
| Expenditures: | | | | |
| Current: | | | | |
| Health and Welfare: | | | | |
| Salaries and benefits | 1,612,967 | 1,612,967 | 1,531,730 | 81,237 |
| Training and travel | 20,000 | 20,000 | 15,860 | 4,140 |
| Maintenance and operating | 2,697,000 | 2,697,000 | 813,492 | 1,883,508 |
| Total health and welfare | 4,329,967 | 4,329,967 | 2,361,082 | 1,968,885 |
| Public Facilities: | | | | |
| Maintenance and operating | 184,118 | 184,118 | 79,894 | 104,224 |
| Total public facilities | 184,118 | 184,118 | 79,894 | 104,224 |
| Capital Outlay: | | | | |
| Health and Welfare | 21,553 | 21,553 | 7,283 | 14,270 |
| Total Capital Outlay | 21,553 | 21,553 | 7,283 | 14,270 |
| Total expenditures | 4,535,638 | 4,535,638 | 2,448,259 | 2,087,379 |
| Excess (deficiency) of revenues over (under) expenditures | ( 3,067,611) | ( 2,955,887) | ( 783,197) | 2,172,690 |
| Fund balance – beginning | 8,486,389 | 8,486,389 | 8,486,389 | - |
| Fund balance – ending | $ 5,418,778 | $ 5,530,502 | $ 7,703,192 | $ 2,172,690 |

## 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 – Outer Loop Phase 3 Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, Sheriff Forfeiture Fund, District Attorney State Forfeiture, District Attorney Federal Treasury Forfeiture, District Attorney Federal Justice Forfeiture, LEOSE Education Fund, District Attorney Service Fee Fund, SCAAP Fund, Juvenile Case Manager Fund, District Attorney Pretrial Intervention Program Fund, District Attorney Apportionment 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 administerial by Commissioners Court. All governmental fund annual appropriations lapse at year end.

On or before the last day of May of each year all departments of the County submit requests for appropriations to the Budget Officer. The initial budget request and the Budget Officer's recommendations are provided to the 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 1st or as soon as possible thereafter the budget and the tax rate are adopted with tax notices mailed on or after October 1st.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, training and travel, maintenance and operating, and capital outlay 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 increased to accommodate the additional expenditures.

**Employees Retirement System Schedule of Funding Progress**

**(Thousands)**

| Actuarial Valuation Date | Assets (a) | (AAL) (b) | UAAL/OAAL (a - b) | Ratio (a/b) | Payroll (c) | Payroll ((b - a)/ c) |
|---|---|---|---|---|---|---|
| December 31, 2011 | $ 292,342 | $ 294,810 | $( 2,468) | 99.16% | $ 85,213 | 2.90% |
| December 31, 2012 | 318,362 | 310,507 | 7,856 | 102.53% | 84,307 | -9.32% |
| December 31, 2013 | 342,561 | 327,857 | 14,704 | 104.48% | 84,997 | -17.30% |

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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,
SERIES 2015

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, SERIES 2015, dated July 1, 2015.
>
> 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 on June 15, 2015 authorizing their issuance and the pricing certificate executed pursuant to the terms thereof (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 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 (the "Refunded Bonds") 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. 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;

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Bonds pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent and, therefore, such Refunded 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, low and middle income taxpayers qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

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.

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 AND REFUNDING BONDS,
SERIES 2015

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 AND REFUNDING BONDS, SERIES 2015, dated July 1, 2015.
>
> 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 on June 15, 2015 authorizing their issuance and the pricing certificate executed pursuant to the terms thereof (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 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 (the "Refunded Bonds") 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. 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 rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer;

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Bonds pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent and, therefore, such Refunded Bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such Escrow Agreement; and

(C) A continuing ad valorem tax upon all taxable property within Collin County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitations.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of

creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT, or 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, low and middle income taxpayers qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing

business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

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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**OFFICIAL STATEMENT**

**Dated July 8, 2015**

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

**NEW ISSUE - Book-Entry-Only**

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

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

**$67,075,000**
**COLLIN COUNTY, TEXAS**
**UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2015**

**Dated Date:** **July 1, 2015**
**Accrues from Delivery Date**

**Due: February 15, as shown below**

**PAYMENT TERMS** . . . Interest on the $67,075,000 Collin County, Texas Unlimited Tax Road and Refunding Bonds, Series 2015 (the "Unlimited Tax Bonds") will accrue from the date of initial delivery (the "Delivery Date") to the initial purchasers shown below (the "Underwriters"), and will be payable February 15, 2016, and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Unlimited Tax Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Unlimited Tax Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Unlimited Tax Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Unlimited Tax Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Unlimited Tax Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Unlimited Tax Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE** . . . The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207, 1371 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and a bond order (the "Unlimited Tax Authorization") adopted on June 15, 2015 by the Commissioners Court of the County (the "Commissioners Court") in which the Commissioners Court delegated pricing of the Unlimited Tax Bonds and certain other matters to an "Authorized Officer" who approved a pricing certificate (the "Unlimited Tax Pricing Certificate") which contained the final terms of sale and completed the sale of the Unlimited Tax Bonds (the Unlimited Tax Authorization and the Unlimited Tax Pricing Certificate are jointly referred to as the "Unlimited Tax Bond Order"), and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, without legal limit as to rate or amount, as provided by the Unlimited Tax Bond Order (see "The Bonds – Authority for Issuance").

**PURPOSE** . . . Proceeds from the sale of the Unlimited Tax Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including 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 "Refunded Unlimited Tax Bonds") for debt service savings, and (iii) pay the costs of issuance associated with the sale of the Unlimited Tax Bonds.

**MATURITY SCHEDULE**

**CUSIP Prefix: 194740** (1)

| Amount | (2-15) Maturity | Interest Rate | Initial Yield | CUSIP Suffix (1) | Amount | (2-15) Maturity | Interest Rate | Initial Yield | CUSIP Suffix (1) |
|---|---|---|---|---|---|---|---|---|---|
| $ 6,605,000 | 2016 | 2.00% | 0.21% | GW0 | $ 4,065,000 | 2026 | 5.00% | 2.61% (2) | HG4 |
| 1,870,000 | 2017 | 3.00% | 0.64% | GX8 | 4,275,000 | 2027 | 5.00% | 2.72% (2) | HH2 |
| 4,585,000 | 2018 | 4.00% | 0.94% | GY6 | 1,935,000 | 2028 | 5.00% | 2.82% (2) | HJ8 |
| 5,585,000 | 2019 | 4.00% | 1.20% | GZ3 | 2,015,000 | 2029 | 3.25% | 3.40% | HK5 |
| 3,855,000 | 2020 | 4.00% | 1.44% | HA7 | 2,095,000 | 2030 | 4.00% | 3.39% (2) | HL3 |
| 4,005,000 | 2021 | 4.00% | 1.70% | HB5 | 2,180,000 | 2031 | 4.00% | 3.49% (2) | HM1 |
| 3,325,000 | 2022 | 5.00% | 1.94% | HC3 | 2,265,000 | 2032 | 4.00% | 3.54% (2) | HN9 |
| 3,500,000 | 2023 | 5.00% | 2.15% | HD1 | 2,360,000 | 2033 | 4.00% | 3.59% (2) | HP4 |
| 3,680,000 | 2024 | 5.00% | 2.31% | HE9 | 2,455,000 | 2034 | 4.00% | 3.63% (2) | HQ2 |
| 3,865,000 | 2025 | 5.00% | 2.44% | HF6 | 2,555,000 | 2035 | 4.00% | 3.68% (2) | HR0 |

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. Neither the County nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.
(2) Priced to the February 15, 2025 optional redemption date at a price of par.

**OPTIONAL REDEMPTION** . . . The County reserves the right, at its option, to redeem Unlimited Tax Bonds having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption").

**SEPARATE ISSUES** . . . The Unlimited Tax Bonds are being offered by the County concurrently with its Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Limited Tax Bonds"), under a common Official Statement, and the Unlimited Tax Bonds and Limited Tax Bonds are hereinafter sometimes referred to collectively as the "Bonds." The Limited Tax Bonds and the Unlimited Tax Bonds are separate and distinct securities offerings being issued and sold independently except for the Official Statement, and, while the Limited Tax Bonds and the Unlimited Tax Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders.

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

**DELIVERY** . . . It is expected that the Unlimited Tax Bonds will be available for delivery through The Depository Trust Company on August 18, 2015 (the "Delivery Date").

**CITIGROUP** **ESTRADA HINOJOSA & COMPANY, INC.**

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*OFFICIAL STATEMENT*

**Dated July 8, 2015**

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

**NEW ISSUE - Book-Entry-Only**

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

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

**$3,675,000**
**COLLIN COUNTY, TEXAS**
**LIMITED TAX REFUNDING AND IMPROVEMENT BONDS, SERIES 2015**

**Dated Date:** **July 1, 2015**
**Accrues from Delivery Date**

**Due: February 15, as shown below**

PAYMENT TERMS . . . Interest on the $3,675,000 Collin County, Texas, Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Limited Tax Bonds") will accrue from the date of initial delivery (the "Delivery Date") to the initial purchasers shown below (the "Underwriters"), and will be payable February 15, 2016, and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Limited Tax Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Limited Tax Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Limited Tax Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Limited Tax Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Limited Tax Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Limited Tax Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Limited Tax Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapters 1207 and 1371, *Texas Government Code, as amended* and *Chapter 331, Texas Local Government Code, as amended*, a County-wide election held on November 6, 2007 and a bond order (the "Limited Tax Authorization") adopted on June 15, 2015 by the Commissioners Court of the County (the "Commissioners Court") in which the Commissioners Court delegated pricing of the Limited Tax Bonds and certain other matters to an "Authorized Officer" who approved a pricing certificate (the "Limited Tax Pricing Certificate") which contained the final terms of sale and completed the sale of the Limited Tax Bonds (the Limited Tax Authorization and the Limited Tax Pricing Certificate are jointly referred to as the "Limited Tax Bond Order"), and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, within the limits prescribed law, as provided by the Limited Tax Bond Order (see "The Bonds – Authority for Issuance").

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

**MATURITY SCHEDULE** **CUSIP Prefix: 194740 (1)**

| Amount | (2-15) Maturity | Interest Rate | Initial Yield | CUSIP Suffix (1) | Amount | (2-15) Maturity | Interest Rate | Initial Yield | CUSIP Suffix (1) |
|---|---|---|---|---|---|---|---|---|---|
| $ 105,000 | 2016 | 2.000% | 0.350% | HS8 | $ 255,000 | 2025 | 4.000% | 2.560% | JB3 |
| 100,000 | 2017 | 2.000% | 0.730% | HT6 | 265,000 | 2026 | 4.000% | 2.810% (2) | JC1 |
| 210,000 | 2018 | 2.000% | 1.010% | HU3 | 280,000 | 2027 | 3.000% | 3.080% | JD9 |
| 210,000 | 2019 | 2.000% | 1.260% | HV1 | 120,000 | 2028 | 3.125% | 3.220% | JH0 |
| 220,000 | 2020 | 2.000% | 1.510% | HW9 | 125,000 | 2029 | 3.250% | 3.390% | JE7 |
| 220,000 | 2021 | 2.000% | 1.780% | HX7 | 130,000 | 2030 | 3.375% | 3.510% | JJ6 |
| 230,000 | 2022 | 4.000% | 2.040% | HY5 | 135,000 | 2031 | 3.500% | 3.570% | JK3 |
| 235,000 | 2023 | 4.000% | 2.240% | HZ2 | 140,000 | 2032 | 3.500% | 3.610% | JF4 |
| 245,000 | 2024 | 4.000% | 2.410% | JA5 | | | | | |

**$450,000 3.625% TERM BOND DUE FEBRUARY 15, 2035 PRICE 98.282%, CUSIP SUFFIX (1) JG2**

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(2) Priced to the February 15, 2025 optional redemption date at a price of par.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Limited Tax Bonds having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption"). In addition, the Limited Tax Bonds maturing February 15, 2035 are subject to mandatory sinking fund redemption, as further described herein. (See "THE BONDS - Optional Redemption" and "THE BONDS - Mandatory Redemption" herein.)

SEPARATE ISSUES . . . The Limited Tax Bonds are being offered by the County concurrently with its Unlimited Tax Road and Refunding Bonds, Series 2015 (the "Unlimited Tax Bonds"), under a common Official Statement, and the Limited Tax Bonds and Unlimited Tax Bonds are hereinafter sometimes referred to collectively as the "Bonds." The Limited Tax Bonds and the Unlimited Tax Bonds are separate and distinct securities offerings being issued and sold independently except for the Official Statement, and, while the Limited Tax Bonds and the Unlimited Tax Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders.

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

DELIVERY . . . It is expected that the Limited Tax Bonds will be available for delivery through The Depository Trust Company on August 18, 2015 (the "Delivery Date").

**CITIGROUP** **ESTRADA HINOJOSA & COMPANY, INC.**

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

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

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

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

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

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

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

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

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

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

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

## OFFICIAL STATEMENT SUMMARY

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

**THE COUNTY** ..... The County is a body politic and political subdivision of the State, located in northeast Texas and is a component of the Dallas-Fort Worth Metroplex. The County covers approximately 836 square miles. The City of McKinney is the County Seat.

**THE UNLIMITED TAX BONDS**..... The Unlimited Tax Bonds are issued as $67,075,000 Unlimited Tax Road and Refunding Bonds, Series 2015 (the "Unlimited Tax Bonds"). The Unlimited Tax Bonds mature serially on February 15 in each of the years 2016 through 2035 (see "The Bonds - Description of the Bonds").

**THE LIMITED TAX BONDS** ..... The Limited Tax Bonds are issued as $3,675,000 Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Limited Tax Bonds"). The Limited Tax Bonds mature serially on February 15 in each of the years 2016 through 2032 and as Term Bonds maturing on February 15, 2035 (see "The Bonds - Description of the Bonds").

**PAYMENT OF INTEREST** ..... Interest on the Unlimited Tax Bonds and Limited Tax Bonds (collectively, the "Bonds") will accrue from the Delivery Date, and is payable February 15, 2016, and each August 15 and February 15 thereafter until maturity or prior redemption (see "The Bonds - Description of the Bonds").

**AUTHORITY FOR ISSUANCE**..... The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207, 1371 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and a bond order (the "Unlimited Tax Authorization") adopted on June 15, 2015 by the Commissioners Court of the County (the "Commissioners Court") in which the Commissioners Court delegated pricing of the Unlimited Tax Bonds and certain other matters to an "Authorized Officer" who approved a pricing certificate (the "Unlimited Tax Pricing Certificate") which contained the final terms of sale and completed the sale of the Unlimited Tax Bonds (the Unlimited Tax Authorization and the Unlimited Tax Pricing Certificate are jointly referred to as the "Unlimited Tax Bond Order") (see "The Bonds - Authority for Issuance").

The Limited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Chapters 1207 and 1371, Texas Government Code, as amended and Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007, and a bond order (the "Limited Tax Authorization") adopted on June 15, 2015 by the Commissioners Court of the County (the "Commissioners Court") in which the Commissioners Court delegated pricing of the Limited Tax Bonds and certain other matters to an "Authorized Officer" who approved a pricing certificate (the "Limited Tax Pricing Certificate") which contained the final terms of sale and completed the sale of the Limited Tax Bonds (the Limited Tax Authorization and the Limited Tax Pricing Certificate are jointly referred to as the "Limited Tax Bond Order") (see "The Bonds - Authority for Issuance").

**SECURITY FOR THE BONDS** ..... The Unlimited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, without legal limit as to rate or amount, on all taxable property located within the County (see "The Bonds - Security and Source of Payment-Unlimited Tax Bonds").

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

**REDEMPTION** ..... The County reserves the right, at its option, to redeem Bonds of either series, having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds - Optional Redemption"). In addition, the Limited Tax Bonds maturing on February 15, 2035 are subject to mandatory sinking fund redemption, as further described herein. (See "The Bonds - Optional Redemption" and "The Bonds - Mandatory Redemption" herein.)

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

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

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

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

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

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

**SELECTED FINANCIAL INFORMATION**

| Fiscal Year Ended 9/30 | Estimated County Population | Taxable Assessed Valuation [1] | Per Capita Taxable Assessed Valuation | Funded Tax Debt | Per Capita Funded Tax Debt | Ratio Funded Tax Debt to Taxable Assessed Valuation | % of Total Tax Collections |
|---|---|---|---|---|---|---|---|
| 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 [3] | 74,630,300,190 | 91,781 | 393,350,000 | 484 | 0.53% | 102.52% |
| 2014 | 834,642 [3] | 79,238,767,392 | 94,937 | 391,410,000 | 469 | 0.49% | 102.05% |
| 2015 | 854,778 [3] | 86,871,450,852 | 101,630 | 402,795,000 [4] | 471 | 0.46% | 100.62% [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: Texas Workforce Commission
(3) Source: County Officials
(4) Projected; includes all limited tax and unlimited tax debt of the County and the Bonds. Excludes the Refunded Bonds.
(5) Collections through May 1, 2015.

## COUNTY OFFICIALS, STAFF, AND CONSULTANTS

### ELECTED OFFICIALS

| Commissioners Court | Term Expires |
|---|---|
| Keith Self<br>County Judge | 12/31/2018 |
| Susan Fletcher<br>Commissioner, Precinct No. 1 | 12/31/2016 |
| Cheryl Williams<br>Commissioner, Precinct No. 2 | 12/31/2018 |
| Chris Hill<br>Commissioner, Precinct No. 3 | 12/31/2016 |
| Duncan Webb<br>Commissioner, Precinct No. 4 | 12/31/2018 |

### OTHER ELECTED AND APPOINTED OFFICIALS

| Name | Position | Term Expires |
|---|---|---|
| Bill Bilyeu | County Administrator | Appointed by Commissioners Court |
| Jeff May | County Auditor | Appointed by District Judges 9/30/2015 |
| Monika Arris | Budget Director | Appointed by Commissioners Court |
| Stacey Kemp | County Clerk | 12/31/2018 |
| Kenneth L. Maun | Tax Assessor-Collector | 12/31/2016 |

### CONSULTANTS AND ADVISORS

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

Bond Counsel ..... Bracewell & Giuliani LLP
Dallas, Texas

Financial Advisor..... First Southwest Company LLC
Fort Worth, Texas

For additional information regarding the County, please contact:

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

**OFFICIAL STATEMENT**

**RELATING TO**

**COLLIN COUNTY, TEXAS**

**$67,075,000**
**UNLIMITED TAX ROAD AND**
**REFUNDING BONDS, SERIES 2015**

**$3,675,000**
**LIMITED TAX REFUNDING AND**
**IMPROVEMENT BONDS, SERIES 2015**

## INTRODUCTION

This Official Statement, which includes the Appendices and Schedule I hereto, provides certain information regarding the issuance of $67,075,000 Collin County, Texas Unlimited Tax Road and Refunding Bonds, Series 2015 (the "Unlimited Tax Bonds") and $3,675,000 Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Limited Tax Bonds" and, together with the Unlimited Tax Bonds, the "Bonds"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the separate orders (the "Unlimited Tax Authorization" and "Limited Tax Authorization," respectively), each adopted by the Commissioners Court of the County on June 15, 2015, in which the Commissioners Court delegated pricing of the respective Bonds and certain other matters to an "Authorized Officer" who approved separate pricing certificates (the "Unlimited Tax Pricing Certificate" and "Limited Tax Pricing Certificate," respectively), which each contained the final terms of sale and completed the sale of the respective Unlimited Tax Bonds and Limited Tax Bonds. The Unlimited Tax Authorization and the Unlimited Tax Pricing Certificate are jointly referred to as the "Unlimited Tax Bond Order", the Limited Tax Authorization and the Limited Tax Pricing Certificate are jointly referred to as the "Limited Tax Bond Order", and the Unlimited Tax Bond Order and the Limited Tax Bond Order are jointly referred to as the "Orders."

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

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

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

## PLAN OF FINANCING

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

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

**REFUNDED BONDS** . . . The principal of and interest due on the Refunded Unlimited Tax Bonds and Refunded Limited Tax Bonds (collectively, the "Refunded Bonds"), respectively, 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 provide that a portion of the proceeds from the sale of the respective Bonds in an amount sufficient to accomplish the discharge and final payment of the Refunded Bonds will be deposited with the Escrow Agent pursuant to the Escrow Agreements for deposit to special escrow funds (the "Escrow Funds") established under the respective 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 respective Refunded Bonds.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the respective 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 respective 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 will be applied approximately as follows:

| | Unlimited Tax Bonds | Limited Tax Bonds |
|---|---|---|
| Sources of Funds | | |
| Par Amount of Bonds | $ 67,075,000.00 | $ 3,675,000.00 |
| Reoffering Premium | 7,236,981.90 | 144,653.15 |
| Total Sources of Funds | $ 74,311,981.90 | $ 3,819,653.15 |
| Uses of Funds | | |
| Deposit to Escrow Fund | $ 30,258,441.83 | $ 1,447,100.52 |
| Deposit to Construction Fund | 43,488,000.00 | 2,300,000.00 |
| Costs of Issuance[(1)] | 565,540.07 | 72,552.63 |
| Total Uses of Funds | $ 74,311,981.90 | $ 3,819,653.15 |

(1) Includes the Underwriters' Discount.

## THE BONDS

**DESCRIPTION OF THE BONDS** . . . The Bonds are dated July 1, 2015 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on the cover page (with respect to the Unlimited Tax Bonds) and page 3 (with respect to the Limited Tax Bonds) hereof. Interest will accrue on the Bonds from the Delivery Date to the Underwriters and will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15, 2016, and on each August 15 and February 15 thereafter until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment by such participating members to the beneficial owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein.

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

**AUTHORITY FOR ISSUANCE** . . . The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207, 1371 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and the Unlimited Tax Bond Order.

The Limited Tax Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapters 1207 and 1371, Texas Government Code, as amended and Chapter 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007 and the Limited Tax Bond Order.

SECURITY AND SOURCES OF PAYMENT . . .

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

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

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

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

*Road Bonds*...An unlimited tax rate is authorized to be voted to pay debt service on road bonds; Article III, Section 52 of the Texas Constitution provides that such debt may not exceed 25% of the County's assessed valuation of real property. The Unlimited Tax Bonds will be payable from the levy and collection of this tax.

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

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

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

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem the Bonds of either series having stated maturities on and after February 15, 2026 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2025 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the County may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date. The County reserves the right, in the case of an optional redemption to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying

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

**MANDATORY REDEMPTION** . . . The Limited Tax Bonds maturing on February 15, 2035 (the "Limited Tax Term Bonds") are subject to mandatory redemption in part prior to their schedule maturities, and will be redeemed by the County 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:

| Limited Term Tax Bonds Due February 15, 2035 | Principal Amount |
|---|---|
| February 15, 2033 | $ 145,000 |
| February 15, 2034 | 150,000 |
| February 15, 2035* | 155,000 |

* Stated maturity.

The Paying Agent/Registrar shall select by lot or other customary method of random selection the Limited Tax Term Bonds to be redeemed on the next following February 15 from moneys set aside for that purpose in the Interest and Sinking Fund for the Limited Tax Term Bonds. Any Limited Tax Term Bond not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of the Limited Tax Term Bonds of a stated maturity required to be redeemed on a mandatory redemption date shall be reduced, at the option and direction of the County, by the principal amount of Limited Tax Term Bonds of like stated maturity which, (1) at least 45 days prior to the mandatory redemption date, shall have been acquired by the County at a price not exceeding the principal amount of such Limited Tax Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (2) 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 Bonds, the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds of either series to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. IF A BOND (OR ANY PORTION OF ITS PRINCIPAL SUM) SHALL HAVE BEEN DULY CALLED FOR REDEMPTION AND NOTICE OF SUCH REDEMPTION DULY GIVEN, THEN UPON THE REDEMPTION DATE SUCH BOND (OR THE PORTION OF ITS PRINCIPAL SUM TO BE REDEEMED) SHALL BECOME DUE AND PAYABLE, AND, IF MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR AND ALL OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST SHALL CEASE TO ACCRUE AND BE PAYABLE FROM AND AFTER THE REDEMPTION DATE ON THE PRINCIPAL AMOUNT REDEEMED.

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

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

After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the County to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the County: (i) in the proceedings providing for the firm banking arrangements, expressly reserves the right to call Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds 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 Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The County and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## TAX INFORMATION

**AD VALOREM TAX LAW** . . . The appraisal of property within the County is the responsibility of the Collin Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under Title 1 of the Texas Tax Code (referred to herein as the "Property Tax Code") to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal, and the market data comparison method of appraisal. The chief appraiser selects the most appropriate method. Effective January 1, 2010, State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed the lesser of (1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value in the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The County may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the County by petition filed with the Appraisal Review Board.

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

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

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

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

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

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

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces. The exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000; provided, however, that beginning in the 2009 tax year, a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Furthermore, effective January 1, 2012, the surviving spouse of a deceased veteran who had received a disability rating of 100% is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

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 "Tax Information - County Application of Texas Tax Code" and "Table 1 – Valuation, Exemptions and General Obligation Bond Debt."

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

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

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

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

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

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

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

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

Furthermore, the Property Tax Code provides the Commissioners Court may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the County's website if the County owns, operates or controls an Internet website and public notice be given by television if the County has free access to a television channel) and the Commissioners Court has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

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

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

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

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

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

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

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

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

**COUNTY APPLICATION OF TEXAS TAX CODE** . . . The County grants a $30,000 exemption to the market value of the residence homestead of persons 65 years of age or older and $20,000 for the disabled.

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

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

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

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

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

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

The County has exempted freeport property from taxation.

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

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

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

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

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

| | | |
|---|---|---|
| 2014/15 Market Valuation Established by the Collin Central Appraisal District (excluding totally exempt property) | | $ 99,688,597,050 |
| Less Exemptions/Reductions at 100% Market Value: | | |
| Over 65 and Disabled | $ 1,166,119,079 | |
| Disabled Veterans Exemptions | 179,869,136 | |
| Charitable Organizations | 39,768,287 | |
| Tax Abatements | 645,471,875 | |
| Homestead Exemption | 2,281,754,655 | |
| Freeport Exemption | 678,672,568 | |
| Pollution Control Property | 28,896,166 | |
| Historical Exemption | 27,005,819 | |
| Leased Vehical Exemption | 541,280,919 | |
| Homestead Cap Adjustment | 428,758,623 | |
| Limited Income Housing | 8,682,982 | |
| Agricultural Productivity, Open Space Land Use Reductions | 6,785,647,719 | |
| Other | 5,218,370 | 12,817,146,198 |
| 2014/15 Taxable Assessed Valuation | | $ 86,871,450,852 |
| County Funded Debt Payable from Ad Valorem Taxes (as of 5-1-15) | | |
| Limited Tax Debt | $ 109,590,000 (1) | |
| Unlimited Tax Debt | 222,455,000 (1) | |
| The Limited Tax Bonds | 3,675,000 | |
| The Unlimited Tax Bonds | 67,075,000 | |
| Funded Debt Payable from Ad Valorem Taxes | | $ 402,795,000 |
| Interest and Sinking Fund (as of 5-1-15) | | $ 23,710,850 |
| Ratio General Obligation Debt to Taxable Assessed Valuation | | 0.46% |

2015 Estimated Population - 854,778
Per Capita Taxable Assessed Valuation - $101,630
Per Capita Funded Debt Payable from Ad Valorem Taxes - $471

(1) Excludes the Refunded Bonds.

**TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY**

| | Taxable Appraised Value for Fiscal Year Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | 2014 | | 2013 | |
| Category | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | $ 56,546,137,774 | 56.72% | $ 50,936,281,711 | 56.36% | $ 48,335,459,628 | 56.45% |
| Real, Residential, Multi-Family | 6,074,926,159 | 6.09% | 5,387,792,815 | 5.96% | 4,909,285,970 | 5.73% |
| Real, Vacant Lots/Tracts | 921,247,580 | 0.92% | 830,859,338 | 0.92% | 824,879,626 | 0.96% |
| Real, Acreage (Land Only) | 6,856,587,675 | 6.88% | 6,360,727,206 | 7.04% | 7,119,882,130 | 8.31% |
| Real, Farm and Ranch Improvements | 1,979,630,249 | 1.99% | 1,792,805,955 | 1.98% | 805,914,525 | 0.94% |
| Real, Commercial and Industrial | 17,945,664,473 | 18.00% | 16,672,278,031 | 18.45% | 15,755,099,044 | 18.40% |
| Real and Intangible Personal, Utilities | 1,338,256,503 | 1.34% | 1,182,787,309 | 1.31% | 1,163,061,803 | 1.36% |
| Tangible Personal, Business | 6,280,817,426 | 6.30% | 6,118,621,334 | 6.77% | 5,720,297,694 | 6.68% |
| Tangible Personal, Other | 42,333,456 | 0.04% | 42,642,081 | 0.05% | 45,864,441 | 0.05% |
| Inventory | 868,483,801 | 0.87% | 799,245,446 | 0.88% | 734,478,360 | 0.86% |
| Special Inventory Tax | 243,831,450 | 0.24% | 207,699,640 | 0.23% | 187,868,538 | 0.22% |
| Totally Exempt Property | 590,680,504 | 0.59% | 52,070,546 | 0.06% | 27,916,542 | 0.03% |
| Total Appraised Value Before Exemptions | $ 99,688,597,050 | 100.00% | $ 90,383,811,412 | 100.00% | $ 85,630,008,301 | 100.00% |
| Less: Total Exemption/Reductions | (12,817,146,198) | | (11,145,044,020) | | (10,999,708,111) | |
| Taxable Assessed Value | $ 86,871,450,852 | | $ 79,238,767,392 | | $ 74,630,300,190 | |

| | Taxable Appraised Value for Fiscal Year Ended September 30, | | | |
|---|---|---|---|---|
| | 2012 | | 2011 | |
| Category | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | $ 47,803,044,461 | 57.07% | $ 47,129,255,659 | 56.95% |
| Real, Residential, Multi-Family | 4,462,205,042 | 5.33% | 4,359,373,394 | 5.27% |
| Real, Vacant Lots/Tracts | 892,928,396 | 1.07% | 903,532,169 | 1.09% |
| Real, Acreage (Land Only) | 7,090,704,021 | 8.46% | 7,415,809,201 | 8.96% |
| Real, Farm and Ranch Improvements | 817,548,827 | 0.98% | 833,309,201 | 1.01% |
| Real, Commercial and Industrial | 15,198,818,038 | 18.14% | 14,844,885,029 | 17.94% |
| Real and Intangible Personal, Utilities | 1,128,257,894 | 1.35% | 1,174,373,653 | 1.42% |
| Tangible Personal, Business | 5,485,905,795 | 6.55% | 5,146,374,881 | 6.22% |
| Tangible Personal, Other | 40,668,941 | 0.05% | 42,760,159 | 0.05% |
| Inventory | 681,181,171 | 0.81% | 755,930,021 | 0.91% |
| Special Inventory Tax | 167,581,030 | 0.20% | 146,010,145 | 0.18% |
| Total Appraised Value Before Exemptions | $ 83,768,843,616 | 100.00% | $ 82,751,613,512 | 100.00% |
| Less: Total Exemptions/Reductions | (11,306,325,057) | | (11,473,926,034) | |
| Taxable Assessed Value | $ 72,462,518,559 | | $ 71,277,687,478 | |

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 | Tax Debt Outstanding at End of Year | Ratio Tax Debt to Taxable Assessed Valuation | Funded Debt Per Capita |
|---|---|---|---|---|---|---|
| 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] | 74,630,300,190 | 91,781 | 393,350,000 | 0.53% | 484 |
| 2014 | 834,642 [3] | 79,238,767,392 | 94,937 | 391,410,000 | 0.49% | 469 |
| 2015 | 854,778 [3] | 86,871,450,852 | 101,630 | 402,795,000 [4] | 0.46% | 471 |

(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: Texas Workforce Commission
(3) Source: County Officials
(4) Projected; includes the Bonds. Excludes the Refunded Bonds.

**TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY**

| Fiscal Year Ended 9/30 | Tax Rate | General Fund | Interest and Sinking Fund | Tax Levy | % Current Collections | % Total Collections |
|---|---|---|---|---|---|---|
| 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 | 176,489,220 | 101.06% | 102.52% |
| 2014 | 0.23750 | 0.18033 | 0.057166 | 185,623,326 | 101.01% | 102.05% |
| 2015 | 0.23500 | 0.17727 | 0.057732 | 200,570,830 | 99.44% [1] | 100.62% [1] |

(1) Collections through May 1, 2015.

**TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS**

| | Tax Year | | | | |
|---|---|---|---|---|---|
| Limited Constitutional Taxes [1] | 2014 | 2013 | 2012 | 2011 | 2010 |
| Operating Fund | $ 0.173268 | $ 0.176334 | $ 0.173046 | $ 0.173046 | $ 0.184580 |
| Limited Tax Debt Service Fund | 0.017131 | 0.019378 | 0.026190 | 0.026190 | 0.025530 |
| Total Constitutional Tax Rate | $ 0.190399 | $ 0.195712 | $ 0.199236 | $ 0.199236 | $ 0.210110 |
| Unlimited Constitutional Taxes [2] | | | | | |
| Road & Bridge Fund | $ 0.004000 | $ 0.004000 | $ 0.003000 | $ 0.003000 | $ 0.000000 |
| Permanent Improvement Fund | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Unlimited Tax Debt Service Fund | 0.040601 | 0.037788 | 0.037764 | 0.037764 | 0.029890 |
| Total Tax Rate | $ 0.235000 | $ 0.237500 | $ 0.240000 | $ 0.240000 | $ 0.240000 |

(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 | 2014/15 Taxable Assessed Valuation | % of Total Taxable Assessed Valuation |
|---|---|---|
| Oncor Electric Delivery Company | $ 519,537,661 | 0.60% |
| Bank of America NA | 320,720,305 | 0.37% |
| Stonebriar Mall Ltd. Partnership | 260,753,175 | 0.30% |
| Health Care Service Corporation | 211,520,075 | 0.24% |
| AT&T Mobility LLC | 175,236,979 | 0.20% |
| J.C. Penney Company | 161,355,729 | 0.19% |
| Cisco Systems Inc | 159,890,798 | 0.18% |
| Village at Allen LP | 144,127,995 | 0.17% |
| Willow Bend Shopping Center LP | 142,581,631 | 0.16% |
| EMC Corporation | 137,003,309 | 0.16% |
| | $ 2,232,727,657 | 2.57% |

**TABLE 7 - TAX ADEQUACY (1)**

| | |
|---|---|
| 2015 Principal and Interest Requirements | $ 45,674,379 |
| $0.0532 Tax Rate at 99% Collection Produces | $ 45,753,456 |
| | |
| Average Annual Principal and Interest Requirements, 2015 - 2035 | $ 27,386,507 |
| $0.0319 Tax Rate at 99% Collection Produces | $ 27,434,873 |
| | |
| Maximum Principal and Interest Requirements, 2016 | $ 52,202,108 |
| $0.0607 Tax Rate at 99% Collection Produces | $ 52,203,661 |

(1) For all tax supported indebtedness (limited and unlimited), including the Bonds. 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.

| Governmental Subdivision | 2014/15 Taxable Assessed Value [1] | 2014/15 Tax Rate | Total Funded Debt | Estimated % Applicable | County's Overlapping Funded Debt 4-1-15 |
|---|---|---|---|---|---|
| Collin County | $ 86,871,450,852 | $ 0.235000 | $ 402,795,000 [2] | 100.00% | $ 402,795,000 [2] |
| **Special Districts** | | | | | |
| Collin County Community College District | $ 81,910,515,275 | $ 0.082000 | $ 34,595,000 | 100.00% | $ 34,595,000 |
| Collin County Municipal Utility District No. 1 | 79,887,546 | 1.050000 | 11,500,000 | 100.00% | 11,500,000 |
| Seis Lagos Utility District | 129,843,030 | 0.435600 | - | 100.00% | - |
| Total Districts | | | | | $ 46,095,000 |
| **Cities** | | | | | |
| Allen | $ 9,187,990,377 | $ 0.540000 | $ 99,775,000 | 100.00% | $ 99,775,000 |
| Anna | 507,224,880 | 0.649000 | 16,346,000 | 100.00% | 16,346,000 |
| Blue Ridge | 26,954,190 | 0.589500 | 1,071,000 | 100.00% | 1,071,000 |
| Celina | 555,548,867 | 0.644900 | 30,650,000 | 100.00% | 30,650,000 |
| Fairview | 1,340,636,813 | 0.360000 | 26,370,000 | 100.00% | 26,370,000 |
| Farmersville | 161,401,628 | 0.785700 | 6,465,000 | 100.00% | 6,465,000 |
| Josephine | 44,259,521 | 0.615000 | 359,000 | 96.13% | 345,107 |
| Lavon | 195,927,225 | 0.455700 | 73,000 | 100.00% | 73,000.00 |
| Lowry Crossing | 101,041,528 | 0.229780 | - | 100.00% | - |
| Lucas | 697,050,818 | 0.320700 | 9,950,000 | 100.00% | 9,950,000 |
| McKinney | 13,473,925,466 | 0.583000 | 218,030,000 | 100.00% | 218,030,000 |
| Melissa | 441,539,721 | 0.610000 | 40,160,000 | 100.00% | 40,160,000 |
| Murphy | 1,800,624,097 | 0.550000 | 39,695,000 | 100.00% | 39,695,000 |
| Nevada | 51,049,739 | 0.191300 | - | 100.00% | - |
| New Hope | 37,434,264 | 0.210000 | - | 100.00% | - |
| Parker | 615,409,117 | 0.351000 | 5,390,000 | 100.00% | 5,390,000 |
| Princeton | 344,070,465 | 0.721800 | 16,005,000 | 100.00% | 16,005,000 |
| Prosper | 1,882,072,890 | 0.520000 | 59,525,000 | 92.56% | 55,096,340 |
| St. Paul | 77,548,751 | 0.392300 | - | 100.00% | - |
| Weston | 15,601,356 | 0.359900 | - | 100.00% | - |
| Wylie | 2,619,020,884 | 0.878900 | 95,260,000 | 98.01% | 93,364,326 |
| **County-Line Cities** | | | | | |
| Carrollton | $ 10,318,700,091 | $ 0.615400 | $ 176,485,000 | 0.52% | $ 917,722 |
| Dallas | 89,422,161,973 | 0.797000 | 1,705,236,064 | 4.04% | 68,891,537 |
| Frisco | 16,963,701,929 | 0.461910 | 622,865,000 | 63.22% | 393,775,253 |
| Garland | 10,449,430,568 | 0.704600 | 442,880,000 | 0.20% | 885,760 |
| Plano | 28,832,885,675 | 0.488600 | 300,470,000 | 96.72% | 290,614,584 |
| Richardson | 10,847,551,391 | 0.635160 | 249,555,000 | 40.35% | 100,695,443 |
| Royse City | 514,920,927 | 0.677100 | 21,962,000 | 16.38% | 3,597,376 |
| Sachse | 1,424,627,474 | 0.770800 | 37,750,000 | 36.11% | 13,631,525 |
| Total Cities | | | | | $ 1,531,794,972 |

(1) Tax Year 2014 Taxable Assessed Valuation.
(2) Includes the Bonds. Excludes the Refunded Bonds.

| | 2014/15 Taxable Assessed Value [1] | 2014/15 Tax Rate | Total Funded Debt | Estimated % Applicable | County's Overlapping Funded Debt 4/1/2015 |
|---|---|---|---|---|---|
| **School Districts** | | | | | |
| Allen ISD | $ 8,683,712,227 | $ 1.640000 | $ 471,368,037 | 100.00% | $ 471,368,037 |
| Anna ISD | 600,012,756 | 1.540000 | 90,095,024 | 100.00% | 90,095,024 |
| Farmersville ISD | 333,904,921 | 1.430900 | 11,885,000 | 100.00% | 11,885,000 |
| Lovejoy ISD | 1,519,654,683 | 1.560000 | 143,927,131 | 100.00% | 143,927,131 |
| McKinney ISD | 9,596,804,039 | 1.670000 | 458,160,000 | 100.00% | 458,160,000 |
| Melissa ISD | 517,371,688 | 1.540000 | 57,983,710 | 100.00% | 57,983,710 |
| Plano ISD | 38,386,866,985 | 1.448000 | 852,635,313 | 100.00% | 852,635,313 |
| Princeton ISD | 535,094,610 | 1.620000 | 83,727,732 | 100.00% | 83,727,732 |
| Wylie ISD | 3,610,135,771 | 1.640000 | 307,599,292 | 100.00% | 307,599,292 |
| **County-Line School Districts** | | | | | |
| Bland ISD | $ 115,204,207 | $ 1.516300 | $ 14,835,400 | 8.92% | $ 1,323,318 |
| Blue Ridge ISD | 121,092,077 | 1.597500 | 14,970,000 | 98.65% | 14,767,905 |
| Celina ISD | 689,329,243 | 1.640000 | 56,532,529 | 93.58% | 52,903,141 |
| Community ISD | 544,216,111 | 1.615000 | 27,842,674 | 98.72% | 27,486,288 |
| Frisco ISD | 21,830,492,218 | 1.460000 | 1,683,160,843 | 72.36% | 1,217,935,186 |
| Gunter ISD | 202,990,610 | 1.620000 | 14,620,000 | 0.88% | 128,656 |
| Leonard ISD | 129,082,011 | 1.271000 | 1,020,000 | 8.23% | 83,946 |
| Prosper ISD | 3,019,101,801 | 1.670000 | 279,964,160 | 93.79% | 262,578,385 |
| Rockwall ISD | 6,734,915,904 | 1.440000 | 326,241,461 | 0.01% | 32,624 |
| Royse City ISD | 1,109,487,325 | 1.670000 | 104,123,002 | 8.38% | 8,725,508 |
| Trenton ISD | 138,354,037 | 1.451400 | 7,175,000 | 3.95% | 283,413 |
| Van Alstyne ISD | 448,349,615 | 1.520000 | 37,800,000 | 9.48% | 3,583,440 |
| Whitewright ISD | 156,385,054 | 1.370000 | 7,358,736 | 3.46% | 254,612 |
| Total School Districts | | | | | $ 4,067,467,658 |
| Total Direct and Overlapping Funded Debt | | | | | $ 6,012,157,225 |
| Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation | | | | | 7.34% |
| Per Capita Overlapping Funded Debt | | | | | $ 7,034 |

(1) Tax Year 2014 Taxable Assessed Valuation.

**TABLE 9 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

| Fiscal Year Ending 9/30 | Unlimited Tax Outstanding Debt [1] | | Limited Tax Outstanding Debt [1] | | The Unlimited Tax Bonds [2] | | The Limited Tax Bonds [3] | | Total Debt Service | % of Principal Retired |
|---|---|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | | |
| 2015 | $ 19,385,000 | $ 11,342,507 | $ 10,105,000 | $ 4,841,872 | $ - | $ - | $ - | $ - | $ 45,674,379 | |
| 2016 | 18,865,000 | 9,233,419 | 10,265,000 | 4,339,219 | 6,605,000 | 2,674,458 | 105,000 | 115,012 | 52,202,108 | |
| 2017 | 18,885,000 | 8,501,819 | 10,635,000 | 3,958,654 | 1,870,000 | 2,603,388 | 100,000 | 113,938 | 46,667,798 | |
| 2018 | 15,840,000 | 7,815,419 | 11,035,000 | 3,553,376 | 4,585,000 | 2,483,638 | 210,000 | 110,838 | 45,633,269 | |
| 2019 | 15,785,000 | 7,147,981 | 11,420,000 | 3,130,019 | 5,585,000 | 2,280,238 | 210,000 | 106,638 | 45,664,875 | 37.36% |
| 2020 | 14,855,000 | 6,485,886 | 9,035,000 | 2,742,878 | 3,855,000 | 2,091,438 | 220,000 | 102,338 | 39,387,539 | |
| 2021 | 13,435,000 | 5,862,896 | 9,320,000 | 2,398,229 | 4,005,000 | 1,934,238 | 220,000 | 97,938 | 37,273,300 | |
| 2022 | 13,780,000 | 5,240,890 | 9,280,000 | 2,041,894 | 3,325,000 | 1,771,013 | 230,000 | 91,138 | 35,759,934 | |
| 2023 | 14,430,000 | 4,598,453 | 7,540,000 | 1,690,352 | 3,500,000 | 1,600,388 | 235,000 | 81,838 | 33,676,029 | |
| 2024 | 15,100,000 | 3,957,910 | 7,890,000 | 1,337,579 | 3,680,000 | 1,420,888 | 245,000 | 72,238 | 33,703,614 | 68.40% |
| 2025 | 12,395,000 | 3,372,741 | 7,400,000 | 985,354 | 3,865,000 | 1,232,263 | 255,000 | 62,238 | 29,567,595 | |
| 2026 | 12,000,000 | 2,819,800 | 5,140,000 | 679,141 | 4,065,000 | 1,034,013 | 265,000 | 51,838 | 26,054,791 | |
| 2027 | 11,375,000 | 2,277,075 | 2,855,000 | 466,588 | 4,275,000 | 825,513 | 280,000 | 42,338 | 22,396,513 | |
| 2028 | 10,900,000 | 1,761,498 | 2,970,000 | 308,496 | 1,935,000 | 670,263 | 120,000 | 36,263 | 18,701,519 | |
| 2029 | 8,210,000 | 1,319,668 | 2,575,000 | 154,893 | 2,015,000 | 589,144 | 125,000 | 32,356 | 15,021,060 | 89.92% |
| 2030 | 7,440,000 | 972,900 | 625,000 | 70,544 | 2,095,000 | 514,500 | 130,000 | 28,131 | 11,876,075 | |
| 2031 | 7,780,000 | 646,225 | 650,000 | 46,978 | 2,180,000 | 429,000 | 135,000 | 23,575 | 11,890,778 | |
| 2032 | 5,900,000 | 349,200 | 515,000 | 25,688 | 2,265,000 | 340,100 | 140,000 | 18,763 | 9,553,750 | |
| 2033 | 3,640,000 | 146,400 | 290,000 | 10,975 | 2,360,000 | 247,600 | 145,000 | 13,684 | 6,853,659 | |
| 2034 | 1,840,000 | 36,800 | 150,000 | 2,719 | 2,455,000 | 151,300 | 150,000 | 8,338 | 4,794,156 | 99.37% |
| 2035 | - | - | - | - | 2,555,000 | 51,100 | 155,000 | 2,809 | 2,763,909 | 100.00% |
| Totals | $ 241,840,000 | $ 83,889,485 | $ 119,695,000 | $ 32,785,445 | $ 67,075,000 | $ 24,944,477 | $ 3,675,000 | $ 1,212,243 | $ 575,116,650 | |

(1) Includes that portion of interest offset by the refundable tax credit to be received by the County from the Department of Treasury as a result of a portion of the related outstanding obligations being designated as "Build America Bonds." See "Other Information – Sequestration" herein. Excludes the Refunded Bonds.
(2) Average life of the issue – 6.328 years. Interest on the Unlimited Tax Bonds has been calculated at the rates stated on the cover page hereof.
(3) Average life of the issue –7.118 years. Interest on the Limited Tax Bonds has been calculated at the rates stated on page 3 hereof.

**TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION**

| | | |
|---|---|---|
| Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2015 | | $ 45,674,379 |
| Interest and Sinking Fund Balance, 9/30/2014 | $ 11,815,895 | |
| Budgeted Interest and Sinking Fund Tax Levy | 49,759,508 | |
| Non-Tax Revenues | 305,053 (1) | 61,880,456 |
| Estimated Balance, 9/30/2015 | | $ 16,206,077 |

(1) Includes the refundable tax credit to be received by the County from the Department of Treasury as a result of a portion of the related outstanding obligations being designated as "Build America Bonds." See "Other Information – Sequestration" herein.

**TABLE 11 - AUTHORIZED BUT UNISSUED BONDS**

| Purpose | Date Authorized | Amount Authorized | Amount Previously Issued | Amount Being Issued (3) | Unissued Balance |
|---|---|---|---|---|---|
| Park (1) | 11/6/2007 | $ 17,000,000 | $ 12,400,000 | $ 2,300,000 | $ 2,300,000 |
| Road (2) | 11/6/2007 | 235,600,000 | 161,330,000 | 43,488,000 | 30,782,000 |
| Court Buildings (1) | 11/6/2007 | 76,300,000 | 30,500,000 | - | 45,800,000 |
| | | $ 328,900,000 | $ 204,230,000 | $ 45,788,000 | $ 78,882,000 |

(1) Article VIII, Section 9 indebtedness (limited tax).
(2) Article III, Section 52 indebtedness (unlimited tax).
(3) Includes premium on the Bonds deposited into the construction fund and applied against voted authorization.

**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 are generally funded from a blend of bond proceeds, reserves or current year revenue sources. The current CIP covers fiscal years 2015 through 2019, and includes total capital expenditures of $278.1 million, of which $148.0 million are scheduled for fiscal year 2015. Most of the planned expenditures will be funded with proceeds of prior bond issues. As shown in Table 11, after the issuance of the Bonds, the County will have $78,882,000 of authorized but unissued bonds. The County anticipates issuing approximately $33,067,000 of such amount in fiscal year 2016 and the remaining bond authorization over the following three years in amounts that will allow the County to maintain a level debt service tax rate over such period.

**TABLE 12 - OTHER OBLIGATIONS**

**Operating Leases**

As lessor, the Health Care Foundation has a number of non-cancelable operating leases with minimum future rental revenues in aggregate of $2,805,860. The buildings are carried at a book value of $7,745,629 with accumulated depreciation of $5,077,550. Future minimum rental payments applicable to the operating leases are as follows:

| Fiscal Year Ending September 30, | HFC Contractual Future Rental Revenues |
|---|---|
| 2015 | $ 1,066,094 |
| 2016 | 694,426 |
| 2017 | 524,315 |
| 2018 | 264,129 |
| 2019 | 73,003 |
| 2020 | 66,870 |
| 2021 | 66,870 |
| 2022 | 50,153 |
| Total | $ 2,805,860 |

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 $1,403,743 for the year ended September 30, 2014. At September 30, 2014, future minimum rental payments applicable to the operating leases are as follows:

| Fiscal Year Ending September 30, | Contractual Future Rental Obligations |
|---|---|
| 2015 | $ 509,232 |
| 2016 | 408,226 |
| 2017 | 343,668 |
| 2018 | 139,617 |
| 2019 | 3,000 |
| Total | $ 1,403,743 |

**PENSION FUND** . . . The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed Chapter 841, Texas Government Code, as amended (the "TCDRS Act") so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. The County has elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed an amount of 8.0% in 2014 which was the same as 2013. The County also paid an additional $11.6 million in 2014 to eliminate any unfunded liability in the retirement program. The Commissioners Court, in conjunction with this additional payment, adopted a policy which will help to keep this rate of 8.0% consistent in future years by agreeing to reduce benefits of employees in the future. The contribution rate payable by the employee members for the calendar years of 2014 and 2013 was 7 % as adopted by the governing body of the County. The employee contribution rate and the County's contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

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

## FINANCIAL INFORMATION

### TABLE 13 - CHANGES IN NET ASSETS

| | Fiscal Year Ended September 30, | | | | |
|---|---|---|---|---|---|
| Revenues: | 2014 | 2013 | 2012 | 2011 | 2010 |
| Program Revenues: | | | | | |
| Charges for Services | $ 44,020,768 | $ 43,375,449 | $ 40,328,746 | $ 39,499,797 | $ 38,596,963 |
| Operating Grants and Contributions | 13,925,561 | 14,384,010 | 14,516,234 | 17,903,172 | 14,336,973 |
| Capital Grants and Contributions | 521,580 | 930,653 | 1,059,413 | 387,681 | 631,454 |
| Total Program Revenues | $ 58,467,909 | $ 58,690,112 | $ 55,904,393 | $ 57,790,650 | $ 53,565,390 |
| General Revenues: | | | | | |
| Taxes | $ 192,994,181 | $ 183,016,167 | $ 177,761,766 | $ 173,193,625 | $ 178,396,150 |
| Unrestricted Investment Earnings | 1,664,231 | 1,336,534 | 2,314,418 | 1,977,093 | 2,300,812 |
| Gain (Loss) on Sale of Assets | - | - | - | - | - |
| Miscellaneous | 468,097 | 142,080 | 903,048 | 195,152 | 203,048 |
| Total General Revenues | $ 195,126,509 | $ 184,494,781 | $ 180,979,232 | $ 175,365,870 | $ 180,900,010 |
| Total Revenues | $ 253,594,418 | $ 243,184,893 | $ 236,883,625 | $ 233,156,520 | $ 234,465,400 |
| Expenses: | | | | | |
| General Administration | $ 42,213,129 | $ 27,866,729 | $ 29,244,085 | $ 67,690,144 | $ 36,468,596 |
| Judicial | 16,727,057 | 16,427,358 | 16,068,834 | 14,109,924 | 17,436,080 |
| Financial Administration | 10,490,374 | 10,167,597 | 10,027,826 | 8,821,845 | 10,753,583 |
| Legal | 10,514,652 | 10,300,586 | 10,204,545 | 9,292,969 | 11,436,163 |
| Public Facilities | 25,337,831 | 21,949,602 | 18,700,897 | 17,040,033 | 16,981,488 |
| Equipment Services | 2,855,093 | 3,236,108 | 2,858,704 | 2,494,730 | 2,484,792 |
| Public Safety | 57,137,306 | 55,924,293 | 57,155,752 | 50,874,877 | 62,472,977 |
| Public Transportation | 37,669,979 | 42,392,813 | 45,514,784 | 70,789,320 | 87,756,972 (1) |
| Health and Welfare | 18,932,952 | 18,130,149 | 17,188,582 | 18,074,594 | 19,088,453 |
| Culture and Recreation | 2,275,303 | 3,333,334 | 1,591,047 | 1,521,696 | 1,622,389 |
| Conservation | 255,552 | 246,371 | 249,193 | 235,128 | 293,137 |
| Debt Service, Interest and Fiscal Charges | 14,406,180 | 21,846,718 | 22,193,212 | 17,588,985 | 17,078,488 |
| Total Expenses - Before Transfers | $ 238,815,408 | $ 231,821,658 | $ 230,997,461 | $ 278,534,245 | $ 283,873,118 |
| Change in Net Position | $ 14,779,010 | $ 11,363,235 | $ 5,886,164 | $ (45,377,725) | $ (49,407,718) |
| Adjustments | | - | 61,992 | (9) | - |
| Net Position as of October 1 | 373,293,732 | 361,930,497 | 355,982,341 | 401,360,075 | 450,767,793 |
| Net Position as of September 30 | $ 388,072,742 | $ 373,293,732 | $ 361,930,497 | $ 355,982,341 | $ 401,360,075 |

(1) In 2010, the County transferred a significantly higher amount of infrastructure assets to cities than in prior years. Once a road project is completed or construction oversight is handed over to a city, the County writes off the asset.

**TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

| | Fiscal Year Ended September 30, | | | | |
|---|---|---|---|---|---|
| Revenues | 2014 | 2013 | 2012 | 2011 | 2010 |
| Taxes | $ 140,746,018 | $ 129,156,674 | $ 126,555,655 | $ 131,828,854 | $ 130,271,143 |
| License and Permits | 456,366 | 378,671 | 282,352 | - | - |
| Federal and State Funds | 6,361,798 | 5,033,417 | 7,042,027 | 6,379,302 | 3,908,666 |
| Fees and Charges for Services | 19,099,538 | 19,319,252 | 18,435,832 | 17,368,901 | 16,070,485 |
| Fines and Forfeitures | 1,763,311 | 2,142,678 | 2,191,532 | 1,992,671 | 1,821,451 |
| Rental Revenues | 302,820 | 254,430 | 222,540 | - | - |
| Interest | 1,123,376 | 485,868 | 1,133,435 | 2,117,949 | 2,189,100 |
| Miscellaneous | 774,800 | 1,269,903 | 811,304 | 932,685 | 598,633 |
| Total Revenues | $ 170,628,027 | $ 158,040,893 | $ 156,674,677 | $ 160,620,362 | $ 154,859,478 |
| Expenditures | | | | | |
| General Administration | $ 37,944,750 | $ 23,850,268 | $ 24,948,893 | $ 63,529,742 | $ 28,875,085 |
| Judicial | 15,063,445 | 14,598,191 | 14,551,857 | 14,954,776 | 14,141,857 |
| Financial Administration | 10,301,765 | 9,903,760 | 9,773,492 | 10,093,805 | 9,970,218 |
| Legal | 10,388,114 | 10,040,658 | 9,969,632 | 10,465,059 | 10,655,750 |
| Public Safety | 53,594,955 | 52,794,966 | 55,369,495 | 57,793,126 | 46,021,607 |
| Public Health and Welfare | 13,679,712 | 12,075,076 | 11,651,835 | 12,011,123 | 10,767,712 |
| Public Facilities | 10,804,060 | 10,575,698 | 10,457,208 | 10,159,746 | 9,652,871 |
| Culture and Recreation | 937,036 | 841,464 | 1,027,050 | 1,028,684 | 424,024 |
| Equipment Services | 2,217,536 | 2,164,730 | 2,208,379 | 2,094,787 | 1,940,815 |
| Capital Outlay | 4,226,191 | 3,964,567 | 4,010,412 | 11,600,278 | 1,990,979 |
| Conservation | 256,500 | 244,445 | 246,119 | 278,096 | 276,767 |
| Total Expenditures | $ 159,414,064 | $ 141,053,823 | $ 144,214,372 | $ 194,009,222 | $ 134,717,685 |
| Excess (Deficiency) of Revenues Over Expenditures | $ 11,213,963 | $ 16,987,070 | $ 12,460,305 | $ (33,388,860) | $ 20,141,793 |
| Other Financing Sources (Uses) | | | | | |
| Sale of Capital and Non-Captial Assets | $ 84,928 | $ 3,540,233 | $ 42,885 | $ 20,353 | $ 109,520 |
| Operating Transfers In | 85,141 | 79,505 | 125,958 | 25,557 | 110,829 |
| Operating Transfers Out | (460,896) | (515,900) | (346,348) | (1,001,263) | (8,581,000) |
| Total Other Financing Sources (Uses) | $ (290,827) | $ 3,103,838 | $ (177,505) | $ (955,353) | $ (8,360,651) |
| Net Change in Fund Balances | $ 10,923,136 | $ 20,090,908 | $ 12,282,800 | $ (34,344,213) | $ 11,781,142 |
| Beginning Fund Balance | 185,718,969 | 165,628,061 | 153,345,261 | 187,689,474 (1) | 133,626,241 |
| Ending Fund Balance | $ 196,642,105 | $ 185,718,969 | $ 165,628,061 | $ 153,345,261 | $ 145,407,383 |

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

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

**FINANCIAL POLICIES**

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

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

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

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

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

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

**INVESTMENTS**

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

**LEGAL INVESTMENTS** . . . Under the PFIA, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit that are issued by a state or national bank domiciled in the State of Texas, a savings bank domiciled in the State of Texas, or a state or federal credit union domiciled in the State and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits, (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the FDIC or the National Credit Union share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits or a) where the funds are invested by an investing entity through: (i) a broker that has its main office or a branch office in this state and is selected from a list adopted by the County; or (ii) a depository institution that has its main office or a branch

office in this state and that is selected by the investing entity; (b) where the broker or the depository institution selected by the investing entity under (a) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints the depository institution selected by the investing entity under (a), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the United States Securities and Exchange Commission (the "SEC") and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the County; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State, (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-loan money market mutual funds registered with and regulated by the SEC that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share and (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph. The County also is authorized by the PFIA to invest its funds in certificates of deposit issued by one or more federally insured depository institutions, wherever located, in accordance with procedures set forth in the PFIA.

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

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

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

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

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

Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the County's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the County and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the County's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

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

**TABLE 14 - CURRENT INVESTMENTS**

As of May 1, 2015, the County's investable funds were invested in the following categories:

| Description | Percent | Book Value | Market Value |
|---|---|---|---|
| Local Government Investment Pools [1] | 65.58% | $ 294,702,567 | $ 294,702,567 |
| U.S. Agency Securities | 6.59% | 29,607,911 | 29,528,965 |
| Certificates of Deposit | 17.74% | 79,725,860 | 79,725,860 |
| Municipal Bonds | 4.61% | 20,702,256 | 20,583,481 |
| Money Market | 5.49% | 24,669,542 | 24,669,542 |
| | 100.00% | $ 449,408,136 | $ 449,210,415 |

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 LLC, the Financial Advisor for the County. TexSTAR is operated in a manner consistent with Rule 2a-7, promulgated by the SEC under authority of the Investment Company Act of 1940 that governs mutual funds.

## TAX MATTERS

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

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

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

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

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

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

### ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

#### Collateral Tax Consequences

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

**Tax Accounting Treatment of Original Issue Premium**

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

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

**Tax Accounting Treatment of Original Issue Discount Bonds**

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

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

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

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

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

**Tax Legislative Changes**

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

## CONTINUING DISCLOSURE OF INFORMATION

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

ANNUAL REPORTS . . . The County will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via the Electronic Municipal Market Access System ("EMMA") at www.emma.msrb.org. 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 the annual financial information appearing in the numbered tables described in the preceding sentence within six months after the end of each fiscal year ending in and after 2015 and, if not submitted as part of the annual financial information, the County will provide its audited annual financial statement when and if available, and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the County will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes 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 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 identified below or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The County's current fiscal year end is September 30. Accordingly, the County must provide updated information included in Tables 1 through 7 and 9 through 14 by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) by September 30 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the County otherwise would be required to provide financial information and operating data as set forth above.

NOTICE OF CERTAIN EVENTS . . . The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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 or additional trustee or the change of name of a trustee, if material. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States 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.

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

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

**COMPLIANCE WITH PRIOR UNDERTAKINGS** . . . In connection with certain of the County's outstanding unlimited tax and limited tax debt issuances, the County has entered into continuing disclosure undertakings to provide certain updated financial information and operating data within six-months of the end of the County's fiscal year along with notices of specified material events at required times. In addition, for debt issuances prior to 2015, the County has agreed to provide audited financial statements within six-months of the end of the County's fiscal year if audited financial statements are available by such time. If audited financial statements are not available by the required time, the County has agreed to provide notice that audited financial statements are not available and to provide unaudited financial statements for the applicable fiscal year. The County has further agreed to provide audited financial statements when and if such audited financial statements become available.

During the previous five years, the County filed certain update financial information and operating data in the form of certain tables (the "Tables") identified in the official statements for each of the respective debt issuances within six-months (March 31) after the end of each fiscal year. The audited financial statements for the fiscal years ending September 30, 2012, September 30, 2011 and September 30, 2010 were not available within six months of the end of the respective fiscal years, but the Tables that were filed included certain unaudited financial statement information that was similar to the type included in the audited financial statements. The County filed audited financial statements for the fiscal years ended September 30, 2013 and September 30, 2014 within six-months of the end of each fiscal year. The County filed audited financial statements of the County for the fiscal years ended September 30, 2012, September 30, 2011 and September 30, 2010 on May 15, 2013, April 30, 2012 and May 20, 2011, respectively. The County also filed an annual Rule 15c2-12 Filing Cover Sheet for each of the previous five fiscal years within six-months of the end of each respective fiscal year that indicated whether or not the "annual financial report or CAFR" (Comprehensive Annual Financial Report) was being filed along with the Table information. The County did not provide a separate notice with regard to the respective audited financial statements being "not available" during such periods. For the fiscal years identified above for which the audited financial statements were not available within six-months of the end of the respective fiscal year, the County filed an amended Rule 15c2-12 Filing Cover Sheet along with the audited financial statements that indicated that the "annual financial report or CAFR" was now being filed by the County. The Rule 15c2-12 Filing Cover Sheets did not affirmatively state that the audited financial statements for such fiscal years were "not available". The County now has procedures in place to file the required notice if the "annual financial report or CAFR" is not available.

## OTHER INFORMATION

### RATINGS

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

### LITIGATION

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

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

## REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

## LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

## LEGAL MATTERS

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

## SEQUESTRATION

The American Recovery and Reinvestment Act of 2009 ("ARRA") authorized the issuance of "Build America Bonds," which permitted issuers to elect to receive payments equal to 35% payable on the "Build America Bonds." Under the "Build America Bonds" program, the County currently receives payments from the Federal government with respect to its outstanding $5,590,000 Unlimited Tax Road Bonds, Taxable Series 2009B (Build America Bonds – Direct Payment) and $9,990,000 Limited Tax Permanent Improvement Bonds, Taxable Series 2009B (Build America Bonds – Direct Payment) which were issued as direct-pay bonds (the "BABs"). The payment is equal to 35% of the interest payable on the taxable debt (the "Federal Subsidy"). Under the Budget Control Act of 2011, the Federal Subsidies in 2013 were reduced by 8.7%. The Bipartisan Budget Act of 2013, signed by the President on December 26, 2013, extended cuts in those payments to issuers due to sequester of federal expenditures. According to the Bipartisan Budget Act of 2013, sequester for the above interest subsidy payments and other mandatory programs will continue for fiscal years 2014 through 2021, and agreement leading to passage of the act requires sequester to be extended to 2022 and 2023. The sequester reduction percentage applied to payments received in August 2014 for the outstanding bonds which were issued as BABs was 7.2%. According to an update released by the IRS Office of Tax Exempt

Bonds (TEB), the sequester reduction percentage applied to the payments made to issuers of direct pay bonds in FY 2015 will be 7.3%. This percentage will apply to all direct credit subsidy payments scheduled to be made on or after October 1, 2014 through and including September 30, 2015. The sequestration rate for future federal fiscal years will be set from time to time unless Congress takes additional action to change or eliminate the sequestration percentage. As of the date of this Official Statement, the County does not believe that the current level of reduction in Federal Subsidies will materially adversely affect the financial condition of the County.

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

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

**UNDERWRITING**

The Underwriters have agreed, subject to certain conditions, to purchase the Unlimited Tax Bonds from the County, at an underwriting discount of $322,318.26 from the initial offering prices to the public. The Underwriters will be obligated to purchase all of the Unlimited Tax Bonds if any Unlimited Tax Bonds are purchased. The Unlimited Tax Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Unlimited Tax Bonds into investment trusts) at prices lower than the public offering prices of such Unlimited Tax Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain conditions, to purchase the Limited Tax Bonds from the County, at an underwriting discount of $21,421.97 from the initial offering prices to the public. The Underwriters will be obligated to purchase all of the Limited Tax Bonds if any Limited Tax Bonds are purchased. The Limited Tax Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Limited Tax Bonds into investment trusts) at prices lower than the public offering prices of such Limited Tax Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

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

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

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

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

**FORWARD-LOOKING STATEMENTS DISCLAIMER**

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

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

**VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS**

The arithmetical accuracy of certain computations included in the schedules provided by First Southwest Company LLC 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 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 LLC on behalf of the County. Grant Thornton LLP will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations will be based and, accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

**MISCELLANEOUS**

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

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

KEITH SELF
Pricing Officer, County Judge
Collin County, Texas

**Schedule I**

## SCHEDULE OF THE REFUNDED BONDS

### Unlimited Tax Road Bonds, Series 2006

| Original Dated Date | Stated Maturity | Interest Rate | Principal Amount Outstanding | Principal Amount Refunded |
|---|---|---|---|---|
| 3/15/2006 | 2/15/2017 | 4.000% | $ 795,000 | $ 795,000 |

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

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### Unlimited Tax Road and Refunding Bonds, Series 2007

| Original Dated Date | Stated Maturity | Interest Rate | Principal Amount Outstanding | Principal Amount Refunded |
|---|---|---|---|---|
| 2/1/2007 | 2/15/2018 | 4.000% | $ 4,745,000 | $ 3,495,000 |
| | 2/15/2019 | 4.200% | 6,070,000 | 4,475,000 |
| | 2/15/2020 | 4.250% | 3,680,000 | 2,710,000 |
| | 2/15/2021 | 4.300% | 3,840,000 | 2,830,000 |
| | 2/15/2022 | 4.350% | 2,850,000 | 2,100,000 |
| | 2/15/2023 | 5.000% | 2,985,000 | 2,200,000 |
| | 2/15/2024 | 5.000% | 3,120,000 | 2,300,000 |
| | 2/15/2025 | 5.000% | 3,270,000 | 2,410,000 |
| | 2/15/2026 | 5.000% | 3,440,000 | 2,535,000 |
| | 2/15/2027 | 5.000% | 3,615,000 | 2,665,000 |
| | | | $ 37,615,000 | $ 27,720,000 |

The 2018 - 2027 maturities will be redeemed prior to their original maturity on February 15, 2017 at par.

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### Limited Tax Refunding and Permanent Improvement Bonds, Series 2007

| Original Dated Date | Stated Maturity | Interest Rate | Principal Amount Outstanding | Principal Amount Refunded |
|---|---|---|---|---|
| 2/1/2007 | 2/15/2018 | 4.000% | $ 110,000 | $ 110,000 |
| | 2/15/2019 | 4.200% | 115,000 | 115,000 |
| | 2/15/2020 | 4.250% | 120,000 | 120,000 |
| | 2/15/2021 | 4.300% | 125,000 | 125,000 |
| | 2/15/2022 | 4.350% | 130,000 | 130,000 |
| | 2/15/2023 (1) | 5.000% | 135,000 | 135,000 |
| | 2/15/2024 (1) | 5.000% | 145,000 | 145,000 |
| | 2/15/2025 (1) | 5.000% | 150,000 | 150,000 |
| | 2/15/2026 (1) | 5.000% | 160,000 | 160,000 |
| | 2/15/2027 (1) | 5.000% | 170,000 | 170,000 |
| | | | $ 1,360,000 | $ 1,360,000 |

The 2018 - 2027 maturities will be redeemed prior to their original maturity on February 15, 2017 at par.

(1) Represents a term bond maturing February 15, 2027.

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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, and approximately 15 miles from downtown Dallas. The County is an important component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area. The 836 square miles comprising the County represent a dynamic growth area in the Metroplex, and includes the Cities of Plano, McKinney (County Seat), Allen, Frisco, and Wylie.

**POPULATION** . . . Significant increases in population and economic growth have occurred during the past two decades. County population at the 1960 census was 41,247 . . . at the 1970 census, 66,920 . . . at the 1980 census, 144,576 . . . at the 1990 census, 264,036 . . . at the 2000 census, 491,675, at the 2010 census, 782,341, and the 2015 estimated population is 854,778.

**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 |
|---|---|
| HP Enterprise Svc LLC | 10,000 |
| Bank of America Home Loans | 4,646 |
| Toyota | 4,000 |
| J C Penny (Corporate HQ) | 3,800 |
| Capital One | 3,500 |
| University of Texas at Dallas | 3,500 |
| Blue Cross and Blue Shield of Texas | 3,100 |
| Medical Center of Plano (HCA) | 3,000 |
| GE Energy | 2,300 |
| Lineage Power Holdings Inc. | 2,300 |

**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:

| | Average Annual | | | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Civilian Labor Force | 471,554 | 459,556 | 447,144 | 438,328 | 425,252 |
| Employed | 450,277 | 434,398 | 420,733 | 408,777 | 394,597 |
| Unemployed | 21,277 | 25,158 | 26,411 | 29,551 | 30,655 |
| Percent Unemployed | 4.51% | 5.47% | 5.91% | 6.74% | 7.21% |

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 United States Environmental Protection Agency ("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 the Texas Commission on Environmental Quality, "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, 2014

The information contained in this Appendix consists of excerpts from the Collin County, Texas Annual Financial Report for the Year Ended September 30, 2014, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

# INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Commissioners Court
McKinney, Texas

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Collin County, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Collin County, Texas' basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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AICPA
Governmental Audit
Quality Center

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Collin County, Texas, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 25, the budgetary comparisons on pages 71 through 74, and the schedule of funding progress on page 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Collin County, Texas' basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Collin County, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 27, 2015

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# 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, 2014. 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 exceeded liabilities (net position) by $388.1 million on a government-wide basis at September 30, 2014, an increase of $14.8 million from 2013.

- For 2014, revenues of the County amounted to $253.6 million. The main revenue sources were property (ad valorem) taxes ($189.6 million), charges for services ($44.0 million) and operating grants and contributions ($13.9 million). These three revenue sources accounted for 76.9%, 17.4%, and 5%, respectively, or 99.8% of total governmental activity revenues.

- Total expenses were $238.8 million. The functional areas with the largest expense amounts were public safety ($57.1 million), general administration ($42.2 million), and public transportation ($37.7 million).

- Net capital assets were $419.7 million as of September 30, 2014. Net depreciation expense attributable to assets of governmental activities amounted to $26 million for 2014.

- An amount of $11.6 million was paid to eliminate all unfunded liabilities related to the County's retirement program.

### Highlights for Fund Financial Statements

The fund financial statements report detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

- The County's governmental funds reported an increase in fund balances of $33.0 million for fiscal year 2014, as compared to an increase of $32.7 million for fiscal year 2013.

- The General Fund reported a fund balance of $196.6 million for September 30, 2014, an increase of $10.9 million from September 30, 2013. General Fund revenues increased slightly by $12.6 million (7.8%). General Fund expenditures of $159.4 million increased by $18.3 million (13%) from 2013. As a result, General Fund revenues exceeded expenditures by $11.2 million and an additional net decrease of $3.1 million in net other financing sources and uses, mostly consisting of transfers to other funds, resulted in the $10.9 million increase in fund balance in spite of an $11.6 million payment to supplement the county employees retirement program.

**General Financial Highlights**

- In 2014, using a $12 million state grant received at the end of 2011, the County continued its work on the Outer Loop, spending $8.9 million through 2014 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 2014, the County transferred a net of $16.1 million 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 position provides information on all County assets and liabilities; the difference between the two is reported as net position. Over time, increases or decreases in net position 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 position of the County changed during the fiscal year presented herein. All changes in net position 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 2009 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 2011, 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 and abandoned 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 primarily to other governments and not the general public.

Governmental activities 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 was effective for periods that began 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 2014.

- **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 Special Revenue Fund
- Health Care Foundation Special Revenue Fund
- Regional Toll Road – Outer Loop Grant Special Revenue Fund
- Debt Service Fund
- 2007 Road Bond Capital Project Fund

Each of these funds is classified as a major fund for 2014. 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 on a project life budget, with an assigned project number for tracking and recording each transaction by project and funds in which the budget authority is specifically not granted to Commissioners Court by law.) Budgetary comparison schedules for major governmental funds are presented as required supplementary information. Budgetary comparison schedules for all other 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 Fund (enterprise fund) 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 County and to 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**

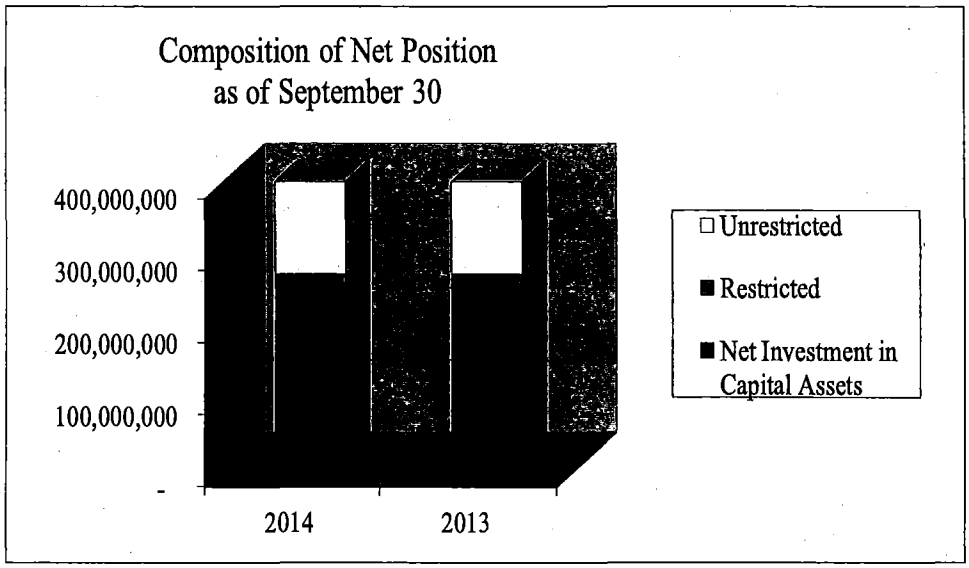
In addition to the basic financial statements and accompanying notes to those financial statements, certain required supplementary information schedules are also presented in this report with additional information regarding the results of the County's financial activities.

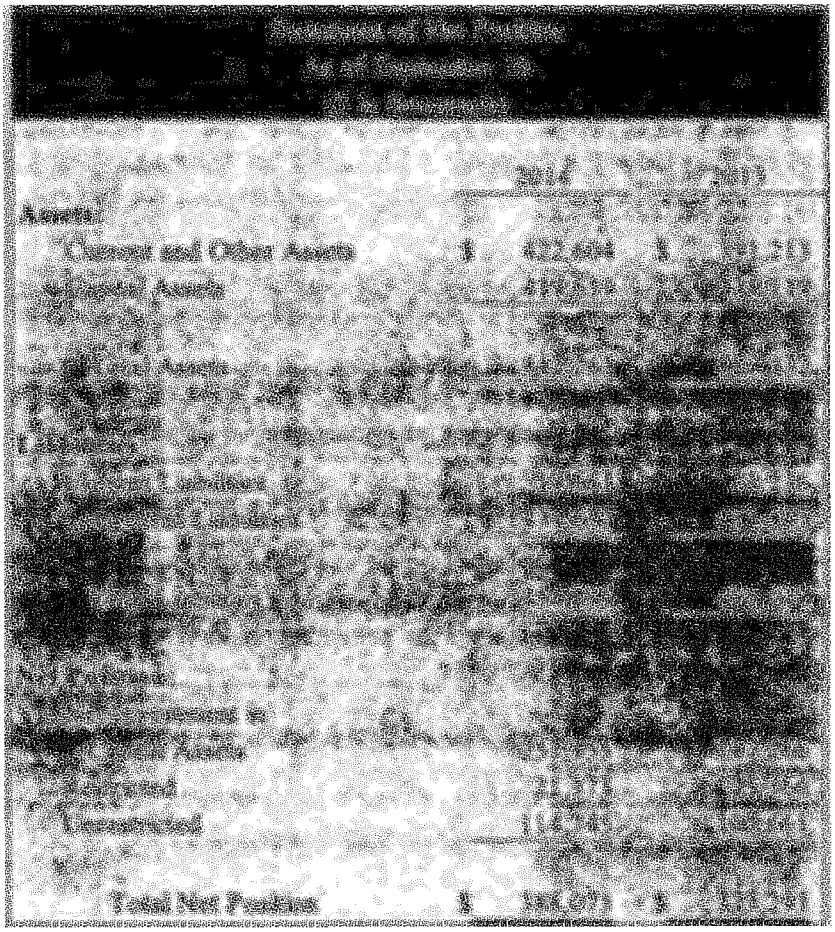
The combining statements and individual fund schedules are presented immediately following the required supplementary information.

Unaudited statistical information is provided for trend and historical analysis.

## Government-Wide Financial Analysis

Net position of the County as of September 30, 2014 and 2013, is summarized and analyzed below:



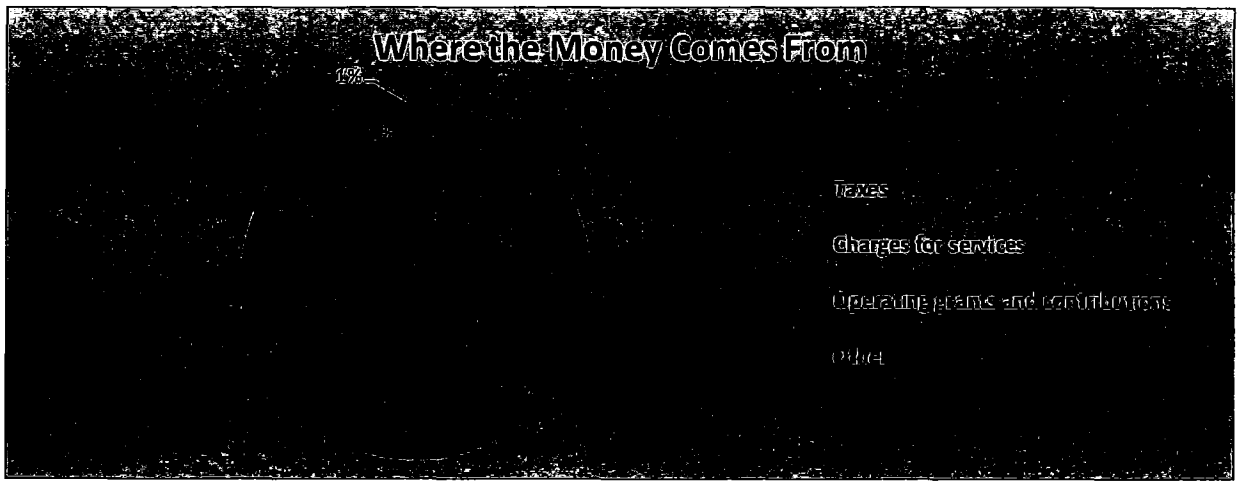
- Net position serves as a useful indicator of financial position. Assets exceeded liabilities by $388 million as of September 30, 2014, and by $373.3 million as of September 30, 2013, a net increase of $14.7 million.

- Net 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 Position (60.9%). 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. Currently all future debt service payments are required to be paid by future property tax collections.

- Restricted Net Position (5.3%) represents resources subject to external restrictions on their use. Of these restricted net assets, 57.3% of the restricted assets are to repay long-term debt, 37.2% are restricted to provide health care services, 5.4% are restricted for the County's Myers Park Foundation, and the balance is for the grant programs.

- The remaining portion of the County's net position (33.8%) is unrestricted and may be used to meet ongoing obligations.

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

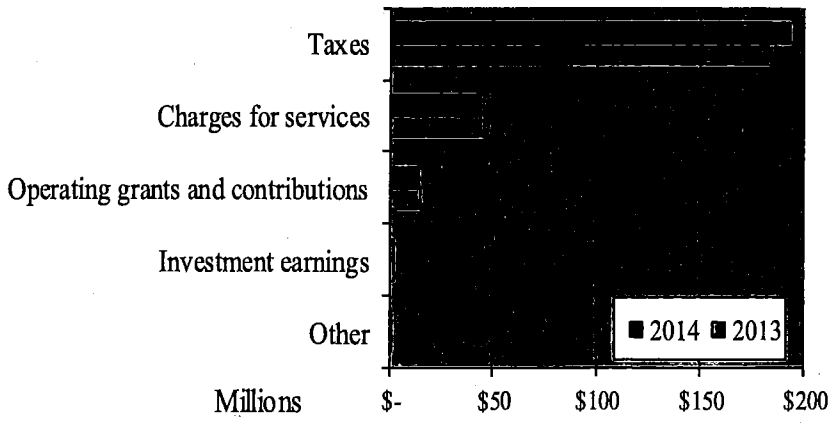


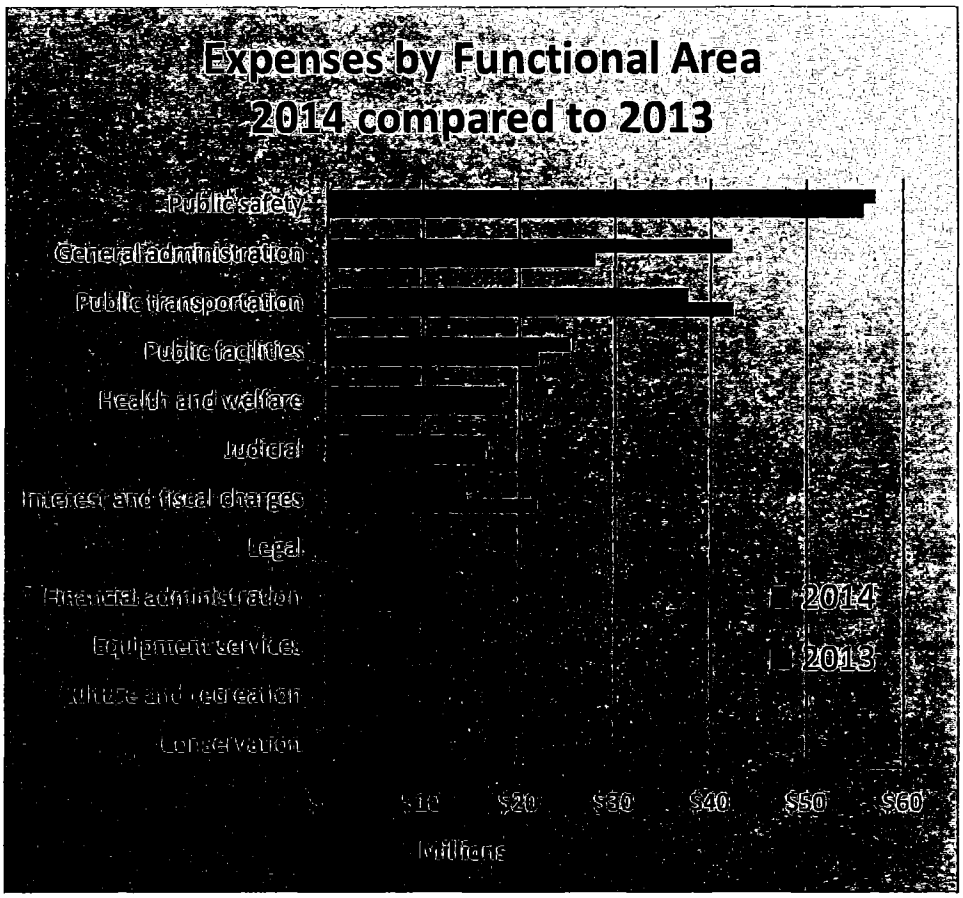

Overall government-wide revenues increased in 2014 over 2013 by $6.2 million (2.6%), due primarily to higher taxes collected ($5.1 million, or 2.9%) and more collected in charges for services ($3.0 million, or 7.6%). A summary of the amounts and more detailed explanation is provided in the table below.

## Summary of Changes in Net Position
For the Fiscal Years Ended September 30
($ in thousands)

| | 2014 | 2013 |
|---|---|---|
| **Revenues** | | |
| *Program Revenues:* | | |
| Charges for services | $ 44,021 | $ 43,375 |
| Operating grants and contributions | 13,926 | 14,384 |
| Capital grants and contributions | 522 | 931 |
| Total Program Revenues | 58,469 | 58,690 |
| *General Revenues:* | | |
| Taxes | 192,994 | 183,016 |
| Investment earnings | 1,664 | 1,337 |
| Miscellaneous | 468 | 142 |
| Total General Revenues | 195,126 | 184,495 |
| Total Revenues | 253,595 | 243,185 |
| **Expenses** | | |
| General administration | 42,213 | 27,867 |
| Judicial | 16,727 | 16,427 |
| Financial administration | 10,490 | 10,168 |
| Legal | 10,515 | 10,301 |
| Public facilities | 25,338 | 21,950 |
| Equipment services | 2,855 | 3,236 |
| Public safety | 57,137 | 55,924 |
| Public transportation | 37,670 | 42,393 |
| Health and welfare | 18,933 | 18,130 |
| Culture and recreation | 2,275 | 3,333 |
| Conservation | 256 | 246 |
| Interest and fiscal charges | 14,406 | 21,847 |
| Total expenses | 238,815 | 231,822 |
| Change in Net Position | 14,780 | 11,363 |
| Net position at beginning of year | 373,293 | 361,930 |
| Net position at end of year | $ 388,073 | $ 373,293 |

Governmental Activities - Revenues by Source
For the Fiscal Years Ended September 30






Summarized above are details of government-wide activities of the County for 2014 and 2013.

- 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 remained almost level with a slight decrease of $222 thousand or 0.4%.

- General revenues consist of taxes (property and mixed beverage tax paid to the County by the State of Texas) and interest, as well as miscellaneous transactions, not attributable or allocable to a specific program. Property taxes, substantially largest of the revenues, increased by $9.2 million or 5.1%.

- Public transportation expense decreased by $4.7 million or 11.1%. Many of the road construction projects are joint efforts with cities in the County, with each party contributing 50% of the cost. This activity tends to fluctuate from year to year due to a large number of ongoing projects.

- General Administration expenses increased by $14.3 million (51.4%) due to $11.6 million in a one-time payment to TCDRS, a $1.011 million increase in computer equipment purchases and a $742 thousand increase in software maintenance.

- Public Facilities expenses increased by $3.4 million (15.4%) due to an increase in depreciation expense impart to adding historical buildings.

| Total Cost and Net Cost of Governmental Activities for Collin County<br>For the Six Largest Functions by Expense<br>For the Fiscal Years Ended September 30<br>($ in thousands) | | | | |
|---|---|---|---|---|
| | Total Cost of Services | | Net Cost of Services | |
| **Functions/Programs** | **2014** | **2013** | **2014** | **2013** |
| Public safety | $ 57,137 | $ 55,924 | $ 42,886 | $ 42,223 |
| Public transportation | 37,670 | 42,393 | 18,153 | 24,746 |
| General administration | 42,213 | 27,867 | 33,645 | 18,144 |
| Interest and fiscal charges | 14,406 | 21,847 | 14,261 | 21,547 |
| Public Facilities | 25,338 | 21,950 | 25,263 | 21,811 |
| Health and welfare | 18,933 | 18,130 | 13,007 | 11,131 |
| Other | 43,118 | 43,711 | 33,133 | 33,530 |
| Total | $ 238,815 | $ 231,822 | $ 180,348 | $ 173,132 |

**Financial Analysis of the County's Funds**

The County operates using a fund accounting system to ensure segregation of funds as needed or required. 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 $405.8 million, an increase of $33 million (8.9%) from the prior year.

As required by GASB 54, the classifications of fund balance are split into as many as five categories: nonspendable, restricted, committed, assigned, or unassigned. The County currently has no assigned fund balance.

A portion of fund balance (62.1%, or $251.9 million) of the governmental funds has been designated as nonspendable, restricted, or committed. The remaining $153.9 million is classified as unassigned and is available to meet current needs as determined by the Commissioners Court. The unassigned fund balance can only exist in the General Fund since all other funds by definition are restricted or committed.

Governmental Funds - Total Fund Balance
as of September 30, 2014
(in thousands)

| Fund Balance: | | | Major Purposes for Classification |
|---|---|---|---|
| Nonspendable | $ 16,765 | 4.1% | Inventories, Toll Road, Conservation District, Animal Shelter |
| Restricted | 214,920 | 53.0% | Housing Finance, Records, Road Construction, Debt Service, Special Revenues |
| Committed | 20,273 | 5.0% | Healthcare, Permanent Improvement, Capital Murder Cases, Special Elections, Utility Price Changes, Pre-trial Release, Inv. Myers Park, Code Inspection |
| Unassigned | 153,882 | 37.9% | General Fund |
| | $ 405,840 | 100.0% | |

## Changes in Fund Balance – Major Funds

In 2014, the County is presenting six major funds:

- General Fund
- General Road and Bridge Special Revenue Fund
- Health Care Foundation Special Revenue Fund
- RTR – Outer Loop Grant Special Revenue Fund
- Debt Service Fund
- 2007 Road Bond Capital Project Fund

Funds are required to be reported as major funds when 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.

At the end of 2014, the unassigned fund balance of the General Fund was $153.9 million. The total fund balance in the General Fund was $196.6 million, an increase of $10.9 million or 12.3% from 2013.

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

General Fund Revenue Highlights:

- Property tax revenues increased by $11.5 million (8.9%) from the prior year.
- Federal and state funds increased by $1.3 million due to:
    - (1) $793 thousand increase in Mixed Beverage Tax Collection as a result of increased liquor sales; &
    - (2) $564 thousand increase in Non-Capital Grant Proceeds Indigent Defense Health and Welfare; Quarterly amounts increased from $120,400 in FY13 to $151,434 in FY14 and received an Excess Payment of $413,003 in FY14 but only $1,778 in FY13.
- Fees and Charges for Services remained relatively stable with a 0.2% increased.
- Fines decreased by $380 thousand (17.7%) due to decline in issuance of tickets:
    - (1) DPS troopers didn't have enough officers to issue tickets;
    - (2) NTTA switched their process for issuance of tickets.
- Investment earnings were increased by $638 thousand (131.2%) due to having more funds to invest, changing market conditions and changing investment strategies while protecting the principal being invested.

General Fund Expenditure Highlights:

- General administration expenditures increased by $14.1 million due to $11.6 million in a one-time payment to TCDRS and adding additional computer equipment and software maintenance.
- Health and Welfare increased by $1.6 million primarily due to an increase in indigent defense cost in our court system.
- All other functional areas show slight increases from the prior year primarily due to an increase in labor costs.

**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 cost of road projects shared with the State are also included.

In 2005, Collin County began a program to convert all rock roads to asphalt in order to reduce dust and increase the useful life of the roads. The program is geared to convert the roads at a rate of 50 miles per year. The County completed 20.10 miles in 2014. As of September 30, 2014, the County had resurfaced 422 miles of roads or an average of 35.2 miles per year.

At the end of 2014, the fund balance of the General Road and Bridge Fund was $22.7 million, an increase of $3.6 million (18.8%) from the prior year. General Road and Bridge Fund revenues include fees and permits, property taxes, and fines and forfeitures.

Highlights of financial activities in the General Road and Bridge Fund are as follows:

General Road and Bridge Revenue Highlights

- Property tax revenues increased $936 thousand (40%) over the prior year.
- Revenues from Fees and Charges for Services increased by $931 thousand in 2014. The higher revenues are attributed to an increase in revenues from vehicle registrations.

General Road and Bridge Expenditures Highlights

- Road construction and maintenance expenditures decreased by $2.7 million in 2014 over the prior year, mostly due to a reduction in maintenance and operating costs from reduced costs for road materials.
- Capital outlay expenditures of $3.2 million increased in 2014 by $1.9 million (146.7%) from the prior year due to upgrades of equipment.

**Health Care Foundation Special Revenue 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 43.7% of the funding for the Health Care Foundation Fund in 2014.

The total fund balance of $7.7 million is a $783 thousand decrease (9.2%) from the prior year. Highlights of changes in fund balance in the Health Care Foundation Fund were:

Health Care Revenues

- Federal and state funds decreased by $1.2 million in 2014 due to a one-time windfall in 2013 from Medicaid 1115 Waiver funding that was not received in 2014.
- Fees and charges for service remained stable at $278 thousand with an increase of less than $1 thousand.
- Rental revenues increased $88 thousand (8.0%). The Healthcare Foundations facilities have space leased out to the private sector to help support the program.
- Investment revenue increased $103 thousand (332%) due to changing market conditions and changes in investment strategies while emphasizing the safety of principal.

Health Care Expenditures Highlights

- Expenditures decreased $203 thousand (7.6%) from 2013. The decrease is mostly attributed to a reduction in healthcare costs due to the restructuring of the indigent healthcare system.

**RTR – Outer Loop Grant Special Revenue Fund**

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 an Outer Loop around the Dallas – Fort Worth metroplex and through 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 not recognized until expenditures are incurred, which results in zero dollars in fund balance. No revenues or expenditures were recognized in 2014 even though the project is still active and funds are encumbered to continue the construction.

**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 2014 by $1.9 million over the 2013 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 debt service requirements and other debt-related expenditures. The County sets aside a portion of property taxes to meet its debt service requirements.

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

Debt Service Fund Revenues Highlights

- In 2014, property taxes allocated for debt service were $45.6 million approximately $3.6 million lower than 2013.
- Interest earned was approximately $7.4 thousand; $279.9 thousand lower than the prior year due to market conditions for investing in the short term.

Debt Service Fund Expenditures Highlights

- Debt service expenditures for 2014 debt service and fees were $43.9 million, of which $508 thousand was part of bond refunding transactions. Expenditures were $5.4 million lower than in 2013.

## 2007 Road Bond Capital Project Fund

The 2007 Road Bond Capital Project Fund is used to account for proceeds of road bonds authorized by voters on November 6, 2007. The total authorized for roads and highways was $235,600,000. Only a portion of the bonds have been issued to-date (in six series), beginning in 2008 and ending in 2014. The remainder of the bonds will be sold as needed. The total issued through September 30, 2014 is $151,245,000:

- 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
- Series 2013A: $25,665,000 issued June 1, 2013
- Series 2014: $25,045,000 issued June 9, 2014

In 2014 the fund balance increased by $16.7 million; key factors in the change in fund balance are:

2007 Road Bond Capital Project Fund Revenues/ Other Financing Sources

- Investment earnings increased by $29 thousand (9.6%) due to having more funds to invest from an additional bond issue.
- Received bond proceeds and premiums of $27.4 million.
- A receivable was increased by $339 thousand due to the sale of assets to the Collin County Toll Road Authority Fund for Outer Loop activity.

2007 Road Bond Capital Project Fund Expenditures

- Capital outlay for road projects in 2014 was $12.9 million, which is $1.5 million less than in 2013.

## 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
- Capital outlay

The final amended budget for the General Fund expenditure appropriation was $181.1 million or $1.6 million more than the original adopted budget of $179.5 million (excluding transfers). Actual expenditures for 2014 were $159.4 million or $21.7 million (12.0%) less than the final amended budget.

General Fund revenues for 2014 were more than the estimate by $3.9 million. This is highlighted as follows:

- Taxes – $1.4 million higher
- Federal and state funds - $1.9 million higher
- Fees and Charges for Services - $263 thousand higher
- Fines and forfeitures - $366 thousand lower
- Interest – $400.2 thousand higher
- Miscellaneous revenues - $62 thousand higher

The General Fund is the primary source for expenditures related to the overall operation and administration of the County. In 2014, the departments that contributed to actual expenditures being $21.7 million lower than budgeted expenditures were as follows:

- General administration was less than budget by $8.6 million. Highlights about this budget variance are as follows:
  - Actual expenditures for the County Clerk were $954 thousand less than budgeted expenditures in the Maintenance and Operating Category mostly due to a revised budget being established for archive and restoration (restricted funds) that was not utilized.
  - Actual expenses for the Non-Departmental were under budget by $1.7 million in the salary and benefit category due to unused budget for temporary workers.
  - Actual expenditures were $3.4 million under budget for Non-Departmental in the maintenance and operating category primarily because of maintenance contracts coming in well under budget.
  - Actual expenses for Information Technology were $182 thousand under budget in the maintenance and operating category.
  - Actual expenses for Telecommunications in the maintenance and operating category were under budget by $695 thousand.
  - Housing Finance Corporation was under budget by $539 thousand for its maintenance and operating category.

- Judicial actual expenditures were less than budget by $703 thousand. Highlights regarding this budget variance are as follows:
  - The County Courts-at-Law utilized all but $78 thousand of their $2.9 million budget.
  - The County Court-at-Law Clerks had $97 thousand remaining in their $1.6 million salary and benefit budget at year end.
  - The County Clerks – Probate/Mental Department left $67 thousand unused of their $572 thousand budget.
  - The District Courts had $44 thousand unspent of their $3.4 million combined budget at year end.
  - The Jury Services – District Clerk Department had $186 thousand remaining of their $873 thousand budget remaining at year end in maintenance and operating.
  - The Justice of the Peace departments left $98 thousand of their combined $2.2 million budget unspent.

- Financial administration actual expenditures were less than budget by $479 thousand. Highlights of this budget variance are as follows:
  - Salaries and benefits came in under budget as follows:
    - County Auditor - $62 thousand under budget
    - Budget Director - $54 thousand under budget
    - The Treasury Department - $10 thousand under budget
    - The Tax Appraisal District - $33 thousand under budget
    - Tax Assessor-Collector $206 thousand under budget
    - Purchasing Department $92 thousand under budget

- Legal actual expenditures for the District Attorney's Office were less than budget by $423 thousand under budget. This is highlighted as follows:
  - Salaries and benefits were lower than budgeted by $333 thousand
  - Maintenance and operating was $88 thousand less than budget at year end
  - Travel and training was $3 thousand less than budget.

- Public facilities expenditures were less than budget by $1.5 million of the $12.3 million budget. Highlights are as follows:
  - The Building Superintendent budget was $841 thousand less than budget in the maintenance and operating category.
  - Permanent Improvement was $573 thousand under budget in the maintenance and operating category.

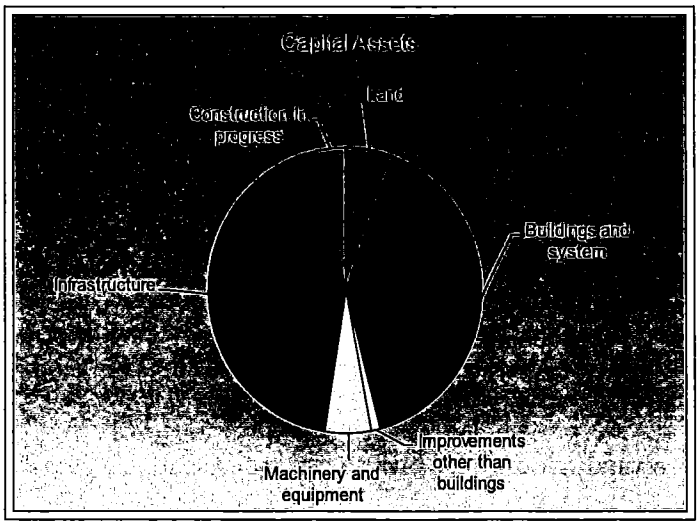
- Equipment services expenditures were lower than budget by $612 thousand primarily due to the maintenance and operating category coming in under budget.

- Public safety expenditures were lower than budget by $1.8 million. Highlights of this budget variance are as follows:
  - The Sheriff's Office budget was $252 thousand less than budget, of which $113 thousand was payroll related and $133 maintenance and operating related.
  - The Jail Operations Department maintenance and operating budget was under budget by $606 thousand in the maintenance and operating category, of which $465 thousand was left over at year end in the food supplies account.
  - The Minimum Security Operations maintenance and operating expenditures were $163 thousand under budget.
  - Homeland Security was $310 thousand under budget in the salaries and benefit category.

- Health and welfare expenses were $283 thousand under budget, of which most was due to inmate health coming in under budget ($192 thousand) and Substance Abuse salaries and benefits ($68 thousand).

- Capital outlay, which is presented separately from functional activities, was $7.1 million under budget, of which $1.5 million was for IT projects, $2.0 million was for Telecommunication projects, $2.5 million was for Permanent Improvement projects, and $655 thousand was for Equipment Services Department.

## Capital Assets and Debt Administration




**Capital Assets**
**As of September 30**
**($ in thousands)**

| | 2014 | 2013 |
|---|---|---|
| Land | $ 32,771 | $ 32,712 |
| Buildings and system | 258,913 | 257,187 |
| Improvements other than buildings | 7,526 | 6,607 |
| Machinery and equipment | 70,690 | 66,162 |
| Infrastructure | 293,747 | 291,663 |
| Construction in progress | 19,730 | 21,457 |
| Total capital assets | 683,377 | 675,788 |
| Less: Accumulated Depreciation | (263,718) | (237,669) |
| Total capital assets | $ 419,659 | $ 438,119 |

Capital Assets

The County's investment in capital assets for governmental activities (including business-type activities), net of accumulated depreciation at September 30, 2014, was $419.6 million, a decrease of $18.6 million from 2013.

Graphically, the contribution of each type of asset is shown on the chart above.

Details by type of activity are summarized below:

Major changes for 2014 are:

- Added Historical buildings for increase of 1.7 million
- Added purchases of $6.5 million to Machinery and Equipment; purchases were offset by $2 million in items written off when sold as surplus or traded in.
- Infrastructure increased by $6.3 million, primarily for road construction.
- Construction in Progress decreased by a net of $1 million ($1.4 million increase for new projects less $2.4 million for completed projects.)
- Accumulated depreciation net increase of $26 million.

Long-term Debt

At September 30, 2014, the County had $391.41 million in outstanding debt, a slight decrease of $1.94 million (0.5%).

In 2014, the County:

- Issued $2.2 million for park/open space projects
- Issued $25.045 million for road and bridge projects
- New issues refunded $21.18 million in existing debt to take advantage of savings due to lower interest rates.
- Paid $27,165 thousand in debt service principal and $16.2 million in interest costs to service debt.

Long-Term Debt by Intended Use of Proceeds
As of September 30
($ in thousands)

| | 2014 | 2013 |
|---|---|---|
| Road and Bridge Projects | $ 270,355 | $ 262,765 |
| Public Facilities/Park Projects | 121,055 | 130,585 |
| Total Long-Term Debt | $ 391,410 | $ 393,350 |

Additional information on capital asset activity and long-term debt activity can be found in the notes to the financial statements.

**Economic Factors**

The following economic factors are reflected in the 2014 General Fund and other budgets:

- The percentage increase in net taxable real property assessed value for fiscal year 2014 taxes was 6.2% (2013 increase was 3.0%).

- The average unemployment rate in Collin County for 2014 was 4.6% (5.5% in 2013).

Collin County relies on property taxes for operations since over 67% of the County's total revenues come from property taxes. Over the past few decades, the County has experienced consistent large increases (from 5% to 12%) in taxable values with the exception of 2009 when the County experienced a slight decrease. After 2009, increases have slowly increased back up to levels seen in recent decades. In 2014 the County experienced a 9.2% increase in the net taxable value of which 3.0% was new construction and 6.2% was an increase in existing property values. After experiencing an unemployment rate recent-year high of 7.8% in 2009, the rate has consistently decreased each year to its current rate of 4.6%. The County is experiencing a rapidly increasing population growth as it has been accustomed to in the past few decades. This year the County added over 20,000 residents, an average of 55 people per day. The County continues to aggressively invest in road and bridge projects across the County to meet the transportation needs of its residents and businesses to make the County an attractive place to live, to work and to do business.

During 2014, there were 20,136 people added to the County's population. This growth rate is expected to increase over the next couple of years due to large corporate projects moving into the County. State Farm is currently building a facility in Richardson fully within the County that is expected to employ 10,000 people and bring another 40,000 people to the area. Federal Express is planning on constructing a facility in Frisco that will bring in another 1,500 jobs. Toyota is moving their national headquarters to Plano which will be built on the county line between Collin and Denton Counties. Collin County is poised to be one of the fastest growing counties in the nation in upcoming years, just as the County has been in recent decades. In the last ten years the County added 195,321 people, an increase of 29.6%. The rate of and absolute numbers of growth continue to provide challenges in keeping up with roads and other infrastructure needs.

The 2010 Census showed the County population at 782,341 as of April 1, 2011. The 2010 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 as of September 30, 2014 is 854,778 according to the Bureau of Economic Analysis which is an increase of 72,437 or 9.3% over the 2010 Census. Collin County is currently the 6th most populous county of the 254 counties in the State of Texas.

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 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 County (to the south). 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 the Sam Rayburn Tollway (State Highway 121) to the North Texas Tollway Authority, which also operates the Dallas North Tollway. The Sam Rayburn Tollway was dedicated in 2011 and now provides easy access to the DFW International Airport, Fort Worth and points west.

In 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 is planned to 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 at a later time. CCTRA has also begun construction and has completed some of 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 toll road that is operated and managed by NTTA will continue to fund road construction for years to come. The State of Texas and the Regional Transportation Council (RTC) have identified various road and bridge projects across the Dallas – Fort Worth metroplex to fund with the transfer of the Sam Rayburn Tollway to the NTTA. A significant portion of these projects (over $900 million) are planned or under construction in Collin County.

Revenues estimates in 2015 are $301.5 million, an increase of 7.8% over the 2014 adopted budgeted estimates of $279.8 million. Property taxes of $202.7 million account for 67.5% of the County's revenue estimates.

The County's expenditure budget for 2014, which includes expenditures and transfers out, totals $301.5 million. The General Fund expenditure budget in 2015 is $166.6 million or 55.3% of the total adopted budget. An amount of $45.5 million (15.1% of the total) is budgeted for debt services.

There are several significant events expected to have an impact in 2015 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 2014 have helped the county to provide preventative and minor medical care in cities where the indigent population is located. Increasing medical care cost 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. Medicaid 1115 plans are being put in place, with the County as the anchor county in a new state regional provider.

As of September 30, 2014, the unassigned fund balance for the General Fund was $153.9 million which is 86.9% of the General Fund expenditure budget for 2015 or 337 operating days. The County has eliminated all long-term unfunded liabilities from employee retirement and health care benefits by changing policies and using excess reserves to pay down the liabilities. As such, the County is in excellent shape to endure a future economic downturn; however, the economy of the County continues to thrive despite the sluggish recovery of the national economy. The County will continue to closely monitor its expenditures to ensure that taxpayer dollars are spent wisely and in accordance with sound fiscal management policies.

In June of 2014 the County issued bonds of $2.2 million for park and open space projects as well as $25.045 million for road and bridge projects. The County partners with cities located within the county to enhance parks and transportation for citizens across the County. There are additional bond issues planned in upcoming years that have been approved by voters.

In 2006, the County began 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. In 2013 the County was awarded a $436 thousand grant by the Texas Indigent Defense Commission (TIDC) to continue to enhance this software to improve the processes for appointing and tracking information for providing attorneys to indigents. This project implementation has continued through 2014.

Additional projects include:

- Probate court implemented in February 2007
- Civil courts came on-line in March 2008
- Justice of the peace courts implemented in July 2009
- Configuration testing in process for criminal courts module, sheriff's office and jail administration
- District attorney implemented in 2010
- Constables implemented in 2011
- Sheriff's office, jail administration and community supervision implemented in December 2011

The property tax rate for 2015 was lowered to $0.235 per $100 from $0.2375 per $100 of valuation in 2014. 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 is in excellent fiscal condition to endure any future revenue shortfalls, should they occur; however, significant revenue shortfalls are unlikely due to the vibrant economic activity occurring within the County. Future fiscal pressures from rising health care costs along with changing health care laws, demand for constituent services, and costs of road construction could place pressure on the low tax rate in future years.

## 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.

# BASIC
# FINANCIAL STATEMENTS

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# COLLIN COUNTY, TEXAS

Statement of Net Position

September 30, 2014

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Component Unit |
| **Assets:** | | | | |
| Cash | $ 39,546,966 | $ 1,515,927 | $ 41,062,893 | $ 136,638 |
| Investments | 366,382,253 | 1,729,254 | 368,111,507 | - |
| Receivables (net of allowance for uncollectibles) | 9,379,304 | - | 9,379,304 | - |
| Prepaid expenses | 775,129 | - | 775,129 | - |
| Internal balances | 18,949,775 | ( 18,949,775) | - | - |
| Inventories | 3,275,444 | - | 3,275,444 | - |
| Capital assets (net of accumulated depreciation): | | | | |
| Land | 23,005,019 | 9,765,764 | 32,770,783 | - |
| Buildings and system | 162,681,584 | - | 162,681,584 | - |
| Improvements other than buildings | 4,314,794 | - | 4,314,794 | - |
| Machinery and equipment | 22,150,335 | - | 22,150,335 | - |
| Infrastructure | 178,010,731 | - | 178,010,731 | - |
| Construction in progress | 13,726,918 | 6,003,487 | 19,730,405 | - |
| Total assets | $ 842,198,252 | $ 64,657 | $ 842,262,909 | $ 136,638 |
| **Liabilities:** | | | | |
| Accounts payable and other current liabilities | 16,168,129 | - | 16,168,129 | 132,113 |
| Due to other governments | 1,460 | - | 1,460 | - |
| Unearned revenue | 3,384,047 | - | 3,384,047 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 36,534,647 | - | 36,534,647 | - |
| Due in more than one year | 398,101,884 | - | 398,101,884 | - |
| Total liabilities | 454,190,167 | - | 454,190,167 | 132,113 |
| **Net position:** | | | | |
| Net investment in capital assets | 236,185,265 | 15,769,251 | 251,954,516 | - |
| Restricted for: | | | | |
| Debt service | 12,533,122 | - | 12,533,122 | - |
| Health Care Foundation | 7,703,192 | - | 7,703,192 | - |
| Myers Park Foundation | 15,355 | - | 15,355 | - |
| Grant programs | 1,121,096 | - | 1,121,096 | - |
| Unrestricted (deficit) | 130,450,055 | ( 15,704,594) | 114,745,461 | 4,525 |
| Total net position | $ 388,008,085 | $ 64,657 | $ 388,072,742 | $ 4,525 |

**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 Year Ended September 30, 2014

| Fuctions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Primary Government: Business-type Activities | Primary Government: Total | Component Unit |
|---|---|---|---|---|---|---|---|---|
| Primary Government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General administration | $ 42,213,129 | $ 8,253,921 | $ 307,814 | $ 6,450 | $( 33,644,944) | $ - | $( 33,644,944) | |
| Judicial | 16,727,057 | 4,652,364 | 933,411 | 1,375 | ( 11,139,907) | - | ( 11,139,907) | |
| Financial administration | 10,490,374 | 3,564,206 | 2,190 | - | ( 6,923,978) | - | ( 6,923,978) | |
| Legal | 10,514,652 | 286,131 | 228,355 | 1,711 | ( 9,998,455) | - | ( 9,998,455) | |
| Public facilities | 25,337,831 | - | 63,072 | 12,118 | ( 25,262,641) | - | ( 25,262,641) | |
| Equipment services | 2,855,093 | - | 2,774 | 5,967 | ( 2,846,352) | - | ( 2,846,352) | |
| Public safety | 57,137,306 | 10,117,479 | 3,910,944 | 222,851 | ( 42,886,032) | - | ( 42,886,032) | |
| Public transportation | 37,669,979 | 16,871,159 | 2,396,181 | 249,627 | ( 18,153,012) | - | ( 18,153,012) | |
| Health and welfare | 18,932,952 | 274,801 | 5,650,846 | 5 | ( 13,007,300) | - | ( 13,007,300) | |
| Culture and recreation | 2,275,303 | 707 | 284,418 | 21,476 | ( 1,968,702) | - | ( 1,968,702) | |
| Conservation | 255,552 | - | - | - | ( 255,552) | - | ( 255,552) | |
| Interest and fiscal charges | 14,406,180 | - | 145,556 | - | ( 14,260,624) | - | ( 14,260,624) | |
| Total governmental activities | 238,815,408 | 44,020,768 | 13,925,561 | 521,580 | ( 180,347,499) | - | ( 180,347,499) | |
| Business-type activities: | | | | | | | | |
| Toll Road Authority | - | - | - | - | - | - | - | |
| Total business-type activities | - | - | - | - | - | - | - | |
| Total primary government | 238,815,408 | 44,020,768 | 13,925,561 | 521,580 | ( 180,347,499) | - | ( 180,347,499) | |
| Component unit: | | | | | | | | |
| Health and welfare | 44,435 | - | 48,861 | - | | | | 4,426 |
| Total component unit | $ 44,435 | $ - | $ 48,861 | $ - | | | | 4,426 |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 189,588,043 | - | 189,588,043 | - |
| Mixed beverage tax | | | | | 3,406,138 | - | 3,406,138 | - |
| Investment earnings | | | | | 1,663,328 | 903 | 1,664,231 | 99 |
| Miscellaneous | | | | | 468,097 | - | 468,097 | - |
| Total general revenues | | | | | 195,125,606 | 903 | 195,126,509 | 99 |
| Change in net position | | | | | 14,778,107 | 903 | 14,779,010 | 4,525 |
| Net position - beginning of year | | | | | 373,229,978 | 63,754 | 373,293,732 | - |
| Net position - end of year | | | | | $ 388,008,085 | $ 64,657 | $ 388,072,742 | $ 4,525 |

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

# COLLIN COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2014

| Assets | General Fund | General Road and Bridge | Health Care Foundation | RTR - Outer Loop |
|---|---|---|---|---|
| Cash | $ 31,640,835 | $ 294,315 | $ 773,439 | $ - |
| Investments | 151,861,844 | 19,825,195 | 7,059,016 | 3,377,541 |
| Receivables: | | | | |
| Taxes (net of allowance for uncollectibles) | 2,271,673 | 52,443 | - | - |
| Fines and fees | 1,206,324 | 834,575 | - | - |
| Due from other governments | 1,327,864 | 374,459 | - | - |
| Due from other funds | 1,447,334 | - | - | - |
| Advance to other funds | 17,502,142 | - | - | - |
| Interest | 335,000 | - | 17,125 | - |
| Miscellaneous | 410,856 | 89,622 | 1,200 | - |
| Inventories | 587,535 | 2,687,909 | - | - |
| Total assets | $ 208,591,407 | $ 24,158,518 | $ 7,850,780 | $ 3,377,541 |
| **Liabilities, Deferred Inflows of Resources, and Fund Balances** | | | | |
| Liabilities: | | | | |
| Accounts payable | $ 3,390,175 | $ 390,929 | $ 47,684 | $ 170,983 |
| Payroll related costs payable | 5,340,608 | 143,546 | 57,299 | - |
| Lease deposits payable | - | - | 42,605 | - |
| Due to other governments | 554 | 15 | - | - |
| Due to other funds | - | - | - | 28,539 |
| Unearned revenue | - | - | - | 3,178,019 |
| Total liabilities | 8,731,337 | 534,490 | 147,588 | 3,377,541 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue - fines and fees | 1,206,324 | 834,575 | - | - |
| Unavailable revenue - property taxes | 2,011,641 | 53,822 | - | - |
| Total deferred inflows of resources | 3,217,965 | 888,397 | - | - |
| Fund Balances: | | | | |
| Nonspendable | 16,764,677 | - | - | - |
| Restricted | 5,722,349 | 22,735,631 | 7,703,192 | - |
| Committed | 20,273,210 | - | - | - |
| Unassigned | 153,881,869 | - | - | - |
| Total fund balances | 196,642,105 | 22,735,631 | 7,703,192 | - |
| Total liabilities, deferred inflows of resources, and fund balances | $ 208,591,407 | $ 24,158,518 | $ 7,850,780 | $ 3,377,541 |

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

| Debt Service | 2007 Road Bond | Other Governmental Funds | Total |
|---|---|---|---|
| $ 40,846 | $ 651,150 | $ 1,532,575 | $ 34,933,160 |
| 11,706,029 | 106,056,238 | 59,191,335 | 359,077,198 |
| 756,910 | - | - | 3,081,026 |
| - | - | - | 2,040,899 |
| - | - | 807,210 | 2,509,533 |
| - | - | - | 1,447,334 |
| - | 375,983 | 1,355,057 | 19,233,182 |
| - | - | - | 352,125 |
| 29,337 | 860,000 | 3,015 | 1,394,030 |
| - | - | - | 3,275,444 |
| $ 12,533,122 | $ 107,943,371 | $ 62,889,192 | $ 427,343,931 |
| $ - | $ 1,330,437 | $ 1,074,591 | $ 6,404,799 |
| - | - | 70,243 | 5,611,696 |
| - | - | - | 42,605 |
| - | - | 891 | 1,460 |
| - | - | 1,249,669 | 1,278,208 |
| - | - | 206,028 | 3,384,047 |
| - | 1,330,437 | 2,601,422 | 16,722,815 |
| - | - | - | 2,040,899 |
| 674,916 | - | - | 2,740,379 |
| 674,916 | - | - | 4,781,278 |
| - | - | - | 16,764,677 |
| 11,858,206 | 106,612,934 | 60,287,770 | 214,920,082 |
| - | - | - | 20,273,210 |
| - | - | - | 153,881,869 |
| 11,858,206 | 106,612,934 | 60,287,770 | 405,839,838 |
| $ 12,533,122 | $ 107,943,371 | $ 62,889,192 | $ 427,343,931 |

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## COLLIN COUNTY, TEXAS

Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position

September 30, 2014

| | | |
|---|---|---|
| Total fund balances – governmental funds | | $ 405,839,838 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Prepaid capital project construction payments made to construct assets that will be donated to other local governments upon completion | | 775,129 |
| 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 | $ 23,005,019 | |
| Buildings and systems | 160,617,310 | |
| Improvements other than buildings | 4,314,794 | |
| Machinery equipment | 22,091,255 | |
| Infrastructure | 178,010,731 | |
| Construction in progress | 13,726,918 | |
| Total capital assets | | 401,766,027 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds: | | |
| Fines and fees earned in the current fiscal year but are not available to provide for current financial resources, and therefore, are reported as unavailable revenue in the funds. | $ 2,040,899 | |
| Property taxes earned in the current fiscal year but are not available to provide for current financial resources, and therefore, are unavailable in the funds. | 2,740,379 | |
| Total unavailable revenue | | 4,781,278 |
| 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 position. | | 8,134,851 |
| 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 | ( 4,039,191) | |
| Bonds, notes and loans payable | ( 391,410,000) | |
| Compensated absences | ( 6,742,127) | |
| Unamortized bond premiums | ( 31,097,720) | |
| Total liabilities | | ( 433,289,038) |
| Net position of governmental activities | | $ 388,008,085 |

**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, 2014

| | General | General Road and Bridge | Health Care Foundation |
|---|---|---|---|
| Revenues: | | | |
| Property taxes | $ 140,746,018 | $ 3,189,577 | $ - |
| Licenses and permits | 456,366 | 3,978 | - |
| Federal and state funds | 6,361,798 | - | 39,367 |
| Fees and charges for services | 19,099,538 | 16,510,912 | 227,777 |
| Fines and forfeitures | 1,763,311 | 1,969,559 | - |
| Other local government funds | - | 38,431 | - |
| Rental | 302,820 | - | 1,183,793 |
| Interest | 1,123,376 | 27,338 | 79,833 |
| Miscellaneous | 774,800 | 499,917 | 134,292 |
| Total revenues | 170,628,027 | 22,239,712 | 1,665,062 |
| Expenditures: | | | |
| Current: | | | |
| General administration | 37,944,750 | - | - |
| Judicial | 15,063,445 | - | - |
| Financial administration | 10,301,765 | - | - |
| Legal | 10,388,114 | - | - |
| Public facilities | 10,804,060 | - | 79,894 |
| Equipment services | 2,217,536 | - | - |
| Public safety | 53,594,955 | - | - |
| Public transportation | - | 15,510,793 | - |
| Health and welfare | 13,679,712 | - | 2,361,082 |
| Culture and recreation | 937,036 | - | - |
| Conservation | 256,500 | - | - |
| Capital outlay | 4,226,191 | 3,244,208 | 7,283 |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Bond issuance costs | - | - | - |
| Advance refunding escrow | - | - | - |
| Total expenditures | 159,414,064 | 18,755,001 | 2,448,259 |
| Excess (deficiency) of revenues over (under) expenditures | 11,213,963 | 3,484,711 | ( 783,197) |
| Other financing sources (uses): | | | |
| Transfers in | 85,141 | - | - |
| Transfers out | ( 460,896) | - | - |
| Sale of assets | 84,928 | 153,305 | - |
| Debt issuance | - | - | - |
| Refunding escrow payments | - | - | - |
| Premium (discount) on sale of bonds | - | - | - |
| Total other financing sources (uses) | ( 290,827) | 153,305 | - |
| Net change in fund balances | 10,923,136 | 3,638,016 | ( 783,197) |
| Fund balances – beginning | 185,718,969 | 19,097,615 | 8,486,389 |
| Fund balances – ending | $ 196,642,105 | $ 22,735,631 | $ 7,703,192 |

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

| RTR - Outer Loop | Debt Service | 2007 Road Bond | Other Governmental Funds | Total |
|---|---|---|---|---|
| $ - | $ 45,583,847 | $ - | $ 400 | $ 189,519,842 |
| - | - | - | - | 460,344 |
| - | 145,556 | - | 6,996,927 | 13,543,648 |
| - | - | - | 3,568,618 | 39,406,845 |
| - | - | - | 416,207 | 4,149,077 |
| - | - | 1,500,000 | - | 1,538,431 |
| - | - | - | - | 1,486,613 |
| - | 7,419 | 330,870 | 86,032 | 1,654,868 |
| - | - | - | 174,052 | 1,583,061 |
| - | 45,736,822 | 1,830,870 | 11,242,236 | 253,342,729 |
| - | - | - | 840,363 | 38,785,113 |
| - | - | - | 1,652,126 | 16,715,571 |
| - | - | - | - | 10,301,765 |
| - | - | - | 136,369 | 10,524,483 |
| - | - | - | 22,673 | 10,906,627 |
| - | - | - | - | 2,217,536 |
| - | - | - | 3,040,948 | 56,635,903 |
| - | - | - | 342,517 | 15,853,310 |
| - | - | - | 2,983,618 | 19,024,412 |
| - | - | - | - | 937,036 |
| - | - | - | - | 256,500 |
| - | - | 12,905,428 | 4,185,872 | 24,568,982 |
| - | 27,165,000 | - | - | 27,165,000 |
| - | 16,196,082 | - | - | 16,196,082 |
| - | 225,921 | - | - | 225,921 |
| - | 282,530 | - | - | 282,530 |
| - | 43,869,533 | 12,905,428 | 13,204,486 | 250,596,771 |
| - | 1,867,289 | ( 11,074,558) | ( 1,962,250) | 2,745,958 |
| - | - | - | 643,195 | 728,336 |
| - | - | - | ( 267,440) | ( 728,336) |
| - | - | 338,385 | 51 | 576,669 |
| - | 21,295,000 | 25,045,000 | 2,085,000 | 48,425,000 |
| - | ( 23,200,000) | - | - | ( 23,200,000) |
| - | 1,937,946 | 2,440,000 | 115,000 | 4,492,946 |
| - | 32,946 | 27,823,385 | 2,575,806 | 30,294,615 |
| - | 1,900,235 | 16,748,827 | 613,556 | 33,040,573 |
| - | 9,957,971 | 89,864,107 | 59,674,214 | 372,799,265 |
| $ - | $ 11,858,206 | $ 106,612,934 | $ 60,287,770 | $ 405,839,838 |

# 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, 2014

| | | |
|---|---|---|
| Net change in fund balances – governmental funds | | $ 33,040,573 |
| 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 | $ 15,864,174 | |
| Capital assets decreases | ( 975,008) | |
| Depreciation expense for all capital assets | ( 33,253,293) | |
| Total change in capital assets activity | | ( 18,364,127) |
| 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 position. | ( 48,425,000) | |
| Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net position. | 50,365,000 | |
| 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. | ( 2,347,201) | |
| Total long-term debt | | ( 407,201) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues over expenses of the internal service funds is reported with the governmental activities. | | 515,814 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Property taxes | ( 45,840) | |
| Fines and forfeitures | 64,143 | |
| Total changes in revenues | | 18,303 |
| 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 | 152,608 | |
| Compensated absences | ( 177,863) | |
| Total changes in long-term liabilities | | ( 25,255) |
| Change in net position of governmental activities | | $ 14,778,107 |

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

# COLLIN COUNTY, TEXAS

Statement of Net Position

Proprietary Funds

September 30, 2014

| | Business-type Activities – Collin County Toll Road Authority | Governmental Activities – Internal Service Funds |
|---|---|---|
| Assets: | | |
| Current assets: | | |
| Cash | $ 1,515,927 | $ 4,613,804 |
| Investments | 1,729,254 | 7,305,055 |
| Receivables: | | |
| Miscellaneous receivables | - | 1,689 |
| Total current assets | 3,245,181 | 11,920,548 |
| Capital assets (net of accumulated depreciation): | | |
| Land | 9,765,764 | - |
| Buildings and systems | - | 2,064,274 |
| Machinery and equipment | - | 59,080 |
| Construction in progress | 6,003,487 | - |
| Total capital assets | 15,769,251 | 2,123,354 |
| Total assets | 19,014,432 | 14,043,902 |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | - | 3,494,817 |
| Payroll payable | - | 22,312 |
| Claims payable | - | 1,939,389 |
| Due to other funds | - | 169,126 |
| Total current liabilities | - | 5,625,644 |
| Noncurrent liabilities: | | |
| Advance from other funds | 18,949,775 | 283,407 |
| Total noncurrent liabilities | 18,949,775 | 283,407 |
| Total liabilities | 18,949,775 | 5,909,051 |
| Net position: | | |
| Net investment in capital assets | 15,769,251 | 2,123,354 |
| Unrestricted (deficit) | ( 15,704,594) | 6,011,497 |
| Total net position | $ 64,657 | $ 8,134,851 |

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

## COLLIN COUNTY, TEXAS

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For The Year Ended September 30, 2014

| | Business-type Activities – Collin County Toll Road Authority | Governmental Activities – Internal Service Funds |
|---|---|---|
| Operating revenues: | | |
| Premiums | $ - | $ 25,410,201 |
| Charges for services | - | 1,512,693 |
| Other | - | 1,408,514 |
| Total operating revenues | - | 28,331,408 |
| Operating expenses: | | |
| Administration | - | 3,863,703 |
| Benefits | - | 23,851,154 |
| Depreciation | - | 111,001 |
| Total operating expenses | - | 27,825,858 |
| Operating income (loss) | - | [illegible] |
| Nonoperating revenues (expenses): | | |
| Gain on sale of asset | - | 1,804 |
| Interest income | 903 | 8,460 |
| Total nonoperating revenues (expenses) | 903 | 10,264 |
| Change in net position | 903 | 515,814 |
| Total net position – beginning | 63,754 | 7,619,037 |
| Total net position – ending | $ 64,657 | $ 8,134,851 |

**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, 2014

| | Business-type Activities – Collin County Toll Road Authority | Governmental Activities – Internal Service Funds |
|---|---|---|
| Cash flows from operating activities: | | |
| Receipts from customers and users | $ - | $ 27,051,144 |
| Insurance recovery | - | 1,280,535 |
| Administration costs | - | ( 4,146,904) |
| Benefits paid | - | ( 23,602,423) |
| Net cash provided by operating activities | - | 582,352 |
| Cash flows from capital financing activities: | | |
| Purchases of capital assets | ( 397,166) | - |
| Proceeds from sale of capital assets | - | 1,804 |
| Net cash used by capital financing activities | ( 397,166) | 1,804 |
| Cash flows from investing activities: | | |
| Sales (Purchases) of investments | ( 582) | 1,632,985 |
| Advance from other funds | 1,854,450 | - |
| Interest income | 903 | 8,460 |
| Net cash provided by investing activities | 1,854,771 | 1,641,445 |
| Net increase (decrease) in cash and cash equivalents | 1,457,605 | 2,225,601 |
| Cash and cash equivalents – October 1, 2013 | 58,322 | 2,388,203 |
| Cash and cash equivalents – September 30, 2014 | $ 1,515,927 | $ 4,613,804 |
| Reconciliation of operating loss to net cash provided (used) by operating activities: | | |
| Operating loss | $ - | $ 505,550 |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | |
| Depreciation expense | - | 111,001 |
| Other nonoperating expenses | - | ( 8,508) |
| Change in intergovernmental receivable | - | 271 |
| Change in accounts payable | - | 244,510 |
| Change in payroll payable | - | 3,809 |
| Change in due to other funds | - | 9,126 |
| Change in advance from other funds | - | ( 283,407) |
| Total adjustments | - | 76,802 |
| Net cash used in operating activities | $ - | $ 582,352 |
| Schedule of non-cash capital and related financing activities: | | |
| Contributions of capital assets | $ 55,959 | $ - |

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

# COLLIN COUNTY, TEXAS

Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

September 30, 2014

| | | |
|---|---|---|
| **Assets** | | |
| Cash | $ | 26,166,299 |
| Investments | | 16,679,497 |
| Assets held as security deposits | | 3,156,985 |
| Receivables: | | |
| Miscellaneous receivables | | 53,503 |
| Total assets | $ | 46,056,284 |
| **Liabilities** | | |
| Due to other governments | $ | 9,298,488 |
| Due to others/vouchers payable | | 33,272,552 |
| Cash bonds outstanding | | 3,473,477 |
| Cash deposits outstanding | | 11,767 |
| Total liabilities | $ | 46,056,284 |

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

# NOTES TO THE FINANCIAL STATEMENTS

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# 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. 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. The most significant accounting and reporting policies of the County are described in the notes to the financial statements as required by GASB Statement Number 34.

## *(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 elected County Judge and four elected 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, road and bridge maintenance, juvenile services and assistance to indigents.

The accompanying basic financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, while legally separate entities, are in substance a part of the County's operations and are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

### 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) are blended component units. The Commissioners Court sits as the governing board of the HFC, CCTRA and HCF. The HFC issues single and multiple-family revenue bonds that are disclosed as conduit debt in Footnote IV (F) and provides grants to qualified entities that enhance housing affordability for citizens of the County with fees that were revenues for the HFC. 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. The CCTRA was created to finance the future Outer Loop project within the County with future toll revenues once the construction is complete. The CCTRA is reported as an enterprise fund in the financial statements.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *(a) Reporting Entity* (Continued)

**Discretely presented component unit**

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

### *(b) Government–wide and Fund Financial Statements*

The government-wide financial statements include the statement of net position 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 component units. The effect of inter-fund transfers has been removed from these statements but continues to be reflected in 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 segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the fiduciary funds are excluded from the government-wide financial statements. The General Fund, the General Road and Bridge Special Revenue Fund, the Regional Toll Road (RTR) – Outer Loop Special Revenue Fund, the Debt Service 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 a 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 the 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 year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unavailable revenue. Property taxes that were levied October 1, 2013, have been assessed to finance the budget of the fiscal year beginning October 1, 2013. In accordance with the modified accrual basis of accounting, the balances outstanding at November 30, 2013, outstanding 60 days after year-end, are reflected as unavailable 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 due.

The County 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.

**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 Health Care Foundation was created with the sale of the county hospital in 1983 with the intent of providing healthcare to indigents with investment earnings or until the fund is depleted. The Health Care Foundation has purchased some buildings that are leased to the County and to businesses as an additional source of revenue. The fund also receives revenues from federal and state government sources.

**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 2007 Road Bond Capital Project Fund** is used to account for proceeds from 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 2014. The remainder of the bonds will be sold as needed. The total sold through September 30, 2014 is $151,245,000.

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
Series 2013A - $25,665,000 issued June 1, 2013
Series 2014 - $25,045,000 issued June 9, 2014

Additionally, the County reports the following fund types:

**Special Revenue Funds** are used to account for specific revenue sources (other than debt proceeds) that are restricted by 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 County or a combination of other governments including the 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 Funds** 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 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. These funds are held for various reasons being legal, contractual or operational. Examples of this are the courts often require funds to be held in trust by the County, the tax office collects funds on behalf of local governments and the state, and the Sheriff collects funds on behalf of inmates to make purchases in the Commissary. 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.

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.

### *(d) Assets, Liabilities, and Net position or Equity*

#### (1) Cash and Investments

Financial statements reporting cash include cash on hand and demand deposits. In accordance with State of Texas statutes and the County's Investment Policy idle funds are invested in 2a-7 pools, in obligations of U. S. Agencies, municipal bonds, certificate of deposit and other interest bearing accounts with the main objective being the protection of principal.

The County and its component units report investments at fair value in accordance with provisions of GASB Statement Number 31. 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. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements.

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.

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 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.

**(3) Inventories and Pre-paid 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 nonspendable 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 normally recorded as prepaid items in both government-wide and fund financial statements. The government-wide statements show prepaid expenses of $775,129. This balance represents advances to cities within the County in which the County agreed to pay half of road projects.

**(4) Restricted Equity**

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 fund balance 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

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. 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.

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 that the liabilities have matured and are payable out of current available resources.

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 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, in the current 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 V (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 unassigned. 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 | $ 15,718,735 | |
| North Texas Groundwater Conversation District | 175,000 | |
| Animal Shelter | 283,407 | |
| Inventories | 587,535 | |
| Total General Fund | | $ 16,764,677 |
| Total Nonspendable | | $ 16,764,677 |

## 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 fund balance. Restricted fund balances reported in the governmental fund statements are as follows:

| | | |
|---|---|---|
| Fund Balances: | | |
| Restricted: | | |
| General Fund: | | |
| Housing Finance Corporation | $ 577,264 | |
| Records Archive | 4,837,053 | |
| District Court Records Technology | 308,032 | |
| Total General Fund | | $ 5,722,349 |
| General Road and Bridge: | | |
| Public transportation | | 22,735,631 |
| Health Care Foundation: | | |
| Indigent healthcare | | 7,703,192 |
| Debt Service Funds: | | |
| Debt service activity | | 11,858,206 |
| 2007 Road Bond: | | |
| Road and bridge projects | | 106,612,934 |
| Other Governmental Funds: | | |
| General administration | 18,953,985 | |
| Judicial | 6,421,845 | |
| Financial administration | 2 | |
| Legal | 1,542,850 | |
| Public facilities | 1,882,989 | |
| Public safety | 1,528,111 | |
| Public transportation | 19,399,117 | |
| Health and welfare | 38,049 | |
| Culture and recreation | 10,520,822 | |
| Total Other Governmental Funds | | 60,287,770 |
| Total Restricted | | $ 214,920,082 |

### 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. If these funds are not ordered to be committed in future years they will be merged back into the General Fund since it is part of the budget adoption and not shown as committed. Committed fund balance is reported in the governmental fund statements as follows:

| | | |
|---|---|---|
| Fund Balances: | | |
| Committed: | | |
| General Fund: | | |
| Encumbrances | $ 6,144,951 | |
| Capital murder cases | 2,000,000 | |
| Special elections | 200,000 | |
| Utilities price spikes | 500,000 | |
| Permanent Improvement | 11,428,259 | |
| Total General Fund | | $ 20,273,210 |
| Total Committed | | $ 20,273,210 |

## II. 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 – Outer Loop Phase 3 Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, Sheriff Forfeiture Fund, District Attorney State Forfeiture, District Attorney Federal Treasury Forfeiture, District Attorney Federal Justice Forfeiture, LEOSE Education Fund, District Attorney Service Fee Fund, SCAAP Fund, Juvenile Case Manager Fund, District Attorney Pretrial Intervention Program Fund, District Attorney Apportionment 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 administerial by Commissioners Court. All governmental fund annual appropriations lapse at year end.

On or before the last day of May of each year all departments of the County submit requests for appropriations to the Budget Officer. The initial budget request and the Budget Officer's recommendations are provided to the 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 1st or as soon as possible thereafter the budget and the tax rate are adopted with tax notices mailed on or after October 1st.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, training and travel, maintenance and operating, and capital outlay 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 the 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.

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 it's 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 principal and interest on which are unconditionally 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).

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 four Local Government Investment Pools: TexPool, TexSTAR, Logic and Texas Class. 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. Logic and Texas Class are overseen by a governing board consisting of individuals from participating government entities in the pool.

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, 2014, are as follows:

| Type of Investment | | |
|---|---|---|
| Local government investment pools | $ | 170,916,331 |
| Federal agency bonds | | 68,186,853 |
| Municipal bonds | | 20,595,291 |
| Certificates of deposits | | 103,096,316 |
| Money Market | | 21,996,214 |
| Total investments | $ | 384,791,005 |

The risk exposures for governmental individual major funds, non-major funds in the aggregate, internal service 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.

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 other than what may be held in a local government investment pool (Logic and Texas Class). As of September 30, 2014, the local government pools (44.4% of the portfolio) were rated AAAm by Standard and Poor's. The federal agency bonds (17.7% of the portfolio) was rated AA+ by Standards and Poor's. The Municipal Bonds (5.7% of the portfolio) were rated AA or better by Standard and Poors. The Certificates of Deposits (26.8% of the portfolio) were fully collateralized in Collin County's name at the Federal Home Loan Bank of Dallas. All funds in money market accounts (5.4% of the portfolio) are FDIC insured or fully collateralized with securities held by the Federal Home Loan Bank or the Federal Reserve Bank of New York in the name of Collin County.

**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 five years for all investment types. The weighted average maturity for all securities was 1.138 years. All investments are normally held to maturity or until called.

**(b) Deposits**

The September 30, 2014, the carrying amount of deposits was as follows:

| | | |
|---|---|---|
| Governmental funds | $ | 34,933,160 |
| Proprietary funds | | 6,129,731 |
| Fiduciary funds | | 26,166,299 |
| Total | $ | 67,229,190 |

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, 2014.

***(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, Richardson, Sachse, St. Paul, Weston, and Wylie;

2. Independent School Districts of Allen, Anna, Blue Ridge, Celina, Community, Farmersville, Frisco, Lovejoy, McKinney, Melissa, Plano, Princeton, Prosper, and Wylie;

3. Seis Lago's Utility District 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, General Road and Bridge Fund, and Debt Service Fund 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 unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned such as grant revenue received but not yet expended.

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.

### *(d) Receivables*

Receivables as of year-end for the County's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | General Fund | General Road and Bridge Fund | Health Care Foundation Fund | Debt Service Fund | 2007 Road Bond Fund | Non-Major Funds |
|---|---|---|---|---|---|---|
| Receivables: | | | | | | |
| Taxes | $ 2,373,249 | $ 54,788 | $ - | $ 790,754 | $ - | $ - |
| Fines and Fees | 4,276,573 | 2,958,673 | - | - | - | - |
| Due from other governments | 1,327,864 | 374,459 | - | - | - | 807,210 |
| Due from other funds | 1,447,334 | - | - | - | - | - |
| Advance to other funds | 17,502,142 | - | - | - | 375,983 | 1,355,057 |
| Interest | 335,000 | - | 17,125 | - | - | - |
| Miscellaneous | 410,856 | 89,622 | 1,200 | 29,337 | 860,000 | 3,015 |
| Gross receivables | 27,673,018 | 3,477,542 | 18,325 | 820,091 | 1,235,983 | 2,165,282 |
| Less allowance for uncollectibl | 3,171,825 | 2,126,443 | - | 33,844 | - | - |
| Net receivables | $ 24,501,193 | $ 1,351,099 | $ 18,325 | $ 786,247 | $ 1,[illegible]983 | $ 2,165,282 |

### *(e) Capital Assets*

Capital assets are recorded at cost or, if donated, at fair value at the date of receipt. Depreciation policies were adopted to include useful lives and classification by function. The capitalization threshold for equipment is $5,000. 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 2014. A summary of changes in capital assets follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital assets, not depreciated: | | | | | |
| Land | $ 23,608,661 | $ 16,916 | $( 620,558) | $ - | $ 23,005,019 |
| Construction in progress | 15,188,184 | 1,351,025 | ( 2,457,841) | ( 354,450) | 13,726,918 |
| Historical treasures | 89,760 | - | - | - | 89,760 |
| Total capital assets, not depreciated | 38,886,605 | 1,367,941 | ( 3,078,399) | ( 354,450) | 36,821,697 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 257,186,823 | 2,817,497 | ( 1,091,288) | - | 258,913,032 |
| Improvements other than buildings | 6,606,963 | 918,593 | - | - | 7,525,556 |
| Machinery and equipment | 66,072,717 | 6,533,879 | ( 2,005,820) | - | 70,600,776 |
| Infrastructure | 291,662,716 | 6,301,278 | ( 4,217,491) | - | 293,746,503 |
| Total assets being depreciated | 621,529,219 | 16,571,247 | ( 7,314,599) | - | 630,785,867 |
| Less accumulated depreciation for: | | | | | |
| Buildings | ( 82,498,398) | ( 14,824,338) | 1,091,288 | - | ( 96,231,448) |
| Improvements other than buildings | ( 2,840,300) | ( 370,462) | - | - | ( 3,210,762) |
| Machinery and equipment | ( 44,316,114) | ( 6,229,907) | 2,005,820 | - | ( 48,540,201) |
| Infrastructure | ( 108,013,676) | ( 11,939,587) | 4,217,491 | - | ( 115,735,772) |
| Total accumulated depreciation | ( 237,668,488) | ( 33,364,294) | 7,314,599 | - | ( 263,718,183) |
| Net capital assets, being depreciated | 383,860,731 | ( 16,793,047) | - | - | 367,067,684 |
| Governmental activities, capital assets | $ 422,747,336 | $( 15,425,106) | $( 3,078,399) | $( 354,450) | $ 403,889,381 |
| **Business-type activities:** | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | $ 9,102,732 | $ 683,687 | $( 20,655) | $ - | $ 9,765,764 |
| Construction in progress | 6,269,352 | 63,371 | ( 683,686) | 354,450 | 6,003,487 |
| Total capital assets, not depreciated | 15,372,084 | 747,058 | ( 704,341) | 354,450 | 15,769,251 |
| Business-type activities, capital assets | $ 15,372,084 | $ 747,058 | $( 704,341) | $ 354,450 | $ 15,769,251 |

Depreciation expense for FY 2014 was charged to functions/programs of the primary government as follows:

**Depreciation:**

| | |
|---|---|
| Governmental activities: | |
| General administration | $ 3,092,009 |
| Judicial | 35,656 |
| Financial administration | 152,158 |
| Public facilities | 14,946,384 |
| Equipment services | 673,723 |
| Public safety | 644,638 |
| Public transportation | 13,060,247 |
| Health and welfare | 84,773 |
| Culture and recreation | 563,706 |
| Total depreciation expense - governmental activities | $ 33,253,294 |
| Proprietary - Type Funds: | |
| Public facilities | 95,284 |
| Public safety | 15,717 |
| Total depreciation expense: | $ 33,364,295 |

**Construction Commitments**

Collin County has active construction projects as of September 30, 2014. 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 Commitments:**

| Project Type | Remaining Commitment |
|---|---|
| Public transportation | $ 18,207,574 |
| Public facilities | 346,546 |
| Total | $ 18,554,120 |

***(f) 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 were $654,245,000. The County issued two new bond series. The Limited Tax Refunding and Improvement Bonds, Series 2014 was issued in an amount of $2,200,000 to provide funding for park and open space projects and $21,800,000 to take advantage of bond refunding opportunities. The Unlimited Tax Road Bonds, Series 2014 issued in a total amount of $25,045,000 to fund new road projects.

The following are general obligation bonds and tax notes outstanding at September 30, 2014, and are for governmental activities only:

| Bond Issue | Interest Rates | Year Issued | Maturity | Due as of September 30, 2014 |
|---|---|---|---|---|
| Limited Tax Permanent Improvement and Refunding Bond 2005 | 3.000% to 5.000% | 2005 | 2025 | $ 4,000,000 |
| Limited Tax Permanent Improvement Bond 2006 | 4.000% to 5.000% | 2006 | 2026 | 3,160,000 |
| Limited Tax Permanent Improvement Bond 2007 | 4.250% to 5.000% | 2007 | 2027 | 1,665,000 |
| Limited Tax Refunding and Permanent Improvement Bond 2008 | 3.625% to 5.000% | 2008 | 2028 | 9,705,000 |
| Limited Tax Refunding and Permanent Improvement Bond 2009 | 2.000% to 5.000% | 2009 | 2025 | 24,630,000 |
| 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 | 4,465,000 |
| Limited Tax Permanent Improvement Bonds 2011 | 3.000% to 4.250% | 2011 | 2031 | 1,910,000 |
| Limited Tax Refunding and Permanent Improvement Bonds 2012 | 2.000% to 5.000% | 2012 | 2025 | 20,540,000 |
| Limited Tax Permanent Improvement Bond 2013A | 2.500% to 4.000% | 2012 | 2033 | 2,130,000 |
| Limited Tax Refunding Bonds 2013B | 0.450% to 3.189% | 2012 | 2025 | 15,480,000 |
| Limited Tax Refunding and Improvement Bonds 2014 | 2.000% to 5.000% | 2014 | 2034 | 23,380,000 |
| Unlimited TaxRoad and Refunding Bond 2005 | 3.000% to 5.000% | 2005 | 2025 | 3,160,000 |
| Unlimited TaxRoad Bond 2006 | 4.000% to 5.000% | 2006 | 2026 | 2,285,000 |
| Unlimited TaxRoad and Refunding Bond 2007 | 4.000% to 5.000% | 2007 | 2027 | 50,500,000 |
| Unlimited TaxRoad Bond 2008 | 4.000% to 5.500% | 2008 | 2028 | 32,500,000 |
| Unlimited TaxRoad and Refunding Bond 2009 | 2.000% to 5.000% | 2009 | 2025 | 10,790,000 |
| Unlimited TaxRoad Build America Bond 2009B | 4.600% to 6.300% | 2009 | 2029 | 5,590,000 |
| Unlimited TaxRoad Refunding Bond 2010 | 2.000% to 5.000% | 2010 | 2020 | 9,785,000 |
| Unlimited TaxRoad Bonds 2011 | 2.000% to 4.000% | 2011 | 2029 | 25,950,000 |
| Unlimited TaxRoad and Refunding Bonds 2012 | 2.000% to 5.000% | 2012 | 2032 | 49,140,000 |
| Unlimited TaxRoad Refunding Bonds 2013A | 1.000% to 5.000% | 2013 | 2033 | 39,640,000 |
| Unlimited TaxRoad Refunding Bonds 2013B | 0.650% to 4.000% | 2013 | 2025 | 15,970,000 |
| Unlimited TaxRoad Bond 2014 | 2.000% to 5.000% | 2014 | 2034 | 25,045,000 |
| | | | | $ 391,410,000 |

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$37,350,000 – New issue
$16,515,000 – Refunding
$53,865,000 – Total to be paid to bondholders
$ 4,000,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$33,800,000 – New issue
$ 3,160,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 2,190,000 – New issue
$ 1,665,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 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
$ 9,705,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$17,420,000 – New issue
12,660,000 – Refunding
$30,080,000 – Total to be paid to bondholders
$24,630,000 – Liability as of September 30, 2014

**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 semi-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 – Liability as of September 30, 2014

**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 were issued 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 8,120,000 – Refunding
$ 4,465,000 – Liability as of September 30, 2014

**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 occur annually beginning on February 15th, 2012 with installments ranging from $45,000 to $155,000. Interest payments occur semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 2,100,000 – New issue
$ 1,910,000 – Liability as of September 30, 2014

**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 the 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 3,270,000 – New issue
17,465,000 – Refunding
$20,735,000 – Total to be paid to bondholders
$20,540,000 – Liability as of September 30, 2014

**Limited Tax Permanent Improvement Bonds, Series 2013A**
(new issue authorized by voters on November 6, 2007, issued June 1, 2013)

$2,200,000 Limited Tax Permanent Improvement Bonds, Series 2013A 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 occur annually beginning on February 15th, 2014 with installments ranging from $70,000 to $150,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 2.5 to 4.0%. The final principal and interest payment is due on February 15th. 2033. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 2,200,000 – New issue
$ 2,130,000 – Liability as of September 30, 2014

**Limited Tax Refunding Bonds, Series 2013B**
(authorized by Commissioners Court and issued on June 1, 2013)

$15,720,000 Limited Tax Refunding Bonds, Series 2013B were issued 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, 2014, with installments ranging from $240,000 to $1,925,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 0.45% to 3.189%. The final principal and interest payment is due on February 15th, 2025. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$15,720,000 – Refunding
$15,480,000 – Liability as of September 30, 2014

**Limited Tax Refunding and Improvement Bonds, Series 2014**
(new issue authorized by voters on November 6, 2007, issued June 9, 2014)

$23,380,000 Limited Tax Refunding and Improvement Bonds, Series 2014 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, 2015 with installments ranging from $115,000 to $2,385,000. Interest payments occur semi-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. 2029. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$ 2,200,000 – New issue
21,180,000 – Refunding
$23,380,000 – Total to be paid to bondholders
$23,380,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$17,360,000 – New issue
25,815,000 – Refunding
$43,175,000 – Total to be paid to bondholders
$ 3,160,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$15,920,000 – New issue
$ 2,285,000 – Liability as of September 30, 2014

**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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$48,190,000 – New issue
15,185,000 – Refunding
$63,375,000 – Total to be paid to bondholders
$50,500,000 – Liability as of September 30, 2014

**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 was issued 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$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
$32,500,000 – Liability as of September 30, 2014

**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 was issued 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$10,070,000 – New issue
11,735,000 – Refunding
$21,805,000 – Total to be paid to bondholders
$10,790,000 – Liability as of September 30, 2014

**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 was issued 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 semi-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.

$5,590,000 – New issue
$5,590,000 – Liability as of September 30, 2014

**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 was issued 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$14,810,000 – Refunding
$ 9,785,000 – Liability as of September 30, 2014

**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 was issued 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 semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$28,490,000 – New issue
$25,950,000 – Liability as of September 30, 2014

**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 was issued 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 of 2012 with installments ranging from $610,000 to $4,720,000. Interest payments occur semi-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 rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$31,365,000 – New issue
19,435,000 – Refunding
$50,800,000 – Total to be paid to bondholders
$49,140,000 – Liability as of September 30, 2014

**Unlimited Tax Road and Refunding Bonds, Series 2013A**
(new issue authorized by voters on November 6, 2007, issued June 1, 2013)

$40,295,000 Unlimited Tax Road, Series 2013A was issued 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 of 2014 with installments ranging from $655,000 to $2,760,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 1.0% to 5.0%. The final principal and interest payment is due on February 15th, 2028. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$25,665,000 – New issue
14,630,000 – Refunding
$40,295,000 – Total to be paid to bondholders
$39,640,000 – Liability as of September 30, 2014

**Unlimited Tax Refunding Bonds, Series 2013B**
(authorized by Commissioners Court and issued on June 1, 2013)

$15,970,000 Unlimited Tax Refunding Bonds, Series 2013B was issued 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, 2015, with installments ranging from $495,000 to $2,245,000. Interest payments occur semi-annually on February 15th and August 15th ranging from 0.65% to 4.0%. The final principal and interest payment is due on February 15th, 2025. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$15,970,000 – Refunding
$15,970,000 – Liability as of September 30, 2014

**Unlimited Tax Road, Series 2014**
(new issue authorized by voters on November 6, 2007, issued June 9, 2014)

$25,045,000 Unlimited Tax Road, Series 2014 was issued 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, 2015 with installments ranging from $785,000 to $1,840,000. Interest payments occur semi-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, 2034. This bond issue is subject to rebateable arbitrage and is reviewed annually, and 90% of any rebateable liability will be paid every five years on the anniversary date.

$25,045,000 – New issue
$25,045,000 – Liability as of September 30, 2014

***Defeased Bonds***

The county defeased certain general obligation bonds in 2014 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 liabilities for the defeased bonds are not included in the County's financial statements. As of September 30, 2014, an amount of $103,515,000 of bond debt has been defeased.

In 2014 the County issued bonds for refunding existing debt. The issue is as follows:

- The Limited Tax Refunding and Improvement, Series 2014, refunded portions of the Limited Tax Permanent Improvement and Refunding Bonds, Series 2004; the Limited Tax Permanent Improvement and Refunding Bonds, Series 2005; and the Limited Tax Permanent Improvement Bonds, Series 2006. The refunding was used to defease $23,200,000 of existing debt by issuing $21,180,000 which will save the County $1,491,504 over time ($1,294,073 in net present value).

***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.

### *Changes in Noncurrent Liabilities*

Noncurrent liabilities for the year ended September 30, 2014, were as follows (in thousands):

| Governmental activities: | Beginning Balance | Additions | Deductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| General obligation | $ 393,350 | $ 48,425 | $ 50,365 | $ 391,410 | $ 28,835 |
| Compensated absences | 6,564 | 8,261 | 8,083 | 6,742 | 4,500 |
| Claims and judgements | 5,138 | 4,569 | 7,221 | 5,386 | 2,975 |
| Unamortized bond premium | 28,751 | 4,718 | 2,370 | 31,099 | 225 |
| Total | $ 433,803 | $ 65,973 | $ 68,039 | $ 434,637 | $ 36,535 |

Compensated absences are liquidated in the funds that have employees (i.e., General Fund, General Road and Bridge Fund, Health Care Foundation Fund, etc.). The County has no other post-employment benefits due to Commissioners Court eliminating the benefit that was creating the liability in 2010.

### *Contractual Maturities*

The annual debt service for general obligation bonds is as follows:

| Year Ending September 30: | Principal | Interest |
|---|---|---|
| 2015 | $ 29,490,000 | $ 16,184,379 |
| 2016 | 29,130,000 | 14,961,741 |
| 2017 | 30,315,000 | 13,833,677 |
| 2018 | 30,480,000 | 12,636,523 |
| 2019 | 31,795,000 | 11,355,848 |
| 2020 | 26,720,000 | 10,144,476 |
| 2021 | 25,710,000 | 9,048,641 |
| 2022 | 25,290,000 | 7,953,861 |
| 2023 | 24,305,000 | 656,929 |
| 2024 | 25,435,000 | 5,755,354 |
| 2025 | 22,355,000 | 4,698,535 |
| 2026 | 19,835,000 | 3,708,066 |
| 2027 | 17,065,000 | 2,814,538 |
| 2028 | 13,870,000 | 2,069,994 |
| 2029 | 10,785,000 | 1,474,561 |
| 2030 | 8,065,000 | 1,043,444 |
| 2031 | 8,430,000 | 693,203 |
| 2032 | 5,415,000 | 374,888 |
| 2033 | 3,930,000 | 157,375 |
| 2034 | 1,990,000 | 39,519 |

The Debt Service Fund has $11.8 million available to service the general long-term bond retirement as of September 30, 2014. There are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all limitations and restrictions and continues to monitor the debt proceed uses to ensure compliance.

### *Conduit Debt*

The Housing Finance Corporation issues single-family revenue bonds to provide financial assistance to qualified homeowners. As of September 30, 2014, there are 9 active trust accounts with balances totaling $1,860,959 to service these programs. This debt resulting from these bond issues is not the obligation of the County. The HFC's liability to pay off debt is limited to revenues received on the loans made from the funds and the balance on the original funding held in trust.

### *(g) 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 year end are referred to as "Due to/from other funds." The composition of inter-fund balances as of September 30, 2014, is as follows:

| | Due from | Due to |
|---|---|---|
| ***Due to/from other funds:*** | | |
| ***Governmental Funds:*** | | |
| General Fund | $ 1,447,334 | $ - |
| RTR - Outer Loop | - | 28,539 |
| Nonmajor Funds | - | 1,249,669 |
| Total Governmental Fund | 1,447,334 | 1,278,208 |
| ***Proprietary Type Funds:*** | | |
| Animal Safety Fund | - | 169,126 |
| Total | $ 1,447,334 | $ 1,447,334 |

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:

| | Advance to | Advance from |
|---|---|---|
| General Fund | $ 17,502,142 | $ - |
| 2007 Road Bond | 375,983 | - |
| Nonmajor Funds | 1,355,057 | - |
| Animal Safety Internal Service Fund | - | 283,407 |
| Collin County Toll Road Authority Fund | - | 18,949,775 |
| Total | $ 19,233,182 | $ 19,233,182 |

These balances are a result of funding for two separate activities. The first is a $283,407 balance to fund the County's share of the Animal Shelter in the Animal Safety fund. The Animal Shelter is funded with interlocal agreements with member cities within the County to provide animal shelter and animal control services. The second advance activity of $18,949,775 is financing the Collin County Toll Road Authority Fund to build the Outer Loop 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, 2014, is as follows:

| | Transfers In | Transfers Out |
|---|---|---|
| ***Governmental Funds:*** | | |
| General Fund | $ 85,141 | $ 460,896 |
| Nonmajor Funds | 643,195 | 267,440 |
| Total | $ 728,336 | $ 728,336 |

The transfers into the General Fund are made up mostly of salary supplement activity funding from special revenue funds under the District Attorney's control. The transfer out activity from the General Fund mostly consists of grant match funding ($108,429) and a transfer to the Courthouse Security Fund to supplement security activities ($350,000). The non-major fund activity includes the activity mentioned above plus additional grant match funding.

### *(h) Capital Contributions*

Assets were transferred to the Collin County Toll Road Authority Enterprise Fund from the General Fund ($18,361) and the 2007 Road Bond Fund ($37,598) that were related to the Outer Loop project. A corresponding receivable (advance to other funds) was established so that the funds could be reimbursed in the future when the Outer Loop begins generating revenues.

### *(i) Leases*

As lessor, the Health Care Foundation has a number of non-cancelable operating leases with minimum future rental revenues in the aggregate of $2,805,860. The buildings are carried at a book value of $7,745,629 with accumulated depreciation of $5,077,550. Future minimum rental payments applicable to the operating leases are as follows:

| | HCF Contractual Future Rental Revenues |
|---|---|
| Fiscal Year: | |
| 2015 | $ 1,066,094 |
| 2016 | 694,426 |
| 2017 | 524,315 |
| 2018 | 264,129 |
| 2019 | 73,003 |
| 2020 | 66,870 |
| 2021 | 66,870 |
| 2022 | 50,153 |
| Total | $ 2,805,860 |

The 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 $1,403,743 for the year ended September 30, 2014. At September 30, 2014, future minimum rental payments applicable to the operating leases are as follows:

| | Contractual Future Rental Obligations |
|---|---|
| Fiscal Year: | |
| 2015 | $ 509,232 |
| 2016 | 408,226 |
| 2017 | 343,668 |
| 2018 | 139,617 |
| 2019 | 3,000 |
| Total | $ 1,403,743 |

### *(j) Restricted and Committed Encumbrances*

Encumbrances at year end are reported as restricted or committed fund balance. Total encumbrances in governmental funds as of September 30, 2014 were $42,547,831. These encumbrances by fund are as follows:

| | | |
|---|---|---|
| General Fund | $ | 10,302,345 |
| General Road and Bridge Special Revenue Fund | | 5,133,454 |
| Health Care Foundation Special Revenue Fund | | 1,165,652 |
| RTR - Outer Loop Grant Special Revenue Fund | | 234,275 |
| 2007 Road Bond Capital Project Fund | | 14,502,505 |
| Non-major funds | | 11,209,600 |
| Total Encumbrances | $ | 42,547,831 |

Significant encumbrances of these funds are as follows:

- **General Fund**
  - $2.4 million is encumbered for facilities projects.
  - $2.9 million is encumbered for the Information Technology and Telecommunications Departments, most of which is for capital project activity.
  - $1.7 million is encumbered in the Non-Departmental Department of which $832 thousand is for temporary workers, $500 thousand is for software maintenance, $400 thousand is for capital replacement.
  - $396 thousand is encumbered in Equipment Services of which most of which is for the purchase of new vehicles and heavy equipment.

- **General Road and Bridge Special Revenue Fund**
  - Of the $5.1 million encumbered in the General Road and Bridge Special Revenue Fund, an amount of $5 million is for road maintenance.

- **Health Care Foundation Special Revenue Fund**
  - Of the $1.2 million encumbered in the Health Care Foundation Special Revenue Fund an amount of $715 thousand is for Project Access, $177 thousand is for consulting work, $235 thousand is for grant awards, and $21 thousand is for software maintenance.

- **RTR – Outer Loop Grant Special Revenue Fund**
  - The $234 thousand encumbered in the RTR – Outer Loop Grant Special Revenue Fund is for a road construction contract.

- **2007 Road Bond Capital Project Fund**
  - The $14.5 million encumbered in the 2007 Road Bond Capital Project Fund for road engineering and construction contracts.

- **Non-major funds**
  - $5.4 million is encumbered for road and bridge engineering and construction contracts.
  - $1.2 million is encumbered for technology projects.
  - $4.3 million is encumbered for facilities and parks projects.

## 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, 2014, the County paid $850 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 nominal decrease of $192 thousand (1.0%) in health insurance benefit expenditures in 2014. The net position decreased $267 thousand due to increasing administrative costs from the prior year to a level of $1.6 million. Premiums increased by $911 thousand in 2014 from 2013. Management continues to monitor the claims and has made changes to coverage to help keep costs down as well as adjust to the changes and additional costs related to the Affordable Care Act.

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 2014 and 2013 follow (in thousands):

| | Liability | Estimates | Payments | Liability |
|---|---|---|---|---|
| 2014 Employee Medical | $ 855 | $ 18,581 | $ 18,581 | $ 855 |
| 2013 Employee Medical | 855 | 18,773 | 18,773 | 855 |
| 2014 Workers' Compensation | 638 | 362 | 362 | 638 |
| 2013 Workers' Compensation | 638 | 411 | 411 | 638 |
| 2014 Claims Liability | 447 | 987 | 987 | 447 |
| 2013 Claims Liability | 447 | 994 | 994 | 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.

### *(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. There is no liability as of September 30, 2014, because the full longevity payment has been recorded in the governmental fund statements as a current expenditure since the liability was paid as part of the last payroll in 2014.

### *(d) Post-Retirement Health Benefits*

**Plan Description**

The County's post-employment benefit plan is a single-employer defined benefit plan. 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 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 677 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.

**(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 8.0% in 2014 which was the same as 2013. The County also paid an additional $11.6 million in 2014 to eliminate any unfunded liability in the retirement program. The Commissioners Court, in conjunction with this additional payment, adopted a policy which will help to keep this rate of 8.0% consistent in future years by agreeing to reduce benefits of employees in the future. The contribution rate payable by the employee members for the calendar years of 2014 and 2013 was 7 % as adopted by the governing body of the County. The employee contribution rate and the County's contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

**(3) Annual Pension Cost**

For the accounting year ended September 30, 2014, the employer paid pension expenditures for the County to the TCDRS plan were $6,674,233 and the required contributions were $6,060,323. The actual contribution 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 2011, 2012 and 2013, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2011 and ending with 2013. As of December 31, 2013, the County's retirement plan was 104.5% funded. The December 31, 2013, actuarial valuation is the most recent valuation and provided the following information:

## Actuarial Valuation Information

| | | | |
|---|---|---|---|
| Actuarial valuation date | 12/31/2011 | 12/31/2012 | 12/31/2013 |
| Actuarial cost method | entry age | entry age | entry age |
| Amortization method | level percent of payroll, closed | level percent of payroll, open | level percent of payroll, open |
| Amortization period in year | 2.3 | 30.0 | 30.0 |
| 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 at the stated rate | 3.5% | 3.5% | 3.5% |
| Cost-of-living adjustments | 0.0% | 0.0% | 0.0% |

## Schedule of Funding Information

| Actuarial valuation date | 12/31/2011 | 12/31/2012 | 12/31/2013 |
|---|---|---|---|
| Actuarial value of assets | $ 292,341,994 | $ 318,362,025 | $ 342,561,297 |
| Actuarial accrued liability (AAL) | $ 294,809,845 | $ 310,506,865 | $ 327,856,714 |
| Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)] | $ 2,467,861 | $( 7,855,160) | $( 14,704,583) |
| Funded ratio | 99.16% | 102.53% | 104.49% |
| Annual covered payroll (actuarial) | $ 85,213,179 | $ 84,306,943 | $ 84,997,069 |
| UAAL or (OAAL) as percentage of covered payroll | 2.90% | -9.32% | -17.30% |

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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, 2014

| | Budget | | | Variance with Final Budget positive |
|---|---|---|---|---|
| | Original | Final | Actual | (negative) |
| Revenues: | | | | |
| Property taxes | $ 139,341,129 | $ 139,341,129 | $ 140,746,018 | $ 1,404,889 |
| Licenses and permits | 279,000 | 279,000 | 456,366 | 177,366 |
| Federal and state funds | 4,377,538 | 4,401,664 | 6,361,798 | 1,960,134 |
| Fees and charges for services | 18,701,697 | 18,836,109 | 19,099,538 | 263,429 |
| Fines and forfeitures | 2,126,800 | 2,129,000 | 1,763,311 | ( 365,689) |
| Rental | 258,702 | 258,702 | 302,820 | 44,118 |
| Interest | 723,100 | 723,100 | 1,123,376 | 400,276 |
| Miscellaneous | 259,000 | 712,557 | 774,800 | 62,243 |
| Total revenues | 166,066,966 | 166,681,261 | 170,628,027 | 3,946,766 |
| Expenditures: | | | | |
| Current: | | | | |
| General administration | 46,931,553 | 46,566,768 | 37,944,750 | 8,622,018 |
| Judicial | 15,737,928 | 15,766,306 | 15,063,445 | 702,861 |
| Financial administration | 10,781,084 | 10,781,084 | 10,301,765 | 479,319 |
| Legal | 10,798,007 | 10,811,450 | 10,388,114 | 423,336 |
| Public facilities | 11,538,807 | 12,303,384 | 10,804,060 | 1,499,324 |
| Equipment services | 2,781,466 | 2,829,373 | 2,217,536 | 611,837 |
| Public safety | 55,287,904 | 55,430,100 | 53,594,955 | 1,835,145 |
| Health and welfare | 12,264,400 | 13,963,063 | 13,679,712 | 283,351 |
| Culture and recreation | 1,002,754 | 1,002,810 | 937,036 | 65,774 |
| Conservation | 269,765 | 269,765 | 256,500 | 13,265 |
| Capital outlay | 12,143,920 | 11,387,720 | 4,226,191 | 7,161,529 |
| Total expenditures | 179,537,588 | 181,111,823 | 159,414,064 | 21,697,759 |
| Excess (deficiency) of revenues over (under) expenditures | ( 13,470,622) | ( 14,430,562) | 11,213,963 | 25,644,525 |
| Other financing sources (uses): | | | | |
| Transfers in | - | 85,141 | 85,141 | - |
| Transfers out | ( 350,000) | ( 507,172) | ( 460,896) | 46,276 |
| Sale of assets | - | 84,928 | 84,928 | - |
| Total other financing sources (uses) | ( 350,000) | ( 337,103) | ( 290,827) | 46,276 |
| Net change in fund balance | ( 13,820,622) | ( 14,767,665) | 10,923,136 | 25,690,801 |
| Fund balance – beginning | 185,718,969 | 185,718,969 | 185,718,969 | - |
| Fund balance – ending | $ 171,898,347 | $ 170,951,304 | $ 196,642,105 | $ 25,690,801 |

# 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, 2014

| | Budget | | | Variance with Final Budget positive (negative) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | $ 3,157,946 | $ 3,157,946 | $ 3,189,577 | $ 31,631 |
| Licenses and permits | 2,000 | 2,000 | 3,978 | 1,978 |
| Fees & charges for services: | | | | |
| Road mileage fees | 7,500,000 | 7,500,000 | 8,270,725 | 770,725 |
| Vehicle title fees | 800,000 | 800,000 | 904,565 | 104,565 |
| Road & bridge fees | 6,545,000 | 6,545,000 | 7,335,622 | 790,622 |
| Total fees & charges for services | 14,845,000 | 14,845,000 | 16,510,912 | 1,665,912 |
| Fines and forfeitures: | | | | |
| County clerk | 1,399,900 | 1,399,900 | 1,383,976 | ( 15,924) |
| District clerk | 480,500 | 480,500 | 585,583 | 105,083 |
| Total fines and forfeitures | 1,880,400 | 1,880,400 | 1,969,559 | 89,159 |
| Other local government funds | - | 128,430 | 38,431 | ( 89,999) |
| Interest | 100,000 | 100,000 | 27,338 | ( 72,662) |
| Miscellaneous: | | | | |
| Sale of road and bridge materials | 100,000 | 100,000 | 470,016 | 370,016 |
| Other and grants | 5,933 | 5,933 | 29,901 | 23,968 |
| Total miscellaneous | 105,933 | 105,933 | 499,917 | 393,984 |
| Total revenues | 20,091,279 | 20,219,709 | 22,239,712 | 2,020,003 |
| Expenditures: | | | | |
| Current: | | | | |
| Public Transportation: | | | | |
| Road and Bridge Maintenance: | | | | |
| Salaries and benefits | 5,287,963 | 5,287,963 | 5,003,708 | 284,255 |
| Training and travel | 11,616 | 11,616 | 11,042 | 574 |
| Maintenance and operating | 16,719,024 | 16,887,055 | 9,161,566 | 7,725,489 |
| Total Road and Bridge Maintenance | 22,018,603 | 22,186,634 | 14,176,316 | 8,010,318 |
| Engineering: | | | | |
| Salaries and benefits | 467,560 | 467,560 | 390,104 | 77,456 |
| Training and travel | 12,985 | 12,985 | 4,572 | 8,413 |
| Maintenance and operating | 5,865 | 5,865 | 2,884 | 2,981 |
| Total Engineering | 486,410 | 486,410 | 397,560 | 88,850 |

## 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, 2014

| | Budget | | | Variance with Final Budget positive (negative) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| Services and Operations: | | | | |
| Salaries and benefits | $ 453,831 | $ 455,068 | $ 455,068 | $ - |
| Training and travel | 10,493 | 10,493 | 6,797 | 3,696 |
| Maintenance and operating | 21,230 | 13,952 | 10,410 | 3,542 |
| Total Services and Operations | 485,554 | 479,513 | 472,275 | 7,238 |
| Soil Conservation: | | | | |
| Maintenance and operating | 44,035 | 44,035 | 33,833 | 10,202 |
| Special Projects: | | | | |
| Salaries and benefits | 199,614 | 199,614 | 159,630 | 39,984 |
| Training and travel | 1,425 | 1,425 | - | 1,425 |
| Maintenance and operating | 600 | 600 | 209 | 391 |
| Total Special Projects | 201,639 | 201,639 | 159,839 | 41,800 |
| Non-departmental: | | | | |
| Maintenance and operating | 557,839 | 516,869 | 270,970 | 245,899 |
| Total public transportation | 23,794,080 | 23,915,100 | 15,510,793 | 8,404,307 |
| Capital Outlay: | | | | |
| Public Transportation: | | | | |
| Road and Bridge Maintenance | 3,440,813 | 3,506,564 | 3,244,208 | 262,356 |
| Total Capital Outlay | 3,440,813 | 3,506,564 | 3,244,208 | 262,356 |
| Total expenditures | 27,234,893 | 27,421,664 | 18,755,001 | 8,666,663 |
| Excess (deficiency) of revenues over (under) expenditures | ( 7,143,614) | ( 7,201,955) | 3,484,711 | 10,686,666 |
| Other financing sources (uses): | | | | |
| Sale of assets | - | 153,305 | 153,305 | - |
| Total other financing sources (uses) | - | 153,305 | 153,305 | - |
| Net change in fund balance | ( 7,143,614) | ( 7,048,650) | 3,638,016 | 10,686,666 |
| Fund balance – beginning | 19,097,615 | 19,097,615 | 19,097,615 | - |
| Fund balance – ending | $ 11,954,001 | $ 12,048,965 | $ 22,735,631 | $ 10,686,666 |

## 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, 2014

| | Budget | | | Variance with Final Budget positive |
|---|---|---|---|---|
| | Original | Final | Actual | (negative) |
| Revenues: | | | | |
| Federal and state funds | $ 50,000 | $ 50,000 | $ 39,367 | $( 10,633) |
| Fees and charges for services | 241,400 | 241,400 | 227,777 | ( 13,623) |
| Rental | 1,111,627 | 1,111,627 | 1,183,793 | 72,166 |
| Interest | 50,000 | 50,000 | 79,833 | 29,833 |
| Miscellaneous | 15,000 | 126,724 | 134,292 | 7,568 |
| Total revenues | 1,468,027 | 1,579,751 | 1,665,062 | 85,311 |
| Expenditures: | | | | |
| Current: | | | | |
| Health and Welfare: | | | | |
| Salaries and benefits | 1,612,967 | 1,612,967 | 1,531,730 | 81,237 |
| Training and travel | 20,000 | 20,000 | 15,860 | 4,140 |
| Maintenance and operating | 2,697,000 | 2,697,000 | 813,492 | 1,883,508 |
| Total health and welfare | 4,329,967 | 4,329,967 | 2,361,082 | 1,968,885 |
| Public Facilities: | | | | |
| Maintenance and operating | 184,118 | 184,118 | 79,894 | 104,224 |
| Total public facilities | 184,118 | 184,118 | 79,894 | 104,224 |
| Capital Outlay: | | | | |
| Health and Welfare | 21,553 | 21,553 | 7,283 | 14,270 |
| Total Capital Outlay | 21,553 | 21,553 | 7,283 | 14,270 |
| Total expenditures | 4,535,638 | 4,535,638 | 2,448,259 | 2,087,379 |
| Excess (deficiency) of revenues over (under) expenditures | ( 3,067,611) | ( 2,955,887) | ( 783,197) | 2,172,690 |
| Fund balance – beginning | 8,486,389 | 8,486,389 | 8,486,389 | - |
| Fund balance – ending | $ 5,418,778 | $ 5,530,502 | $ 7,703,192 | $ 2,172,690 |

## 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 – Outer Loop Phase 3 Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, Sheriff Forfeiture Fund, District Attorney State Forfeiture, District Attorney Federal Treasury Forfeiture, District Attorney Federal Justice Forfeiture, LEOSE Education Fund, District Attorney Service Fee Fund, SCAAP Fund, Juvenile Case Manager Fund, District Attorney Pretrial Intervention Program Fund, District Attorney Apportionment 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 administerial by Commissioners Court. All governmental fund annual appropriations lapse at year end.

On or before the last day of May of each year all departments of the County submit requests for appropriations to the Budget Officer. The initial budget request and the Budget Officer's recommendations are provided to the 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 1st or as soon as possible thereafter the budget and the tax rate are adopted with tax notices mailed on or after October 1st.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, training and travel, maintenance and operating, and capital outlay 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 increased to accommodate the additional expenditures.

**Employees Retirement System Schedule of Funding Progress**

**(Thousands)**

| Actuarial Valuation Date | Assets (a) | (AAL) (b) | UAAL/OAAL (a - b) | Ratio (a/b) | Payroll (c) | Payroll ((b - a)/ c) |
|---|---|---|---|---|---|---|
| December 31, 2011 | $ 292,342 | $ 294,810 | $( 2,468) | 99.16% | $ 85,213 | 2.90% |
| December 31, 2012 | 318,362 | 310,507 | 7,856 | 102.53% | 84,307 | -9.32% |
| December 31, 2013 | 342,561 | 327,857 | 14,704 | 104.48% | 84,997 | -17.30% |

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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]

$67,075,000
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS,
SERIES 2015

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, SERIES 2015, dated July 1, 2015.
>
> 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 on June 15, 2015 authorizing their issuance and the pricing certificate executed pursuant to the terms thereof (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 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 (the "Refunded Bonds") 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. 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;

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Bonds pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent and, therefore, such Refunded 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, low and middle income taxpayers qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

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.

**Texas**
**New York**
**Washington, DC**
**Connecticut**
**Seattle**
**Dubai**
**London**

Bracewell & Giuliani LLP
1445 Ross Avenue
Suite 3800
Dallas, Texas
75202-2711

[CLOSING DATE]

$3,675,000
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BONDS,
SERIES 2015

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 AND IMPROVEMENT BONDS, SERIES 2015, dated July 1, 2015.
>
> 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 on June 15, 2015 authorizing their issuance and the pricing certificate executed pursuant to the terms thereof (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

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 (the "Refunded Bonds") 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. 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 rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer;

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Bonds pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent and, therefore, such Refunded Bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such Escrow Agreement; and

(C) A continuing ad valorem tax upon all taxable property within Collin County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitations.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT, or 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, low and middle income taxpayers qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

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.

Financial Advisory Services
Provided By

FirstSouthwest

Cash Flow and Yield Verification Report

# Collin County, Texas
# (Limited Tax Refunding and Improvement Bonds, Series 2015)

August 18, 2015

# Contents


| | |
|---|---|
| Letter | |
| Exhibit A | Schedule of Sources and Uses of Funds |
| Exhibit B | Escrow Account Cash Flow |
| Exhibit B-1 | Cash Receipts From and Yield on the Open-Market Securities |
| Exhibit B-2 | Debt Service Payments on the Refunded Bonds and<br>Debt Service Payments to Maturity on the Refunded Bonds |
| Exhibit C | Debt Service Payments and Yield on the Bonds |
| Exhibit C-1 | Net Original Issue Premium on the Bonds |
| Appendix I | *Applicable schedules provided by First Southwest Company, LLC* |

**Report of Independent Certified Public Accountants**
**On Applying Agreed-Upon Procedures**

Collin County
2300 Bloomdale Road, Suite 4100
McKinney, Texas

Bracewell & Giuliani LLP
1445 Ross Avenue, Suite 3800
Dallas, Texas

Citigroup Global Markets
300 Crescent Court, Suite 940
Dallas, Texas

First Southwest Company, LLC
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
300 West 15th Street, Seventh Floor
Austin, Texas

$3,675,000
Collin County, Texas
Limited Tax Refunding and Improvement Bonds, Series 2015
Dated July 1, 2015

We have performed the procedures described in this report, which were agreed to by Collin County, Texas (the "County") and First Southwest Company, LLC (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 "Bonds") for the purpose, in part, of refunding a portion of the County's outstanding Limited Tax Permanent Improvement Bonds, Series 2007 (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.

| Series | Principal Issued | Dated | Principal Refunded | Maturities Refunded | Redemption Date | Redemption Price |
|---|---|---|---|---|---|---|
| 2007 | $2,190,000 | February 1, 2007 | $1,360,000 | 2-15-18 to 2-15-22 and 2-15-27 | 2-15-17 | 100% |

VERIFICATION OF ESCROW ACCOUNT CASH FLOW SUFFICIENCY

The Financial Advisor provided us with schedules (Appendix I) summarizing future escrow account cash receipts and disbursements. These schedules indicate that there will be sufficient cash available in the escrow account to pay the principal and interest on the Refunded Bonds assuming the Refunded Bonds will be redeemed on February 15, 2017 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-2 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 confirmation provided by the Financial Advisor used to acquire certain Federal National Mortgage Association Notes (the "Open-Market Securities") insofar as the Open-Market Securities are described as to the principal amount, interest rate, purchase price and maturity date; and

- Order 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 date and price.

Our procedures, as summarized in Exhibits B through B-2, 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 $565.00 to be deposited into the escrow account on August 18, 2015, will be sufficient to pay, when due, the principal and interest related to the Refunded Bonds assuming the Refunded Bonds will be redeemed on February 15, 2017 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 Bonds. These schedules were prepared based on the assumed settlement date of August 18, 2015 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 Bonds, the issue price. In addition, we found that the schedules provided by the Financial Advisor, which

assume the redemption of the February 15, 2026 maturity identified on Exhibits C and C-1 at par on February 15, 2025 plus accrued interest, correctly treat those Bonds as yield-to-call Bonds as retired on the respective date that for each Bond produces the lowest yield for the issue that includes the Bonds. Those Bonds identified as yield-to-call Bonds on the attached Exhibits C and C-1 are those 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 Bonds by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity of such Bonds and the number of complete years to the first optional redemption date for the Bonds. We found that there are no other yield-to-call 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 Bonds using the Official Statement provided by the Financial Advisor insofar as the 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:

| | Yield | Exhibit |
|---|---|---|
| • Yield on the cash receipts from the Open-Market Securities | 0.377541% | B-1 |
| • Yield on the Bonds | 2.930380% | 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 Bonds.

* * * * * *

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.

Minneapolis, Minnesota
August 18, 2015

Exhibit A

**Collin County, Texas**

**SCHEDULE OF SOURCES AND USES OF FUNDS**

**August 18, 2015**

| | |
|---|---|
| SOURCES: | |
| Principal amount of the Bonds | $3,675,000.00 |
| Net original issue premium | 144,653.15 |
| | $3,819,653.15 |
| USES: | |
| Purchase price of the Open-Market Securities | $1,446,535.52 |
| Beginning cash deposit to the escrow account | 565.00 |
| Deposit to Project Fund | 2,300,000.00 |
| Costs of issuance | 51,130.66 |
| Underwriters' discount | 21,421.97 |
| | $3,819,653.15 |

Exhibit B

**Collin County, Texas**

**ESCROW ACCOUNT CASH FLOW**

| Dates | Cash receipts from Open-Market Securities (Exhibit B-1) | Debt service payments on Refunded Bonds (Exhibit B-2) | Cash balance |
|---|---|---|---|
| Cash deposit on August 18, 2015 | | | $565.00 |
| 02-13-16 | $33,825.00 | | 34,390.00 |
| 02-15-16 | | $31,680.00 | 2,710.00 |
| 08-13-16 | 33,825.00 | | 36,535.00 |
| 08-15-16 | | 31,680.00 | 4,855.00 |
| 02-13-17 | 1,386,825.00 | | 1,391,680.00 |
| 02-15-17 | | 1,391,680.00 | 0.00 |
| | $1,454,475.00 | $1,455,040.00 | |

Exhibit B-1

## 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 August 18, 2015 using a yield of 0.377541% |
|---|---|---|---|---|---|
| 02-13-16 | | | $33,825.00 | $33,825.00 | $33,763.04 |
| 08-13-16 | | | 33,825.00 | 33,825.00 | 33,699.42 |
| 02-13-17 | $1,353,000 | 5.000% | 33,825.00 | 1,386,825.00 | 1,379,073.06 |
| | $1,353,000 | | $101,475.00 | $1,454,475.00 | $1,446,535.52 |

The sum of the present values of the cash receipts from the Open-Market Securities on August 18, 2015, using a yield of 0.377541%, 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 |
|---|---|---|---|---|---|---|---|
| FNMA | 02-13-17 | $1,353,000 | 5.000% | 106.843750% | $1,445,595.94 | $939.58 | $1,446,535.52 |

Exhibit B-2

**Collin County, Texas**

## DEBT SERVICE PAYMENTS ON THE REFUNDED BONDS AND DEBT SERVICE PAYMENTS TO MATURITY ON THE REFUNDED BONDS

| Date | Principal | Interest rate | Interest | Debt service payments |
|---|---|---|---|---|
| 02-15-16 | | | $31,680.00 | $31,680.00 |
| 08-15-16 | | | 31,680.00 | 31,680.00 |
| 02-15-17 | $1,360,000 | (1) | 31,680.00 | 1,391,680.00 |
| | $1,360,000 | | $95,040.00 | $1,455,040.00 |

(1) Actual maturity dates, principal amounts and interest rates are as follows:

| Date | Principal | Interest rate | Interest | Debt service payments to maturity |
|---|---|---|---|---|
| 02-15-16 | | | $31,680.00 | $31,680.00 |
| 08-15-16 | | | 31,680.00 | 31,680.00 |
| 02-15-17 | | | 31,680.00 | 31,680.00 |
| 08-15-17 | | | 31,680.00 | 31,680.00 |
| 02-15-18 | $110,000 | 4.000% | 31,680.00 | 141,680.00 |
| 08-15-18 | | | 29,480.00 | 29,480.00 |
| 02-15-19 | 115,000 | 4.200% | 29,480.00 | 144,480.00 |
| 08-15-19 | | | 27,065.00 | 27,065.00 |
| 02-15-20 | 120,000 | 4.250% | 27,065.00 | 147,065.00 |
| 08-15-20 | | | 24,515.00 | 24,515.00 |
| 02-15-21 | 125,000 | 4.300% | 24,515.00 | 149,515.00 |
| 08-15-21 | | | 21,827.50 | 21,827.50 |
| 02-15-22 | 130,000 | 4.350% | 21,827.50 | 151,827.50 |
| 08-15-22 | | | 19,000.00 | 19,000.00 |
| 02-15-23 | 135,000 | 5.000% | 19,000.00 | 154,000.00 |
| 08-15-23 | | | 15,625.00 | 15,625.00 |
| 02-15-24 | 145,000 | 5.000% | 15,625.00 | 160,625.00 |
| 08-15-24 | | | 12,000.00 | 12,000.00 |
| 02-15-25 | 150,000 | 5.000% | 12,000.00 | 162,000.00 |
| 08-15-25 | | | 8,250.00 | 8,250.00 |
| 02-15-26 | 160,000 | 5.000% | 8,250.00 | 168,250.00 |
| 08-15-26 | | | 4,250.00 | 4,250.00 |
| 02-15-27 | 170,000 | 5.000% | 4,250.00 | 174,250.00 |
| | $1,360,000 | | $482,425.00 | $1,842,425.00 |

## Collin County, Texas

## DEBT SERVICE PAYMENTS AND YIELD ON THE BONDS

| | $3,675,000 issue dated July 1, 2015* | | | | | Present value on August 18, 2015 using a yield of 2.930380% |
|---|---|---|---|---|---|---|
| Date | Principal | Interest rate | Interest | Total debt service | (1) Adjusted debt service | |
| 02-15-16 | $105,000 | 2.000% | $57,543.44 | $162,543.44 | $162,543.44 | $160,235.10 |
| 08-15-16 | | | 57,468.75 | 57,468.75 | 57,468.75 | 55,834.53 |
| 02-15-17 | 100,000 | 2.000% | 57,468.75 | 157,468.75 | 157,468.75 | 150,781.64 |
| 08-15-17 | | | 56,468.75 | 56,468.75 | 56,468.75 | 53,289.93 |
| 02-15-18 | 210,000 | 2.000% | 56,468.75 | 266,468.75 | 266,468.75 | 247,837.04 |
| 08-15-18 | | | 54,368.75 | 54,368.75 | 54,368.75 | 49,837.04 |
| 02-15-19 | 210,000 | 2.000% | 54,368.75 | 264,368.75 | 264,368.75 | 238,833.86 |
| 08-15-19 | | | 52,268.75 | 52,268.75 | 52,268.75 | 46,538.33 |
| 02-15-20 | 220,000 | 2.000% | 52,268.75 | 272,268.75 | 272,268.75 | 238,918.31 |
| 08-15-20 | | | 50,068.75 | 50,068.75 | 50,068.75 | 43,301.34 |
| 02-15-21 | 220,000 | 2.000% | 50,068.75 | 270,068.75 | 270,068.75 | 230,192.85 |
| 08-15-21 | | | 47,868.75 | 47,868.75 | 47,868.75 | 40,211.71 |
| 02-15-22 | 230,000 | 4.000% | 47,868.75 | 277,868.75 | 277,868.75 | 230,050.43 |
| 08-15-22 | | | 43,268.75 | 43,268.75 | 43,268.75 | 35,305.36 |
| 02-15-23 | 235,000 | 4.000% | 43,268.75 | 278,268.75 | 278,268.75 | 223,776.07 |
| 08-15-23 | | | 38,568.75 | 38,568.75 | 38,568.75 | 30,568.05 |
| 02-15-24 | 245,000 | 4.000% | 38,568.75 | 283,568.75 | 283,568.75 | 221,499.85 |
| 08-15-24 | | | 33,668.75 | 33,668.75 | 33,668.75 | 25,919.40 |
| 02-15-25 | 255,000 | 4.000% | 33,668.75 | 288,668.75 | 553,668.75 | 420,078.96 |
| 08-15-25 | | | 28,568.75 | 28,568.75 | 23,268.75 | 17,399.51 |
| 02-15-26 | 265,000 | 4.000% | 28,568.75 | 293,568.75 | 23,268.75 | 17,148.25 |
| 08-15-26 | | | 23,268.75 | 23,268.75 | 23,268.75 | 16,900.62 |
| 02-15-27 | 280,000 | 3.000% | 23,268.75 | 303,268.75 | 303,268.75 | 217,090.23 |
| 08-15-27 | | | 19,068.75 | 19,068.75 | 19,068.75 | 13,452.96 |
| 02-15-28 | 120,000 | 3.125% | 19,068.75 | 139,068.75 | 139,068.75 | 96,695.89 |
| 08-15-28 | | | 17,193.75 | 17,193.75 | 17,193.75 | 11,782.35 |
| 02-15-29 | 125,000 | 3.250% | 17,193.75 | 142,193.75 | 142,193.75 | 96,033.96 |
| 08-15-29 | | | 15,162.50 | 15,162.50 | 15,162.50 | 10,092.48 |
| 02-15-30 | 130,000 | 3.375% | 15,162.50 | 145,162.50 | 145,162.50 | 95,227.99 |
| 08-15-30 | | | 12,968.75 | 12,968.75 | 12,968.75 | 8,384.77 |
| 02-15-31 | 135,000 | 3.500% | 12,968.75 | 147,968.75 | 147,968.75 | 94,285.75 |
| 08-15-31 | | | 10,606.25 | 10,606.25 | 10,606.25 | 6,660.71 |
| 02-15-32 | 140,000 | 3.500% | 10,606.25 | 150,606.25 | 150,606.25 | 93,214.81 |
| 08-15-32 | | | 8,156.25 | 8,156.25 | 8,156.25 | 4,975.26 |
| 02-15-33 | 145,000 | 3.625% | 8,156.25 | 153,156.25 | 153,156.25 | 92,075.16 |
| 08-15-33 | | | 5,528.13 | 5,528.13 | 5,528.13 | 3,275.43 |

## Collin County, Texas

## DEBT SERVICE PAYMENTS AND YIELD ON THE BONDS

| | $3,675,000 issue dated July 1, 2015* | | | | | |
|---|---|---|---|---|---|---|
| Date | Principal | Interest rate | Interest | Total debt service | (1) Adjusted debt service | Present value on August 18, 2015 using a yield of 2.930380% |
| 02-15-34 | 150,000 | 3.625% | 5,528.13 | 155,528.13 | 155,528.13 | 90,820.22 |
| 08-15-34 | | | 2,809.38 | 2,809.38 | 2,809.38 | 1,616.84 |
| 02-15-35 | 155,000 | 3.625% | 2,809.38 | 157,809.38 | 157,809.38 | 89,510.15 |
| | $3,675,000 | | $1,212,243.46 | $4,887,243.46 | $4,876,643.46 | $3,819,653.15 |

The present value of the future payments is equal to:

| | |
|---|---|
| Principal amount of the Bonds | $3,675,000.00 |
| Net original issue premium | 144,653.15 |
| | $3,819,653.15 |

The sum of the present values of the adjusted debt service payments of the Bonds on August 18, 2015, using a yield of 2.930380%, is equal to the issue price of the Bonds.

(1) Assumes that the February 15, 2026 maturity is called on February 15, 2025 at 100 percent of par plus accrued interest.

* Interest on the Bonds will accrue from the delivery date.

Exhibit C-1

**Collin County, Texas**

**NET ORIGINAL ISSUE PREMIUM ON THE BONDS**

| Maturity date | Principal | Interest rate | Yield | Initial public offering price | Net original issue premium (discount) |
|---|---|---|---|---|---|
| 02-15-16 | $105,000 | 2.000% | 0.350% | 100.809% | $849.45 |
| 02-15-17 | 100,000 | 2.000% | 0.730% | 101.880% | 1,880.00 |
| 02-15-18 | 210,000 | 2.000% | 1.010% | 102.429% | 5,100.90 |
| 02-15-19 | 210,000 | 2.000% | 1.260% | 102.520% | 5,292.00 |
| 02-15-20 | 220,000 | 2.000% | 1.510% | 102.120% | 4,664.00 |
| 02-15-21 | 220,000 | 2.000% | 1.780% | 101.146% | 2,521.20 |
| 02-15-22 | 230,000 | 4.000% | 2.040% | 111.860% | 27,278.00 |
| 02-15-23 | 235,000 | 4.000% | 2.240% | 112.076% | 28,378.60 |
| 02-15-24 | 245,000 | 4.000% | 2.410% | 112.143% | 29,750.35 |
| 02-15-25 | 255,000 | 4.000% | 2.560% | 112.065% | 30,765.75 |
| 02-15-26 | 265,000 | 4.000% | 2.810% | 109.853% (1) (2) | 26,110.45 |
| 02-15-27 | 280,000 | 3.000% | 3.080% | 99.230% | (2,156.00) |
| 02-15-28 | 120,000 | 3.125% | 3.220% | 99.029% | (1,165.20) |
| 02-15-29 | 125,000 | 3.250% | 3.390% | 98.493% | (1,883.75) |
| 02-15-30 | 130,000 | 3.375% | 3.510% | 98.476% | (1,981.20) |
| 02-15-31 | 135,000 | 3.500% | 3.570% | 99.172% | (1,117.80) |
| 02-15-32 | 140,000 | 3.500% | 3.610% | 98.641% | (1,902.60) |
| 02-15-35 | 450,000 | 3.625% | 3.750% | 98.282% | (7,731.00) |
| | $3,675,000 | | | | $144,653.15 |

(1) Maturity was priced to call on February 15, 2025 at 100 percent of par.

(2) Represents the yield-to-call Bonds included for purposes of computing yield on the Bonds.

# APPENDIX I

## Applicable schedules provided by First Southwest Company, LLC

## SOURCES AND USES OF FUNDS

**Collin County, Texas**
**$3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015**
**Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)**
***** Final Numbers *****

| | |
|---|---|
| Dated Date | 08/18/2015 |
| Delivery Date | 08/18/2015 |

| Sources: | Limited Tax Refunding & Permanent Improvement Bonds, Series 2015 (New Money: $2.3 mm) | Limited Tax Refunding & Permanent Improvement Bonds, Series 2015 (AR: Ser 2007) | Total |
|---|---|---|---|
| Bond Proceeds: | | | |
| Par Amount | 2,295,000.00 | 1,380,000.00 | 3,675,000.00 |
| Net Premium | 54,519.50 | 90,133.65 | 144,653.15 |
| | 2,349,519.50 | 1,470,133.65 | 3,819,653.15 |

| Uses: | Limited Tax Refunding & Permanent Improvement Bonds, Series 2015 (New Money: $2.3 mm) | Limited Tax Refunding & Permanent Improvement Bonds, Series 2015 (AR: Ser 2007) | Total |
|---|---|---|---|
| Project Fund Deposits: | | | |
| Project Fund | 2,300,000.00 | | 2,300,000.00 |
| Refunding Escrow Deposits: | | | |
| Cash Deposit | | 565.00 | 565.00 |
| Open Market Purchases | | 1,446,535.52 | 1,446,535.52 |
| | | 1,447,100.52 | 1,447,100.52 |
| Delivery Date Expenses: | | | |
| Cost of Issuance | 35,998.89 | 15,131.77 | 51,130.66 |
| Underwriter's Discount | 13,520.61 | 7,901.36 | 21,421.97 |
| | 49,519.50 | 23,033.13 | 72,552.63 |
| | 2,349,519.50 | 1,470,133.65 | 3,819,653.15 |

## ESCROW SUFFICIENCY

**Collin County, Texas**
**$3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015**
**Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)**
***** Final Numbers *****

| Date | Escrow Requirement | Net Escrow Receipts | Excess Receipts | Excess Balance |
|---|---|---|---|---|
| 08/18/2015 | | 565.00 | 565.00 | 565.00 |
| 02/13/2016 | | 33,825.00 | 33,825.00 | 34,390.00 |
| 02/15/2016 | 31,680.00 | | -31,680.00 | 2,710.00 |
| 08/13/2016 | | 33,825.00 | 33,825.00 | 36,535.00 |
| 08/15/2016 | 31,680.00 | | -31,680.00 | 4,855.00 |
| 02/13/2017 | | 1,386,825.00 | 1,386,825.00 | 1,391,680.00 |
| 02/15/2017 | 1,391,680.00 | | -1,391,680.00 | |
| | 1,455,040.00 | 1,455,040.00 | 0.00 | |

## ESCROW CASH FLOW

Collin County, Texas
$3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015
Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)
*** Final Numbers ***

| Date | Principal | Interest | Net Escrow Receipts |
|---|---|---|---|
| 02/13/2016 | | 33,825.00 | 33,825.00 |
| 08/13/2016 | | 33,825.00 | 33,825.00 |
| 02/13/2017 | 1,353,000.00 | 33,825.00 | 1,386,825.00 |
| | 1,353,000.00 | 101,475.00 | 1,454,475.00 |

### Escrow Cost Summary

| | |
|---|---|
| Purchase date | 08/18/2015 |
| Purchase cost of securities | 1,446,535.52 |

## ESCROW COST

**Collin County, Texas**
**$3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015**
**Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)**
***** Final Numbers *****

| Type of Security | Maturity Date | Par Amount | Rate | Yield | Price | Cost | Accrued Interest | Total Cost |
|---|---|---|---|---|---|---|---|---|
| Agency | 02/13/2017 | 1,353,000 | 5.000% | 0.378% | 106.84375 | 1,445,595.94 | 939.58 | 1,446,535.52 |
| | | 1,353,000 | | | | 1,445,595.94 | 939.58 | 1,446,535.52 |

| Purchase Date | Cost of Securities | Cash Deposit | Total Escrow Cost |
|---|---|---|---|
| 08/18/2015 | 1,446,535.52 | 565.00 | 1,447,100.52 |
| | 1,446,535.52 | 565.00 | 1,447,100.52 |

## ESCROW DESCRIPTIONS

### Collin County, Texas
### $3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015
### Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)
### *** Final Numbers ***

| | Type of Security | CUSIP or ID | Maturity Date | Par Amount | Rate | Yield | Price | Interest Class | Interest Frequency | Interest Day Basis |
|---|---|---|---|---|---|---|---|---|---|---|
| Aug 18, 2015: | | | | | | | | | | |
| | Agency | 31359M4D2 | 02/13/2017 | 1,353,000 | 5.000% | 0.378% | 106.84375 | Periodic | Semiannual | 30/360 |
| | | | | 1,353,000 | | | | | | |

## ESCROW STATISTICS

### Collin County, Texas
### $3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015
### Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)
### *** Final Numbers ***

| Escrow | Total Escrow Cost | Modified Duration (years) | Yield to Receipt Date | Yield to Disbursement Date | Perfect Escrow Cost | Value of Negative Arbitrage | Cost of Dead Time |
|---|---|---|---|---|---|---|---|
| Limited Tax Refunding & Permanent Improvement Bonds, Series 2015 (AR: Ser 2007): | | | | | | | |
| BP | 1,447,100.52 | 1.448 | 0.377541% | 0.375428% | 1,394,589.73 | 52,170.74 | 340.05 |
| | 1,447,100.52 | | | | 1,394,589.73 | 52,170.74 | 340.05 |

| | |
|---|---|
| Delivery date | 08/18/2015 |
| Arbitrage yield | 2.930380% |

## ESCROW REQUIREMENTS

**Collin County, Texas**
**$3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015**
**Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)**
***** Final Numbers *****

| Period Ending | Interest | Principal Redeemed | Total |
|---|---|---|---|
| 02/15/2016 | 31,680.00 | | 31,680.00 |
| 08/15/2016 | 31,680.00 | | 31,680.00 |
| 02/15/2017 | 31,680.00 | 1,360,000.00 | 1,391,680.00 |
| | 95,040.00 | 1,360,000.00 | 1,455,040.00 |

## SUMMARY OF BONDS REFUNDED

Collin County, Texas
$3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015
Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)
*** Final Numbers ***

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|---|---|---|---|---|---|
| $2,190,000 Limited Tax Permanent Improvement Bonds, Series 2007, 2007: | | | | | |
| SERIAL | 02/15/2018 | 4.000% | 110,000.00 | 02/15/2017 | 100.000 |
| | 02/15/2019 | 4.200% | 115,000.00 | 02/15/2017 | 100.000 |
| | 02/15/2020 | 4.250% | 120,000.00 | 02/15/2017 | 100.000 |
| | 02/15/2021 | 4.300% | 125,000.00 | 02/15/2017 | 100.000 |
| | 02/15/2022 | 4.350% | 130,000.00 | 02/15/2017 | 100.000 |
| TERM27 | 02/15/2027 | 5.000% | 760,000.00 | 02/15/2017 | 100.000 |
| | | | 1,360,000.00 | | |

## BOND DEBT SERVICE

### Collin County, Texas
### $3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015
### Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)
### *** Final Numbers ***

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 02/15/2016 | 105,000 | 2.000% | 57,543.44 | 162,543.44 | |
| 08/15/2016 | | | 57,468.75 | 57,468.75 | |
| 09/30/2016 | | | | | 220,012.19 |
| 02/15/2017 | 100,000 | 2.000% | 57,468.75 | 157,468.75 | |
| 08/15/2017 | | | 56,468.75 | 56,468.75 | |
| 09/30/2017 | | | | | 213,937.50 |
| 02/15/2018 | 210,000 | 2.000% | 56,468.75 | 266,468.75 | |
| 08/15/2018 | | | 54,368.75 | 54,368.75 | |
| 09/30/2018 | | | | | 320,837.50 |
| 02/15/2019 | 210,000 | 2.000% | 54,368.75 | 264,368.75 | |
| 08/15/2019 | | | 52,268.75 | 52,268.75 | |
| 09/30/2019 | | | | | 316,637.50 |
| 02/15/2020 | 220,000 | 2.000% | 52,268.75 | 272,268.75 | |
| 08/15/2020 | | | 50,068.75 | 50,068.75 | |
| 09/30/2020 | | | | | 322,337.50 |
| 02/15/2021 | 220,000 | 2.000% | 50,068.75 | 270,068.75 | |
| 08/15/2021 | | | 47,868.75 | 47,868.75 | |
| 09/30/2021 | | | | | 317,937.50 |
| 02/15/2022 | 230,000 | 4.000% | 47,868.75 | 277,868.75 | |
| 08/15/2022 | | | 43,268.75 | 43,268.75 | |
| 09/30/2022 | | | | | 321,137.50 |
| 02/15/2023 | 235,000 | 4.000% | 43,268.75 | 278,268.75 | |
| 08/15/2023 | | | 38,568.75 | 38,568.75 | |
| 09/30/2023 | | | | | 316,837.50 |
| 02/15/2024 | 245,000 | 4.000% | 38,568.75 | 283,568.75 | |
| 08/15/2024 | | | 33,668.75 | 33,668.75 | |
| 09/30/2024 | | | | | 317,237.50 |
| 02/15/2025 | 255,000 | 4.000% | 33,668.75 | 288,668.75 | |
| 08/15/2025 | | | 28,568.75 | 28,568.75 | |
| 09/30/2025 | | | | | 317,237.50 |
| 02/15/2026 | 265,000 | 4.000% | 28,568.75 | 293,568.75 | |
| 08/15/2026 | | | 23,268.75 | 23,268.75 | |
| 09/30/2026 | | | | | 316,837.50 |
| 02/15/2027 | 280,000 | 3.000% | 23,268.75 | 303,268.75 | |
| 08/15/2027 | | | 19,068.75 | 19,068.75 | |
| 09/30/2027 | | | | | 322,337.50 |
| 02/15/2028 | 120,000 | 3.125% | 19,068.75 | 139,068.75 | |
| 08/15/2028 | | | 17,193.75 | 17,193.75 | |
| 09/30/2028 | | | | | 156,262.50 |
| 02/15/2029 | 125,000 | 3.250% | 17,193.75 | 142,193.75 | |
| 08/15/2029 | | | 15,162.50 | 15,162.50 | |
| 09/30/2029 | | | | | 157,356.25 |
| 02/15/2030 | 130,000 | 3.375% | 15,162.50 | 145,162.50 | |
| 08/15/2030 | | | 12,968.75 | 12,968.75 | |
| 09/30/2030 | | | | | 158,131.25 |
| 02/15/2031 | 135,000 | 3.500% | 12,968.75 | 147,968.75 | |
| 08/15/2031 | | | 10,606.25 | 10,606.25 | |
| 09/30/2031 | | | | | 158,575.00 |
| 02/15/2032 | 140,000 | 3.500% | 10,606.25 | 150,606.25 | |
| 08/15/2032 | | | 8,156.25 | 8,156.25 | |
| 09/30/2032 | | | | | 158,762.50 |
| 02/15/2033 | 145,000 | 3.625% | 8,156.25 | 153,156.25 | |
| 08/15/2033 | | | 5,528.13 | 5,528.13 | |
| 09/30/2033 | | | | | 158,684.38 |
| 02/15/2034 | 150,000 | 3.625% | 5,528.13 | 155,528.13 | |

## BOND DEBT SERVICE

### Collin County, Texas
### $3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015
### Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)
### *** Final Numbers ***

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---|---|---|---|---|---|
| 08/15/2034 | | | 2,809.38 | 2,809.38 | |
| 09/30/2034 | | | | | 158,337.51 |
| 02/15/2035 | 155,000 | 3.625% | 2,809.38 | 157,809.38 | |
| 09/30/2035 | | | | | 157,809.38 |
| | 3,675,000 | | 1,212,243.46 | 4,887,243.46 | 4,887,243.46 |

## PROOF OF ARBITRAGE YIELD

### Collin County, Texas
### $3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015
### Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)
### *** Final Numbers ***

| Date | Debt Service | Total | Present Value to 08/18/2015 @ 2.9303795848% |
|---|---|---|---|
| 02/15/2016 | 162,543.44 | 162,543.44 | 160,235.10 |
| 08/15/2016 | 57,468.75 | 57,468.75 | 55,834.53 |
| 02/15/2017 | 157,468.75 | 157,468.75 | 150,781.64 |
| 08/15/2017 | 56,468.75 | 56,468.75 | 53,289.93 |
| 02/15/2018 | 266,468.75 | 266,468.75 | 247,837.04 |
| 08/15/2018 | 54,368.75 | 54,368.75 | 49,837.04 |
| 02/15/2019 | 264,368.75 | 264,368.75 | 238,833.86 |
| 08/15/2019 | 52,268.75 | 52,268.75 | 46,538.33 |
| 02/15/2020 | 272,268.75 | 272,268.75 | 238,918.31 |
| 08/15/2020 | 50,068.75 | 50,068.75 | 43,301.34 |
| 02/15/2021 | 270,068.75 | 270,068.75 | 230,192.85 |
| 08/15/2021 | 47,868.75 | 47,868.75 | 40,211.71 |
| 02/15/2022 | 277,868.75 | 277,868.75 | 230,050.43 |
| 08/15/2022 | 43,268.75 | 43,268.75 | 35,305.36 |
| 02/15/2023 | 278,268.75 | 278,268.75 | 223,776.07 |
| 08/15/2023 | 38,568.75 | 38,568.75 | 30,568.05 |
| 02/15/2024 | 283,568.75 | 283,568.75 | 221,499.85 |
| 08/15/2024 | 33,668.75 | 33,668.75 | 25,919.40 |
| 02/15/2025 | 553,668.75 | 553,668.75 | 420,078.96 |
| 08/15/2025 | 23,268.75 | 23,268.75 | 17,399.51 |
| 02/15/2026 | 23,268.75 | 23,268.75 | 17,148.25 |
| 08/15/2026 | 23,268.75 | 23,268.75 | 16,900.62 |
| 02/15/2027 | 303,268.75 | 303,268.75 | 217,090.23 |
| 08/15/2027 | 19,068.75 | 19,068.75 | 13,452.96 |
| 02/15/2028 | 139,068.75 | 139,068.75 | 96,695.89 |
| 08/15/2028 | 17,193.75 | 17,193.75 | 11,782.35 |
| 02/15/2029 | 142,193.75 | 142,193.75 | 96,033.96 |
| 08/15/2029 | 15,162.50 | 15,162.50 | 10,092.48 |
| 02/15/2030 | 145,162.50 | 145,162.50 | 95,227.99 |
| 08/15/2030 | 12,968.75 | 12,968.75 | 8,384.77 |
| 02/15/2031 | 147,968.75 | 147,968.75 | 94,285.75 |
| 08/15/2031 | 10,606.25 | 10,606.25 | 6,660.71 |
| 02/15/2032 | 150,606.25 | 150,606.25 | 93,214.81 |
| 08/15/2032 | 8,156.25 | 8,156.25 | 4,975.26 |
| 02/15/2033 | 153,156.25 | 153,156.25 | 92,075.16 |
| 08/15/2033 | 5,528.13 | 5,528.13 | 3,275.43 |
| 02/15/2034 | 155,528.13 | 155,528.13 | 90,820.22 |
| 08/15/2034 | 2,809.38 | 2,809.38 | 1,616.84 |
| 02/15/2035 | 157,809.38 | 157,809.38 | 89,510.15 |
| | 4,876,643.46 | 4,876,643.46 | 3,819,653.15 |

### Proceeds Summary

| | |
|---|---|
| Delivery date | 08/18/2015 |
| Par Value | 3,675,000.00 |
| Premium (Discount) | 144,653.15 |
| Target for yield calculation | 3,819,653.15 |

## PROOF OF ARBITRAGE YIELD

**Collin County, Texas**
**$3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015**
**Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)**
***** Final Numbers *****

### Assumed Call/Computation Dates for Premium Bonds

| Bond Component | Maturity Date | Rate | Yield | Call Date | Call Price | Present Value to 08/18/2015 @ 2.9303795848% |
|---|---|---|---|---|---|---|
| SERIAL | 02/15/2026 | 4.000% | 2.810% | 02/15/2025 | 100.000 | -2,771.21 |

### Rejected Call/Computation Dates for Premium Bonds

| Bond Component | Maturity Date | Rate | Yield | Call Date | Call Price | Present Value to 08/18/2015 @ 2.9303795848% | Increase to NPV |
|---|---|---|---|---|---|---|---|
| SERIAL | 02/15/2026 | 4.000% | 2.810% | | | -666.99 | 2,104.22 |

## BOND PRICING

### Collin County, Texas
### $3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015
### Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)
### *** Final Numbers ***

| Bond Component | Maturity Date | Amount | Rate | Yield | Price | | Yield to Maturity | Call Date | Call Price | Premium (-Discount) | Principal Cost | Takedown |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Serial Bond:** | | | | | | | | | | | | |
| | 02/15/2016 | 105,000 | 2.000% | 0.350% | 100.809 | | | | | 849.45 | 105,849.45 | 2.500 |
| | 02/15/2017 | 100,000 | 2.000% | 0.730% | 101.880 | | | | | 1,880.00 | 101,880.00 | 2.500 |
| | 02/15/2018 | 210,000 | 2.000% | 1.010% | 102.429 | | | | | 5,100.90 | 215,100.90 | 2.500 |
| | 02/15/2019 | 210,000 | 2.000% | 1.260% | 102.520 | | | | | 5,292.00 | 215,292.00 | 3.750 |
| | 02/15/2020 | 220,000 | 2.000% | 1.510% | 102.120 | | | | | 4,664.00 | 224,664.00 | 3.750 |
| | 02/15/2021 | 220,000 | 2.000% | 1.780% | 101.146 | | | | | 2,521.20 | 222,521.20 | 3.750 |
| | 02/15/2022 | 230,000 | 4.000% | 2.040% | 111.860 | | | | | 27,278.00 | 257,278.00 | 5.000 |
| | 02/15/2023 | 235,000 | 4.000% | 2.240% | 112.076 | | | | | 28,378.60 | 263,378.60 | 5.000 |
| | 02/15/2024 | 245,000 | 4.000% | 2.410% | 112.143 | | | | | 29,750.35 | 274,750.35 | 5.000 |
| | 02/15/2025 | 255,000 | 4.000% | 2.560% | 112.065 | | | | | 30,765.75 | 285,765.75 | 5.000 |
| | 02/15/2026 | 265,000 | 4.000% | 2.810% | 109.853 | C | 2.904% | 02/15/2025 | 100.000 | 26,110.45 | 291,110.45 | 5.000 |
| | 02/15/2027 | 280,000 | 3.000% | 3.080% | 99.230 | | | | | -2,156.00 | 277,844.00 | 5.000 |
| | 02/15/2028 | 120,000 | 3.125% | 3.220% | 99.029 | | | | | -1,165.20 | 118,834.80 | 5.000 |
| | 02/15/2029 | 125,000 | 3.250% | 3.390% | 98.493 | | | | | -1,883.75 | 123,116.25 | 5.000 |
| | 02/15/2030 | 130,000 | 3.375% | 3.510% | 98.476 | | | | | -1,981.20 | 128,018.80 | 5.000 |
| | 02/15/2031 | 135,000 | 3.500% | 3.570% | 99.172 | | | | | -1,117.80 | 133,882.20 | 5.000 |
| | 02/15/2032 | 140,000 | 3.500% | 3.610% | 98.641 | | | | | -1,902.60 | 138,097.40 | 5.000 |
| | | 3,225,000 | | | | | | | | 152,384.15 | 3,377,384.15 | |
| **Term Bond 2035:** | | | | | | | | | | | | |
| | 02/15/2033 | 145,000 | 3.625% | 3.750% | 98.282 | | | | | -2,491.10 | 142,508.90 | 5.000 |
| | 02/15/2034 | 150,000 | 3.625% | 3.750% | 98.282 | | | | | -2,577.00 | 147,423.00 | 5.000 |
| | 02/15/2035 | 155,000 | 3.625% | 3.750% | 98.282 | | | | | -2,662.90 | 152,337.10 | 5.000 |
| | | 450,000 | | | | | | | | -7,731.00 | 442,269.00 | |
| | | 3,675,000 | | | | | | | | 144,653.15 | 3,819,653.15 | |

## BOND PRICING

### Collin County, Texas
### $3,675,000 Limited Tax Refunding & Permanent Improvement Bonds, Series 2015
### Tax-Exempt Rates As of 07/07/2015 (AAA / Aaa)
### *** Final Numbers ***

| | | |
|---|---|---|
| Dated Date | 08/18/2015 | |
| Delivery Date | 08/18/2015 | |
| First Coupon | 02/15/2016 | |
| Par Amount | 3,675,000.00 | |
| Premium | 144,653.15 | |
| Production | 3,819,653.15 | 103.936140% |
| Underwriter's Discount | -21,421.97 | -0.582911% |
| Purchase Price | 3,798,231.18 | 103.353229% |
| Accrued Interest | | |
| Net Proceeds | 3,798,231.18 | |

# GENERAL AND NO-LITIGATION CERTIFICATE

We, the undersigned officers and officials 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 LIMITED TAX REFUNDING AND IMPROVEMENT BONDS, SERIES 2015 (the "Bonds"), dated July 1, 2015. Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the order adopted by the Commissioners Court on June 15, 2015 (the "Bond Order") and the pricing certificate executed pursuant to the authority thereof (the "Pricing Certificate," and together with the Bond Order, the "Order") authorizing the issuance of the Bonds.

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
Susan Fletcher, 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
Bill Bilyeu, County Administrator

1.4. The Bonds are being issued by the County concurrently with the Collin County, Texas Unlimited Tax Road and Refunding Bonds, Series 2015.

1.5. The November 6, 2007 election at which the 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 2015, 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 $86,871,450,852.

1.7. After giving effect to the issuance of the Bonds and the defeasance of the Refunded Bonds, the total principal amount of presently outstanding indebtedness of the County payable from an ad valorem tax levied pursuant to Article VIII, Section 9 of the Texas Constitution, is $113,265,000.

1.8. A debt service schedule for the Bonds and all other outstanding indebtedness of the County payable from an ad valorem tax levied pursuant to Article VIII, Section 9, of the Texas Constitution is attached hereto as Exhibit A and incorporated herein by reference for all purposes.

1.9. The County is not in default in the payment of principal or interest on any of its outstanding obligations.

1.10. 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.

1.11. 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.

1.12. A true and correct statement of the debt service tax rate for the County is set forth in Table 5 – "TAX RATE DISTRIBUTION AND ANALYSIS" of the County's Official Statement, such table being incorporated herein by reference.

## 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 August 18, 2015

| Manual Signatures | Official Titles |
|---|---|
| _____ | County Judge, Collin County, Texas |
| _____ | County Clerk, Collin County, Texas |
| _____ | County Auditor, Collin County, Texas |
| _____ | County Administrator, Collin County, Texas |

STATE OF TEXAS §
§
COUNTY OF COLLIN §

Before me, the undersigned authority, on this day personally appeared Keith Self, Stacey Kemp, Jeff May and Bill Bilyeu, the County Judge, County Clerk, County Auditor and County Administrator, 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 July 9, 2015.

TERESA A. MERCER
Notary Public
STATE OF TEXAS
My Comm. Exp. March 29, 2019

[NOTARY SEAL]

Teresa A. Mercer
Notary Public, State of Texas

# COLLIN COUNTY, TEXAS

| Fiscal Year Ending 9/30 | Unlimited Tax Outstanding Debt [1] | | Limited Tax Outstanding Debt [1] | | The Unlimited Tax Bonds [2] | | The Limited Tax Bonds [3] | | Total Debt Service | % of Principal Retired |
|---|---|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | | |
| 2015 | $ 19,385,000 | $ 11,342,507 | $ 10,105,000 | $ 4,841,872 | $ - | $ - | $ - | $ - | $ 45,674,379 | |
| 2016 | 18,865,000 | 9,233,419 | 10,265,000 | 4,339,219 | 6,605,000 | 2,674,458 | 105,000 | 115,012 | 52,202,108 | |
| 2017 | 18,885,000 | 8,501,819 | 10,635,000 | 3,958,654 | 1,870,000 | 2,603,388 | 100,000 | 113,938 | 46,667,798 | |
| 2018 | 15,840,000 | 7,815,419 | 11,035,000 | 3,553,376 | 4,585,000 | 2,483,638 | 210,000 | 110,838 | 45,633,269 | |
| 2019 | 15,785,000 | 7,147,981 | 11,420,000 | 3,130,019 | 5,585,000 | 2,280,238 | 210,000 | 106,638 | 45,664,875 | 37.36% |
| 2020 | 14,855,000 | 6,485,886 | 9,035,000 | 2,742,878 | 3,855,000 | 2,091,438 | 220,000 | 102,338 | 39,387,539 | |
| 2021 | 13,435,000 | 5,862,896 | 9,320,000 | 2,398,229 | 4,005,000 | 1,934,238 | 220,000 | 97,938 | 37,273,300 | |
| 2022 | 13,780,000 | 5,240,890 | 9,280,000 | 2,041,894 | 3,325,000 | 1,771,013 | 230,000 | 91,138 | 35,759,934 | |
| 2023 | 14,430,000 | 4,598,453 | 7,540,000 | 1,690,352 | 3,500,000 | 1,600,388 | 235,000 | 81,838 | 33,676,029 | |
| 2024 | 15,100,000 | 3,957,910 | 7,890,000 | 1,337,579 | 3,680,000 | 1,420,888 | 245,000 | 72,238 | 33,703,614 | 68.40% |
| 2025 | 12,395,000 | 3,372,741 | 7,400,000 | 985,354 | 3,865,000 | 1,232,263 | 255,000 | 62,238 | 29,567,595 | |
| 2026 | 12,000,000 | 2,819,800 | 5,140,000 | 679,141 | 4,065,000 | 1,034,013 | 265,000 | 51,838 | 26,054,791 | |
| 2027 | 11,375,000 | 2,277,075 | 2,855,000 | 466,588 | 4,275,000 | 825,513 | 280,000 | 42,338 | 22,396,513 | |
| 2028 | 10,900,000 | 1,761,498 | 2,970,000 | 308,496 | 1,935,000 | 670,263 | 120,000 | 36,263 | 18,701,519 | |
| 2029 | 8,210,000 | 1,319,668 | 2,575,000 | 154,893 | 2,015,000 | 589,144 | 125,000 | 32,356 | 15,021,060 | 89.92% |
| 2030 | 7,440,000 | 972,900 | 625,000 | 70,544 | 2,095,000 | 514,500 | 130,000 | 28,131 | 11,876,075 | |
| 2031 | 7,780,000 | 646,225 | 650,000 | 46,978 | 2,180,000 | 429,000 | 135,000 | 23,575 | 11,890,778 | |
| 2032 | 5,900,000 | 349,200 | 515,000 | 25,688 | 2,265,000 | 340,100 | 140,000 | 18,763 | 9,553,750 | |
| 2033 | 3,640,000 | 146,400 | 290,000 | 10,975 | 2,360,000 | 247,600 | 145,000 | 13,684 | 6,853,659 | |
| 2034 | 1,840,000 | 36,800 | 150,000 | 2,719 | 2,455,000 | 151,300 | 150,000 | 8,338 | 4,794,156 | 99.37% |
| 2035 | - | - | - | - | 2,555,000 | 51,100 | 155,000 | 2,809 | 2,763,909 | 100.00% |
| Totals | $ 241,840,000 | $ 83,889,485 | $ 119,695,000 | $ 32,785,445 | $ 67,075,000 | $ 24,944,477 | $ 3,675,000 | $ 1,212,243 | $ 575,116,650 | |

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

(2) Average life of the issue – 6.328 years. Interest on the Unlimited Tax Bonds has been calculated at the rates stated on the cover page of the Official Statment.

(3) Average life of the issue –7.118 years. Interest on the Limited Tax Bonds has been calculated at the rates stated on page 3 of the Official Statement.

COLLIN COUNTY, TEXAS

July 1, 2015

The Attorney General of Texas
William P. Clements Building
300 West 15th Street, 7th Floor
Austin, Texas 78701
Attention: Public Finance Section

Comptroller of Public Accounts
Thomas Jefferson Rusk Building
208 East 10th Street, Room 448
Austin, Texas 78701
Attention: Melissa Mora
Bond Registration

Re: Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015

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.

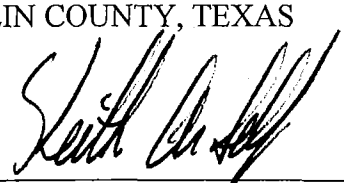
Please deliver to Bracewell & Giuliani LLP, Dallas, Texas, five copies of each of the following:

1. Attorney General's approving opinion; and

2. Comptroller's signature certificate.

Sincerely,

COLLIN COUNTY, TEXAS



AUTHORIZED OFFICER

COLLIN COUNTY, TEXAS

July 1, 2015

The Bank of New York Mellon Trust Company, N.A.
Issuer Administrative Services
2001 Bryan Street, 11th Floor
Dallas, Texas 75201

Re: Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015

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

AUTHORIZED OFFICER

# FEDERAL TAX CERTIFICATE

I, the undersigned officer of Collin County, Texas (the "County"), make this certification for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest to be paid on the County's Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Bonds"), which are being issued in the aggregate principal amount of $3,675,000 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.

"***Authorizing Document***" means the order adopted by the County on June 15, 2015, for purposes of authorizing the issuance of the Bonds and the pricing certificate executed pursuant thereto on July 8, 2015.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Construction Fund***" means the "Collin County, Texas, Limited Tax Refunding and Improvement Bonds, Series 2015, Project 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 July 1, 2015.

"***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.

"***Interest and Sinking Fund***" means the "Collin County, Texas, Limited Tax Refunding and Improvement Bonds, Series 2015, Interest and Sinking Fund" continued pursuant to the Authorizing Document.

"***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.

***"New Money Bonds"*** means that portion of the Bonds allocable to the Projects, plus a pro rata portion of the Bonds allocable to common costs.

"***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 the Series 2007 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 the Series 2007 Bonds maturing on February 15, 2018 through February 15, 2022, inclusive, and February 15, 2027, in the aggregate amount of $1,360,000.

"***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 2007 Bonds***" means the County's Limited Tax Permanent Improvement Bonds, Series 2007.

"***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 periodic 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 provide funds that will be used to (a) advance refund and

defease the Refunded Bonds, (b) pay costs associated with the Projects, and (c) pay the Issuance Costs of the Bonds. The Projects include the acquisition and improvement of land for park and open space purposes, including joint county-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 Refunded Bonds, all of which are original bonds. The Refunded Bonds are being defeased in order to achieve a present-value savings in the debt service payable by the County. The Refunded Bonds will be called for redemption and repaid on February 15, 2017, which is the first date on which the Refunded Bonds are subject to optional redemption, and on that date 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. 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 2007 Bonds were used to pay or refinance costs associated with the Prior Projects and to pay costs of issuance thereof. 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 (i.e., the Interest and Sinking Fund) and has on hand in the Interest and Sinking Fund certain amounts that were to be used for the payment of debt service on the Prior Bonds. The Interest and Sinking Fund will be continued for the payment of debt service on the Prior Bonds that are not Refunded Bonds and the Bonds, as described in the "Interest and Sinking Fund" paragraph below.

The balance in the County's debt service fund (the "Overall Debt Service Fund") for all of its currently outstanding general obligation tax-exempt obligations (the "Outstanding Bonds") as of the date of this certificate is approximately $16,626,770 (the "Overall Debt Service Fund Balance"). Based upon the scheduled debt service on the Bonds and the Outstanding Bonds that are not Refunded Bonds, the County has determined that the Overall Debt Service Fund should be maintained to provide a reserve against periodic fluctuations in the amount and timing of ad valorem tax collections by the County for debt service purposes. Such amount will not 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.

Of the Overall Debt Service Fund Balance, not more than $68,101 (the "Allocable Cash") is allocable to the Refunded Bonds, such allocation being based on the relationship of the outstanding principal amounts of the Refunded Bonds and the Outstanding Bonds ($1,360,000/$332,045,000 or 0.41 percent ).

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 Allocable Cash will be maintained in the County's Overall Debt Service Fund as part of the Overall Debt Service Balance to provide a reserve for periodic fluctuations in the amount and timing of ad valorem tax collections. The Allocable Cash 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 $3,819,653.15. Such amount represents the Stated Redemption Price at Maturity of the Bonds, equal to $3,675,000, plus net Original Issue Premium in the amount of $144,653.15. The Sale Proceeds will be expended as follows:

(a) Escrow. The amount of $1,446,535.52 will be deposited in the Escrow Fund and used on the date hereof to purchase United States Treasury Securities and/or United States Federal Agency Securities in the open market (the "Escrowed Securities"), the Proceeds of which will be used as described in the Report to pay a portion of 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 $21,421.97 will be allocated on the date of issuance of the Bonds to underwriters' discount or compensation.

(c) Issuance Costs. The amount of $51,130.66 will be disbursed to pay other Issuance Costs on the Bonds.

(d) Project. The amount of $2,300,000 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 $565 will be deposited as the initial cash balance in the Escrow Fund and disbursed on February 15, 2016, 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 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. There is no Pre-Issuance Accrued Interest on 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 the 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" and "—Initial Deposit to Escrow" subparagraphs 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; and, therefore, 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, 2026 (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.

In the case of the Bonds with a final maturity date of February 15, 2035, that are subject to mandatory redemption (the "Term Bonds"), the Yield on the Bonds is calculated by treating

the outstanding stated principal amounts payable on the mandatory redemption dates as payments on such dates because the Stated Redemption Price at Maturity of such Term Bonds does not exceed the Issue Price of such Term Bonds by more than one-fourth of one percent multiplied by the product of the Stated Redemption Price at Maturity and the number of years to the date of the Weighted Average Maturity (determined by taking into account the mandatory redemption schedule) of such Term Bonds.

As set forth in the Report, the Yield on the Bonds, calculated in the manner set forth above, is 2.930380 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) 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.

(b) Uninvested Amounts. The amounts described in the "Expenditure of Proceeds of Bonds—Underwriter's Compensation," and "—Initial Deposit to Escrow" subparagraphs will not be invested and, therefore, will satisfy any applicable Yield restriction.

(c) 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 that is not materially higher than the Yield on the Bonds.

(d) Yield on the Escrowed Securities. The Yield on the Escrowed Securities is computed using the same compounding interval and financial conventions used to compute the Yield on the Bonds. The Yield on the Escrowed Securities is the discount rate that, when used in computing the present value as of the date the Escrowed Securities were first allocated to the Bonds of all unconditionally payable receipts to be actually or constructively received from the Escrowed Securities, produces an amount equal to the amounts to be actually or constructively paid for the Escrowed Securities. The Escrowed Securities are all yield-restricted nonpurpose investments that are a single class of investments and that are treated as a single investment because all of the Escrowed Securities were purchased with Bond Proceeds and held in a refunding escrow as described in the "Expenditure of Proceeds of Bonds—Escrow" subparagraph above. The County has allocated Gross Proceeds of the Bonds in the amount described in the "Expenditure of Proceeds of the Bonds—Escrowed Securities" subparagraph above to the purchase of the Escrowed Securities in accordance with section 1.148-6(c) of the Regulations. The amount shown in the "Expenditure of Proceeds of the Bonds—Escrowed Securities" subparagraph is the sum of the purchase prices shown for the Escrowed Securities in the Report. The payment for each of the Escrowed Securities set forth in the Report and aggregating the amount shown in the "Expenditure of Proceeds of the Bonds—Escrowed Securities" subparagraph does not exceed the fair market value of such Escrowed Security determined on the date on which a contract to purchase the Escrowed Securities became binding and adjusted to take into account qualified administrative costs allocable to each such Escrowed Security. For this purpose, the fair market value of an Escrowed Security is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Each of the Escrowed Securities is of a type traded on an established securities market. Further for this purpose, qualified administrative costs that are taken into account in determining payments and receipts on the Escrowed Securities include only costs and expenses paid, directly or indirectly to purchase, sell or retire the Escrowed Securities that are reasonable, direct administrative costs other than carrying costs, legal and accounting fees, recordkeeping and customary costs and general overhead and similar indirect costs. The amount and nature of such administrative costs taken into account with respect to the Escrowed Securities are 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 Escrowed Securities were acquired in arm's-length transactions and no amounts were paid to reduce the Yield on such securities below the market Yield. As shown in the Report, the Yield on the Escrowed Securities determined in this manner is 0.377541 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.

(e) Waiver of 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" and "—Initial Deposit to Escrow" subparagraphs above.

17. Funds.

(a) Interest and Sinking Fund. Pursuant to the Authorizing Document, the County has continued the 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 Unlimited Tax Road and Refunding Bonds, Series 2015 (the "Unlimited Tax Bonds") 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 Bonds and the Unlimited Tax Bonds were not sold pursuant to the same plan of financing and the County has not otherwise elected to treat the Bonds and the Unlimited Tax Bonds as a single issue.

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 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 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 Projects or the Prior Projects 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 Projects or the Prior Projects.

(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 Projects or the Prior Projects 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 Projects or the Prior Projects 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 or the Prior 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 or Prior 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 or the Prior 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 or the Prior Projects (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 Projects or the Prior Projects 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 two 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 18th day of August, 2015.

COLLIN COUNTY, TEXAS

By: _____

Printed Name: Jeffry May

Title: County Auditor

Attachments

Exhibit A: Issue Price Certificate
Exhibit B: Certificate of Financial Advisor
Exhibit C: Certificate of Bidding Agent
Exhibit D: Certificate of Investment Provider

## 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 $3,675,000 Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015 (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 three of the Official Statement, dated July 8, 2015, prepared in connection with the offering of the Bonds (the "Official Statement"). The initial offering prices set forth on page three 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 2019 through 2035) was, in fact, sold to the public. For the Bonds maturing in 2019 through 2035, 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 three of the Official Statement. The aggregate of such Initial Offering Prices of all of the Bonds is $3,819,653.15. 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 18th day of August, 2015.

CITIGROUP GLOBAL MARKETS, INC.

By: Mario Carrasco

Printed Name: Mario R. Carrasco

Title: Director

*Signature Page of Issue Price Certificate*

## 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 $3,675,000 Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015 (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 $16,626,770 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 Allocable Cash 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 7.4109 years and the Weighted Average Maturity of the Bonds to be 9.4771 years, each as set forth in the "Weighted Average Maturity" paragraph of the Federal Tax Certificate.

4. I have worked closely with representatives of the County in structuring the financial terms of the Bonds and the refunding of the Refunded Bonds. The Financial Advisor has also performed certain computations that are the subject of the Report. I hereby confirm that the assumptions that are described in the Report as provided by the Financial Advisor are true, accurate and complete. I further hereby represent that to the best of my knowledge the statements set forth in the "Not an Abusive Transaction" paragraph of the Federal Tax Certificate to which this certificate is attached, are true.

The Financial Advisor hereby authorizes the County to rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate to which this certificate is attached and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. The Financial Advisor hereby authorizes 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 18th day of August, 2015.

FIRST SOUTHWEST COMPANY

By: _____

Printed Name: Nick Blair

Title: SVP

*Signature Page of Certificate of Financial Advisor*

## EXHIBIT C

## CERTIFICATE OF BIDDING AGENT

I, the undersigned officer of First Southwest Company (the "Bidding Agent"), make this certificate in connection with the $3,675,000 Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015 (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:

| Bidder | Bid |
|---|---|
| BB&T Capital Markets | $1,447,100.52 |
| PNC Capital Markets LLC | $1,447,734.36 |
| Credit Suisse Securities (USA) LLC | PASS |
| Wells Fargo Securities, LLC | PASS |
| Cantor Fitzgerald | PASS |
| KeyBanc Capital Markets | PASS |
| Commerzbank AG | PASS |
| Deutsche Bank Securities | PASS |
| Bank of Oklahoma | PASS |
| Mizuho Securities USA Inc. | PASS |
| Citigroup Global Markets Inc. | PASS |
| UMB Bank | PASS |
| RBC Capital Markets | PASS |

(b) The Bidding Agent received two 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 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 (6) 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 $2,000 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 $39,000 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 18th day of August, 2015.

FIRST SOUTHWEST COMPANY

By: _____

Printed Name: DAVE BRAYSHAW

Title: SVP

*Signature Page of Certificate of Bidding Agent*

# ATTACHMENT 1 TO EXHIBIT C

# BID SPECIFICATIONS

(See attached)

FirstSouthwest

**REVISED FINAL 2015.0707**

**TO:** Escrow Securities Providers
**FROM:** Jordan Lee 214-953-4020
**RE:** Invitation to Offer Escrow Securities to Collin County, Texas in connection with the Limited Tax Refunding and Improvement Bonds, Series 2015
**DATE:** July 7, 2015

---

**Offer Submittal:** By or about **1:35 PM EASTERN Time** on **July 7, 2015** to First Southwest Company, LLC, Attention: Jordan Lee at 214-953-4020 or jordan.lee@firstsw.com. Notification to each responding provider of securities (an "Offeror") is anticipated as soon as practicable after facsimile or electronic mail receipt of the attached competitive offering form. **Written offerings are required and should be sent via fax to 214-954-4339** or scanned and e-mailed to jordan.lee@firstsw.com (see attached **Exhibit C: "Escrow Securities Competitive Offering Form"**).

**Issuer Name:** Collin County, Texas (the "County")

**Bond Issue:** $3,395,000†† Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Bonds")

**Bid Objective:** The County is issuing the above referenced Bonds to provide for the refunding of a portion of the County's currently outstanding limited tax debt. First Southwest Company, LLC (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, 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.



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**Obligations issued by any of the following entities are NOT eligible securities:**

1. Tennessee Valley Authority
2. Resolution Funding Corporation
3. United States Agency for International Development

**Escrow Requirements:** See **"Exhibit A: Escrow Requirements."**

**Settlement Date:** Settlement date for the purchase of the Escrow Securities will be August 18, 2015.

**Identified Escrow:** By 2:35 PM Eastern on July 7, 2015, 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 Identified Escrow shall not be allowed. In the event the Provider cannot deliver the securities detailed in the Identified 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 Identified Escrow as being sufficient to satisfy the Escrow Requirements can be provided by the Provider.**

**Escrow Agent:** 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. If the Provider fails to deliver any of the Eligible Securities it has offered by 11:00 AM Eastern time on the Settlement Date, it must wire by 12:30 PM Eastern time an amount equal to (a) the total cash flows from the security that the Provider failed to deliver minus (b) the cost of that security as specified in the confirmation. The Provider must pay any additional costs of the Verification Agent. The Provider will have the right to deliver the security that it initially failed to deliver if the following conditions are met: (a) delivery is made within 15 days of the initial failed delivery; and (b) the Provider pays any additional Verification Agent costs. The County will then refund the amount the Provider paid for its initial failure to deliver, less any accrued interest for the intervening period.

**Delivery Instructions**
**TBD**



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**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; the Bidding Agent 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;



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(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 $2,000 will be paid to the Bidding Agent by the Provider within two business days of the Settlement Date.



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## Exhibit A: Escrow Requirements

**$3,395,000††**
**Collin County, Texas**
**Limited Tax Refunding and Improvement Bonds,**
**Series 2015**

### Escrow Requirements

| Date | Amount |
|---|---|
| 2/15/2016 | $ 31,680.00 |
| 8/15/2016 | $ 31,680.00 |
| 2/15/2017 | $ 1,391,680.00 |
| **Total:** | **$ 1,455,040.00** |


†† Preliminary and subject to change before the Settlement Date.

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**Exhibit B: Certificate of Provider as to Market Price Rule**

**TO:** Collin County, Texas
**RE:** $3,395,000†† Limited Tax Refunding and Improvement Bonds, Series 2015
Escrow Fund Open Market Securities Purchase

## CERTIFICATE OF PROVIDER AS TO MARKET PRICE RULE

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 Collin County, Texas (the "County") relating to the County's Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Bonds"). On August 18, 2015, we will deliver the Securities, at the prices specified in the Identified Escrow (the "Sale Price"), to 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. The Provider 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 was not 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 July 7, 2015 for delivery on August 18, 2015; 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 $2,000 paid to First Southwest Company, LLC 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 _____ day of _____, 20____.

BY: _____

FOR: _____



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**Exhibit C: Escrow Securities Competitive Offering Form**

**$3,395,000††**
**Collin County, Texas**
**Limited Tax Refunding and Improvement Bonds,**
**Series 2015**

## ESCROW SECURITIES COMPETITIVE OFFERING FORM

Offers are due on July 7, 2015 by or about 1:35 PM EASTERN Time to Jordan Lee at 214-953-4020 or jordan.lee@firstsw.com with facsimile or electronic mail confirmation immediately thereafter to 214-954-4339 or jordan.lee@firstsw.com. Award is subject to market change and expected as soon as practicable after 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 August 18, 2015:

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 July 7, 2015. 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 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; 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: _____



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**EXHIBIT D**

**CERTIFICATE OF INVESTMENT PROVIDER**

(See Attached)

## Exhibit B: Certificate of Provider as to Market Price Rule

**TO:** Collin County, Texas
**RE:** $3,395,000†† Limited Tax Refunding and Improvement Bonds, Series 2015
Escrow Fund Open Market Securities Purchase

### CERTIFICATE OF PROVIDER AS TO MARKET PRICE RULE

The undersigned, BBVA Capital Markets (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 Collin County, Texas (the "County") relating to the County's Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Bonds"). On August 18, 2015, we will deliver the Securities, at the prices specified in the Identified Escrow (the "Sale Price"), to 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. The Provider 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 was not 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 July 7, 2015 for delivery on August 18, 2015; 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 $2,000 paid to First Southwest Company, LLC 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 7 day of July, 2015.

BY: BBVA Capital Markets

FOR: [signature]


†† Preliminary and subject to change before the Settlement Date.

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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@bgllp.com

Bracewell & Giuliani LLP
711 Louisiana Street
Suite 2300
Houston, Texas
77002-2770

August 24, 2015

**BY CERTIFIED MAIL**
**RETURN RECEIPT REQUESTED**
**7014 1200 0001 5237 3653**

District Director
Internal Revenue Service
Ogden, UT 84201

Re: $3,675,000 Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015

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

#3994836.1

Form **8038-G** (Rev. September 2011)

Department of the Treasury
Internal Revenue Service

# Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
**Caution:** *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

**Part I Reporting Authority** — If Amended Return, check here ▶ ☐

1 Issuer's name
**Collin County, Texas**

2 Issuer's employer identification number (EIN)
**75-6000874**

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
**2300 Bloomdale Road**

5 Report number *(For IRS Use Only)*
3

6 City, town, or post office, state, and ZIP code
**McKinney, Texas 75071**

7 Date of issue
**08/18/2015**

8 Name of issue
**Limited Tax Refunding and Improvement Bonds, Series 2015**

9 CUSIP number
**194738JG2**

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 | |
| 14 | Public safety | 14 | |
| 15 | Environment (including sewage bonds) | 15 | |
| 16 | Housing | 16 | |
| 17 | Utilities | 17 | |
| 18 | Other. Describe ▶ **Park and open space** | 18 | 3,819,653.15 |
| 19 | If obligations are TANs or RANs, check only box 19a ▶ ☐<br>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 | 02/15/2035 | $ 3,819,653.15 | $ 3,675,000 | 9.4771 years | 2.9304% |

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

| | | | | | |
|---|---|---|---|---|---|
| 22 | Proceeds used for accrued interest | | | 22 | 0.00 |
| 23 | Issue price of entire issue (enter amount from line 21, column (b)) | | | 23 | 3,819,653.15 |
| 24 | Proceeds used for bond issuance costs (including underwriters' discount) | 24 | 72,552.63 | | |
| 25 | Proceeds used for credit enhancement | 25 | 0.00 | | |
| 26 | Proceeds allocated to reasonably required reserve or replacement fund | 26 | 0.00 | | |
| 27 | Proceeds used to currently refund prior issues | 27 | 0.00 | | |
| 28 | Proceeds used to advance refund prior issues | 28 | 1,447,100.52 | | |
| 29 | Total (add lines 24 through 28) | | | 29 | 1,519,653.15 |
| 30 | Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) | | | 30 | 2,300,000.00 |

**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 ▶ | 7.4109 | years |
| 33 | Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶ | 02/17/2017 | |
| 34 | Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY) | 03/20/2007 | |

**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.

| Signature of issuer's authorized representative | Date | Type or print name and title |
|---|---|---|
| | 08/18/2015 | Jeff May, County Auditor |

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN |
|---|---|---|---|---|
| R. Todd Greenwalt | | 08/18/2015 | | P01080971 |

| | |
|---|---|
| Firm's name ▶ Bracewell & Giuliani LLP | Firm's EIN ▶ 74-1024827 |
| Firm's address ▶ 711 Louisiana St., Suite 2300, Houston, TX 77002 | Phone no. (713) 221-1138 |

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

District Director
Internal Revenue Service
Ogden, UT 84201

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X ☐ Agent ☐ Addressee

B. Received by (Printed Name) | C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☑ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
(Transfer from service label) 7014 1200 0001 5237 3653

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.

CERTIFIED MAIL™

7014 1200 0001 5237 3653

7014 1200 0001 5237 3653

**U.S. Postal Service™**
**CERTIFIED MAIL™ RECEIPT**
**(Domestic Mail Only; No Insurance Coverage Provided)**

Collin County, Texas Limited Tax Refunding and Improvement Bonds

ebsite at www.usps.com®

| | |
|---|---|
| Postage | $ |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | $ |

Postmark Here

Sent To
District Director
Street, Apt. No.; or PO Box No. Internal Revenue Service
City, State, ZIP+4 Ogden, UT 84201

PS Form 3800, August 2006 See Reverse for Instructions

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 $67,075,000 principal amount of Collin County, Texas Unlimited Tax Road and Refunding Bonds, Series 2015 (the "Unlimited Tax Bonds") and the Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Limited Tax Bonds") in the principal amount of $3,675,000 (collectively, the "Bonds"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in the respective Orders authorizing the issuance thereof adopted by the governing body of Collin County, Texas (the "County"). The undersigned hereby:

Unlimited Tax Road Bonds

1. Acknowledges receipt of $73,989,663.64 from Citigroup Global Markets Inc. as representative of the underwriters (the "Underwriters"), representing the principal amount of the Unlimited Tax Bonds plus premium of $7,236,981.90 less the underwriting discount of $322,318.26.

Limited Tax Bonds

2. Acknowledges receipt of $3,675,000 from the Underwriters, representing the principal amount of the Limited Tax Bonds plus premium of $144,653.15 less the underwriting discount of $21,421.97.

3. Acknowledges and certifies the application of amounts described in paragraphs 1 and 2 hereof as required by and in accordance with the Closing Memorandum (the "Closing Memorandum"), prepared by the City's Financial Advisor, First Southwest Company and attached hereto as Exhibit A.

4. Certifies that the Initial Bonds for the Bonds, registered by the Comptroller of Public Accounts of the State of Texas and representing the aggregate principal amount of the Bonds, were delivered to or upon order of the Underwriters and were duly canceled this date upon delivery of the definitive Bonds to the Underwriters through The Depository Trust Company.

DATED: August 18, 2015.

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

By: _____
Title: 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

**David K. Medanich**
Vice Chairman

david.medanich@firstsw.com

August 13, 2015

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

Mr. Jeff May
Collin County
2300 Bloomdale Rd., Suite 3100
McKinney, Texas 75071

Mr. Rob Collins
Bracewell & Giuliani LLP
1445 Ross Avenue Suite 3800
Dallas, Texas 75202-2711

Mr. Mario Carrasco
Citi
300 Crescent Court, Suite 940
Dallas, TX 75201

Mr. Jeff Leuschel
McCall Parkhurst & Horton L.L.P.
717 N. Harwood, Suite 900
Dallas, Texas 75201

Mr. Biddel Tekeste
The Bank of New York Trust Company
2001 Bryan Street, 11th Floor
Dallas, TX 75021

RE: $67,075,000 Collin County, Texas Unlimited Tax Road and Refunding Bonds, Series 2015 ("Unlimited Tax Bonds"), and
$3,675,000 Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015 ("Limited Tax Bonds)

Ladies and Gentlemen:

Payment for the above referenced Unlimited Tax Bonds and Limited Tax Bonds is scheduled to occur at or prior to 10:00 AM, CDT, on August 18, 2015 (the "Closing Date") and funds for the payment of the Unlimited Tax Bonds and the Limited Tax Bonds are to be cleared through The Bank of New York Mellon Trust Company as follows:

(A) On the Closing Date, The Bank of New York Mellon Trust Company, ABA #0210-000-18, IMMS 4284958400, Re: Collin County, Texas, Attn: Biddel Tekeste, 214-468-5033, will receive from Citigroup (the "Underwriter") in immediately available funds in payment as follows:

(1) **Unlimited Tax Bonds**

| | |
|---|---|
| Principal Amount | $ 67,075,000.00 |
| Plus: Premium | 7,236,981.90 |
| Less: Underwriting Discount | (322,318.26) |
| Total to be Received from the Underwriter of the Unlimited Tax Bonds | $ 73,989,663.64 |

(2) **Limited Tax Bonds**

| | |
|---|---|
| Principal Amount | $ 3,675,000.00 |
| Plus: Premium | 144,653.15 |
| Less: Underwriting Discount | (21,421.97) |
| Total to be Received from the Underwriter of the Limited Tax Bonds | $ 3,798,231.18 |

| | |
|---|---|
| **Total Received by The Bank of New York Mellon** | **$ 77,787,894.82** |

(B) On the Closing Date, The Bank of New York Mellon Trust Company is instructed to disburse and expend funds described in (A) as follows:

| | |
|---|---|
| (1) **Unlimited Tax Bonds** | |
| (a) Pay Wells Fargo Securities, LLC on a delivery versus pay basis for purchase of Open Market Securities and deposit to the Escrow Fund the sum of | $ 30,257,450.69 |
| (b) Deposit to Escrow Account as beginning cash balance | 991.14 |
| (c) Retain in payment of services rendered as Paying Agent/Registrar, Escrow Agent and Settlement Fees for the Unlimited Tax Bonds | 2,850.00 |
| Total to be Received for the Unlimited Tax Bonds | $ 30,261,291.83 |
| (2) **Limited Tax 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 | $ 1,446,535.52 |
| (b) Deposit to Escrow Account as beginning cash balance | 565.00 |
| (c) Retain in payment of services rendered as Paying Agent/Registrar, Escrow Agent and Settlement Fees for the Limited Tax Bonds | $ 2,550.00 |
| Total to be Received for the Limited Tax Bonds | $ 1,449,650.52 |
| (3) Transmit by wire funds, less costs of issuance, to TexStar ABA #021000021, JP Morgan Chase, C/O TexSTAR Participant Services, Dallas, Texas, BNF = TexSTAR Clearing/AC-9102733343, OBI: Collin County 000-04314, to be disbursed as follows: | $ 45,788,000.00 |
| Unlimited Tax Bonds $43,488,000.00 | |
| Limited Tax Bonds $2,300,000.00 | |
| (4) Transmit by wire transfer to The Bank of New York, ABA #021000018, FBO First Southwest Company, Account #890-0271-779, Attention: Joe Brawner, Client Account #0054-039, Client Name: Collin County, Texas for payment of costs of issuance | $ 288,952.47 |
| **Total Disbursement of Funds** | **$ 77,787,894.82** |

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.

Ms. Mary Jo Murphy
Citigroup Global Markets Inc.
390 Greenwich St., 2nd Floor
New York, NY 10013
(212) 723-7095

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,

David K. Medanich

cc: Mr. Bill Bilyeu
Collin County

Mr. Chris Settle
McCall Parkhurst & Horton L.L.P.

Mr. Nick Bulaich
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 Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Bonds").

This Certificate is delivered pursuant to Section 6(i)(6) of the Purchase Contract, dated July 8 2015 (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 Issuer contained in the Purchase Contract are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing.

2. No litigation or proceeding or tax challenge against the Issuer is pending or, to the best of my knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents, (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and/or levying and/or collecting ad valorem taxes and making payments on the Bonds pursuant to the Bond Order, or contest the pledge of ad valorem taxes to the payment of the principal of and interest on the Bonds, or (e) contest the redemption of the Refunded Limited Tax Bonds.

3. The Order was duly adopted by the Issuer, is in full force and effect and has not been modified, amended or repealed, and the Pricing Certificate and the Purchase Contract have been duly executed and delivered by the Pricing Officer and are in full force and effect and have not been modified, amended or repealed.

4. To the best of my knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5. There has not been any materially adverse change in the financial condition of the Issuer since September 30, 2014, the latest date as of which audited financial information is available.

[Execution Page Follows]

DATED: August 18, 2015.

AUTHORIZED OFFICER

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

500 North Akard Street
Lincoln Plaza, Suite 3200
Dallas, TX 75201
tel (214) 871-1400
reference no.:769398

June 26, 2015

Collin Cnty
2300 Bloomdale Road - Suite 4100
McKinney, TX 75071
Attention: Ms. Monika Arris, Budget Director

Re: ***US$65,825,000 Collin County, Texas, Unlimited Tax Road And Refunding Bonds, Series 2015, dated: July 1, 2015, due: February 15, 2035***

***US$3,395,000 Collin County, Texas, Limited Tax Refunding And Improvement Bonds, Series 2015, dated: July 1, 2015, due: February 15, 2035***

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 have 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. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. 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,

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,

Standard & Poor's

Standard & Poor's Ratings Services

dg
enclosures
cc: Mr. David K. Medanich
Ms. Rhonda Van Iderstine

MOODY'S
INVESTORS SERVICE

One Front Street, Suite 1900
San Francisco, CA 94111
+1.415.274.1700 tel
www.moodys.com

June 25, 2015

Mr. Jeff May
County of Collin
2300 Bloomdale Rd., Suite 3100
McKinney, TX 75071

Dear Mr. May:

We wish to inform you that on June 24, 2015, Moody's Investors Service reviewed and assigned a rating of **Aaa** to County of Collin, TX, Unlimited Tax Road and Refunding Bonds, Series 2015 and Limited Tax Refunding and Improvement Bonds, Series 2015.

Credit ratings issued by Moody's Investors Service, Inc. and its affiliates ("Moody's") are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities and are not statements of current or historical fact. Moody's credit ratings address credit risk only and do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility.

This letter uses capitalized terms and rating symbols that are defined or referenced either in *Moody's Definitions and Symbols Guide* or *MIS Code of Professional Conduct* as of the date of this letter, both published on www.moodys.com. The Credit Ratings will be publicly disseminated by Moody's through normal print and electronic media as well as in response to verbal requests to Moody's Rating Desk. Moody's related research and analyses will also be published on www.moodys.com and may be further distributed as otherwise agreed in writing with us.

Moody's Credit Ratings or any corresponding outlook, if assigned, will be subject to revision, suspension or withdrawal, or may be placed on review, by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current Credit Rating, please visit www.moodys.com.

Moody's has not consented and will not consent to being named as an expert under applicable securities laws, such as section 7 of the Securities Act of 1933. The assignment of a rating does not create a fiduciary relationship between Moody's and you or between Moody's and other recipients of a Credit Rating. Moody's Credit Ratings are not and do not provide investment advice or recommendations to purchase, sell or hold particular securities. Moody's issues Credit Ratings with the expectation and understanding that each investor will make its own evaluation of each security that is under consideration for purchase, sale or holding.

Moody's adopts all necessary measures so that the information it uses in assigning a Credit Rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently validate or verify information received in the rating process. Moody's expects and is relying upon you possessing all legal rights and required consents to disclose the information to Moody's, and that such information is not subject to any restrictions that would prevent use by Moody's for its ratings process. In assigning the Credit Ratings, Moody's has relied upon the truth, accuracy, and completeness of the information supplied by you or on your behalf to Moody's. Moody's expects that you will, and is relying upon you to, on an ongoing basis, promptly provide

Moody's with all information necessary in order for Moody's to accurately and timely monitor the Credit Ratings, including current financial and statistical information.

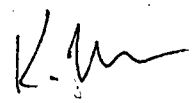
Under no circumstances shall Moody's have any liability (whether in contract, tort or otherwise) to any person or entity for any loss, injury or damage or cost caused by, resulting from, or relating to, in whole or in part, directly or indirectly, any action or error (negligent or otherwise) on the part of, or other circumstance or contingency within or outside the control of, Moody's or any of its or its affiliates' directors, officers, employees or agents in connection with the Credit Ratings. **ALL INFORMATION, INCLUDING THE CREDIT RATING, ANY FEEDBACK OR OTHER COMMUNICATION RELATING THERETO IS PROVIDED "AS IS" WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND. MOODY'S MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH INFORMATION.**

Any non-public information discussed with or revealed to you must be kept confidential and only disclosed either (i) to your legal counsel acting in their capacity as such; (ii) to your other authorized agents acting in their capacity as such with a need to know that have entered into non-disclosure agreements with Moody's in the form provided by Moody's and (iii) as required by applicable law or regulation. You agree to cause your employees, affiliates, agents and advisors to keep non-public information confidential.

If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supersede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Karolina Norris at 214-979-6858.

Sincerely,



Karolina Norris
Associate Analyst 1

cc: Mr. David Medanich
777 Main Street
Suite 1200
Fort Worth, TX 76102

Ms. Rhonda Van Iderstine
777 Main Street
Suite 1200
Fort Worth, TX 76102

SIGNATURE IDENTIFICATION AND AUTHORITY
CERTIFICATE OF ESCROW AGENT

I, the undersigned officer of THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the "Bank"), which is the Escrow Agent appointed by COLLIN COUNTY, TEXAS (the "Issuer"), in connection with the issuance, sale, execution and delivery of the Issuer's Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Bonds"), and the execution and delivery of an Escrow Agreement, dated as of July 1, 2015 (the "Escrow Agreement") between the Issuer and the Bank, hereby certify as follows:

1. The Bank is a national banking association authorized to do business in the State of Texas with trust powers and has full power and authority to enter into and perform the obligations of Escrow Agent under the Escrow Agreement.

2. The Escrow Agreement has been duly executed and attested on behalf of the Escrow Agent by one of the following persons who is a duly elected or appointed officer of the Bank holding the office set forth opposite his or her name and specimen of his or her genuine signature:

| Name | Office | Signature |
|---|---|---|
| Biddel Tekeste | 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 July 15, 2015

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

By: Stephen Jagar
Title: Vice President

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

I, the undersigned, Susan K. Maroni, Assistant Secretary of The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States (the "Association") and located in the State of California, with a trust office located at 2001 Bryan Street, Dallas, Texas, DO HEREBY CERTIFY that the following individuals are duly appointed and qualified Officers of the Association:

| Officer | Title | Signing Authority |
|---|---|---|
| Cathleen M. Sokolowski | Managing Director | B1, G, H, J, P8 |
| Michelle Baldwin | Vice President | G, H, J |
| Michael K. Herberger | Vice President | G, H, J |
| Tony Hongnoi | Vice President | G, H, J, N |
| Stephen Jager | Vice President | G, H, J, N |
| Brian Todd Jensen | Vice President | G, H, J, N |
| Gulnaar Murthy | Vice President | G, H, J, N |
| Elizabeth Power | Vice President | B1, G, H, J, N, P11 |
| Jason Stephens | Vice President | G, H, J |
| Shannon Straty | Vice President | C2, I1, I2, N, P11 |
| Kenneth David DeBow | Associate | G, H, J, N |
| Beverly Evans | Associate | G, H, J |
| Anthony Orozco | Associate | G, H, J, N |
| Vivek Sevak | Associate | G, H, J, N |
| Biddel Tekeste | Associate | G, H, J, N |
| Laurel Waller | Associate | G, H, 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 10th day of July 2015.

Susan K. Maroni

Susan K. Maroni, 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.

Mal

KEN PAXTON
ATTORNEY GENERAL OF TEXAS

August 14, 2015

THIS IS TO CERTIFY that Collin County, Texas (the "Issuer"), has submitted the Collin County, Texas Limited Tax Refunding and Improvement Bond, Series 2015 (the "Bond"), in the principal amount of $3,675,000, for approval. The Bond is dated July 1, 2015, numbered T-1, and was authorized by an Order of the Issuer passed on June 15, 2015 (the "Order"). The record of proceedings submitted with the Bond included the Order and a Pricing Certificate relating to the Bond.

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 the 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 July 1, 2015, firm banking arrangements have been made for the discharge and final payment or redemption of the obligations being refunded upon deposit of an amount sufficient to pay said obligations when due.

(3) The Bond is payable from the proceeds of an ad valorem tax levied, within the limit prescribed by law, against all taxable property in the Issuer.

(4) The proceedings conform to the requirements of law.

Therefore, the Bond is approved and, pursuant to Chapter 1371 of the Government Code, the proceedings are approved.

The Comptroller is instructed that he may register the Bond without the cancellation of the underlying securities being refunded thereby.

Ken Paxton

Attorney General of the State of Texas

No. 59277
Book No. 2015-C
MAR

* See attached Signature Authorization

OFFICE OF THE ATTORNEY GENERAL §
§
OF THE STATE OF TEXAS §

I, KEN PAXTON, 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, district, 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 supersedes 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 5th day of January, 2015.

KEN PAXTON
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 14th day of August 2015, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Collin County, Texas Limited Tax Refunding and Improvement Bond, Series 2015 and the "Proceedings",

the bond is numbered T-1, dated July 1, 2015, and that in signing the certificate of registration I used the following signature:

Glenn Hegar

IN WITNESS WHEREOF I have executed this certificate this the 14th day of August 2015.

Melissa Mora

I, Glenn Hegar, 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 85661.

GIVEN under my hand and seal of office at Austin, Texas, this the 14th day of August 2015.

Glenn Hegar

GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, GLENN HEGAR, Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

Collin County, Texas Limited Tax Refunding and Improvement Bond, Series 2015 and the "Proceedings"

the bond is numbered T-1, of the denomination of $ 3,675,000, dated July 1, 2015, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates and Proceedings were registered electronically in the office of the Comptroller, on the 14th day of August 2015, under Registration Number 85661.

Given under my hand and seal of office, at Austin, Texas, the 14th day of August 2015.

GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

BRACEWELL
&GIULIANI

**Texas**
**New York**
**Washington, DC**
**Connecticut**
**Seattle**
**Dubai**
**London**

*Bracewell & Giuliani LLP*
1445 Ross Avenue
Suite 3800
Dallas, Texas
75202-2711

August 18, 2015

$3,675,000
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BONDS,
SERIES 2015

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 AND IMPROVEMENT BONDS, SERIES 2015, dated July 1, 2015.
>
> 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 on June 15, 2015 authorizing their issuance and the pricing certificate executed pursuant to the terms thereof (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

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 (the "Refunded Bonds") 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. 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 rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer;

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Bonds pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent and, therefore, such Refunded Bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such Escrow Agreement; and

(C) A continuing ad valorem tax upon all taxable property within Collin County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitations.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT, or 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, low and middle income taxpayers qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

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.

Bracewell & Giuliani LLP

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1445 Ross Avenue
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75202-2711

August 18, 2015

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 Limited Tax Refunding and Improvement Bonds, Series 2015

Ladies and Gentlemen:

We have served as Bond Counsel to Collin County, Texas (the "Issuer") in connection with the issuance of its $3,675,000 Collin County, Texas Limited Tax Refunding and Improvement Bonds, Series 2015 (the "Bonds"), issued pursuant to the provisions of an order authorizing the Bonds, duly adopted by the Commissioners Court of the Issuer on June 15, 2015 (the "Bond Order") and the pricing certificate executed pursuant thereto on July 8, 2015 (the "Pricing Certificate", and together with the Bond Order, the "Order"). This opinion is delivered pursuant to the provisions of Section 6(i)(4) of the Purchase Contract (hereinafter defined). Capitalized terms not otherwise defined in this opinion have the meanings assigned in the hereinafter defined Purchase Contract.

In our capacity as Bond Counsel to the Issuer, we have reviewed the following:

(a) certified copy of the Bond Order;

(b) executed Pricing Certificate;

(c) an executed counterpart of the Purchase Contract dated July 8, 2015 (the "Purchase Contract") between the Issuer and the Underwriters named in such Purchase Contract;

(d) executed copy of the Escrow Agreement between the Issuer and The Bank of New York Mellon Trust Company, N.A.;

(e) a copy of the Official Statement dated July 8, 2015; and

(f) 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 Bond Order has been duly adopted by the Issuer and the Pricing Certificate has been duly executed by the Pricing Officer pursuant to the Bond Order, and both of the foregoing documents are in full force and effect.

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

3. We were not requested to participate, and did not take part, in the preparation of the Official Statement, and have not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in our capacity as Bond Counsel, we have reviewed the information in the Official Statement under the captions "PLAN OF FINANCING" (excluding the information under the subcaption "Sources and Uses of Proceeds"), "THE BONDS" (excluding the information under the subcaptions "Book-Entry-Only System" and "Bondholders' Remedies"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Bonds for Sale", "Legal Investments and Eligibility to Secure Public Fund in Texas" and "Legal Matters" under the caption "OTHER INFORMATION", and we are of the opinion that the information relating to the Bonds and the Order contained therein fairly and accurately describe the provisions thereof.

The addressees may rely on our opinion, dated as of the date hereof, delivered in connection with the issuance of the Securities 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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August 18, 2015

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

Re: $3,675,000 Collin County, Texas, Limited Tax Refunding and Improvement Bonds, Series 2015

Ladies and Gentlemen:

We have acted as counsel for you as the underwriters of the Bonds addressed above (the "Bonds"), issued under and pursuant to an order (the "Authorization") of Collin County, Texas (the "County") on June 15, 2015, as supplemented by the Pricing Certificate as defined in the Authorization (the "Pricing Certificate", and, collectively with the Authorization, the "Bond Order") authorizing the issuance of the Bonds, which Bonds you are purchasing pursuant to a Purchase Contract dated July 8, 2015. 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 certifications 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 Bonds and we have assumed, but not independently verified, that the signatures on all documents and Bonds that we have examined are genuine.

Based on and subject to the foregoing, we are of the opinion that, under existing laws, the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bond Order is 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 July 8, 2015 (the "Official Statement") and because the information in the Official Statement included under the captions and subcaptions "THE BONDS - Book-Entry-Only System," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" and Appendices 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 the information contained under such captions and subcaptions and in the appendices, and, except as set forth in the last sentence of this paragraph, we are not passing on and do not assume any

responsibility for the accuracy, completeness or fairness of other 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 participation in the preparation of the Official Statement as your counsel, we had discussions with representatives of the County, including its Financial Advisor and Bond Counsel, regarding the contents of the Official Statement. In the course of such activities, no facts came to our attention which 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 captions and subcaptions "THE BONDS - Book-Entry-Only System," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" and Appendices 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 light of the circumstances under which they were made, not misleading.

In addition, based upon (i) our understanding of Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule") and interpretive guidance published by the United States Securities and Exchange Commission relating thereto; (ii) our review of the continuing disclosure undertaking of the Issuer contained in the Bond Order; and (iii) the inclusion in the Official Statement of a description of the specifics of such undertaking, and in reliance on the opinion of Bond Counsel that the Bond Order has been duly adopted by the Issuer and is in full force and effect and constitutes a valid and legally binding obligation of the Issuer enforceable in accordance with its terms, we have no reason to believe that such undertaking does not meet the requirements of paragraph (b)(5)(i) of the Rule and, accordingly, we advise you that such undertaking provides a suitable basis for you, as the underwriters of the Bonds, and any other broker, dealer or municipal securities dealer acting as a Participating Underwriter (as defined in the Rule) in connection with the offering of the Bonds, to make a reasonable determination that the Issuer has met the qualifications of paragraph (b)(5)(i) of the Rule.

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 & Horton L.L.P.