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**May 18, 2020**



**Proposed Parameter Authorization**  
**Collin County, Texas**

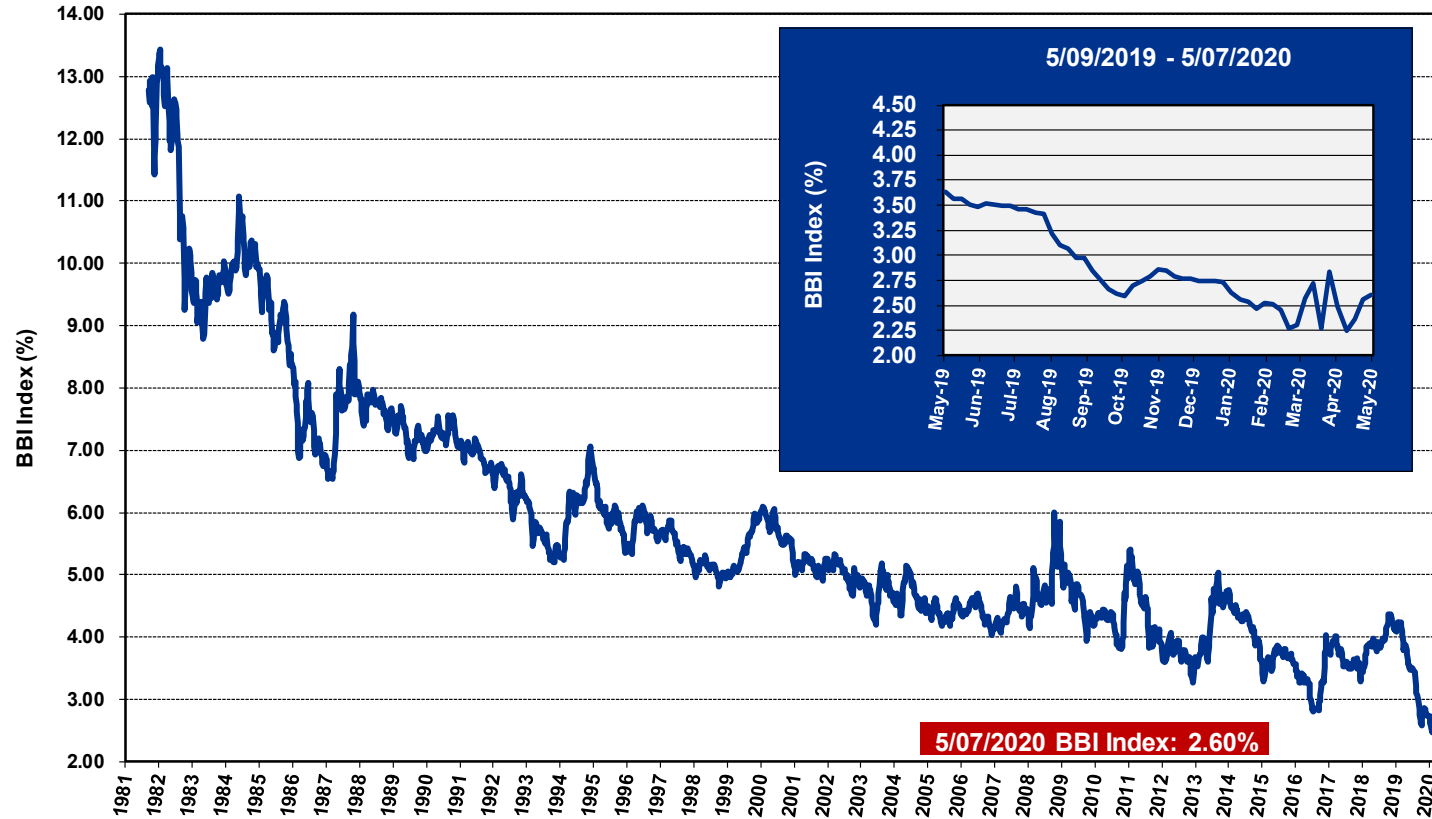
# Topics of Discussion

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- Market Conditions
- Plan of Finance
- Parameter Order
- Proposed Parameters
- Timetable

# Market Conditions

**Bond Buyer 20 Year GO Index  
September 1981 - May 7, 2020**



**Bond Buyer 20 Year GO Index is a weekly index estimating the composite yield on 20 general obligation bonds rated "A" or better.**

*This graph depicts historical interest rates. Future interest rates are dependent upon many factors such as, but not limited to, interest rate trends, tax rates, the supply and demand of short term securities, changes in laws, rules and regulations, as well as changes in credit quality and rating agency considerations. The effect of changes in such factors individually or in any combination could materially affect the relationships and effective interest rates. These results should be viewed with these potential changes in mind as well as the understanding that there may be interruptions in the short term market or no market may exist at all.*

# Plan of Finance – Series 2020 Limited Tax Bonds

- Limited Tax Bonds: \$176,300,000 issued from voter authorization

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Proposition A - Freeways (Non-Tolled)	11/6/2018	600,000,000	100,155,000	111,800,000	388,045,000
Proposition B - Thoroughfares (Cities)	11/6/2018	140,000,000	8,500,000	62,500,000	69,000,000
Proposition C - Parks & Open Space	11/6/2018	10,000,000	2,000,000	2,000,000	6,000,000
<b>Total</b>		<b>\$ 750,000,000</b>	<b>\$ 110,655,000</b>	<b>\$ 176,300,000</b>	<b>\$ 463,045,000</b>

- Bonds structured as level debt service over 20 years (some principal accelerated in first year)
- Estimated current interest rate is 2.73%

Note: All numbers shown above are preliminary and subject to change. Based on (AAA/Aaa) rates as of May 8, 2020.

# Plan of Finance – Series 2020 Limited Tax Refunding Bonds

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- 2020 Limited Tax Refunding Bonds: Up to \$49,000,000 issued on a taxable basis to advance refund ('refinance') existing bonds
  - Refunded bonds: Callable maturities of the 2011 Limited Tax Bonds, 2011 Unlimited Tax Bonds and 2012 Unlimited Tax Bonds outstanding at an average rate of: **4.41%**
  - Estimated rate of 2020 Limited Tax Refunding Bonds is **2.30%**
  - Estimated savings is **\$3,580,000** over the life of the bonds (approximately \$300,000 annually 2021-2032) or **6.88%** on a present value basis
- 2020 Refunding Bonds will not extend the term of the old bonds

**Note:** All numbers shown above are preliminary and subject to change. Based on (AAA/Aaa) rates as of May 8, 2020.

# Parameter Bond Order

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- Primary benefit of using a parameter bond order is **market timing/flexibility**
  - The bond issue is in “Day-to-Day” mode, meaning that bonds can be priced at any time and in an interest rate environment that is advantageous to the County rather than being locked into pricing on the date of a Commissioners court meeting.
- **Allowed Under Sections 1371 and 1207 of Texas Government Code**
- Commissioners Court delegates final pricing authority to Court selected Pricing Officers
- Commissioners Court establishes and approves bond sale parameters in Bond Order:
  - Maximum Aggregate Principal Amount of the Issue
  - Maximum Interest Rate
  - Minimum Savings (for Refundings)
  - Final Maturity Date
  - Expiration of Delegated Authority
- **The Pricing Officers can only approve the sale if all parameters that are set by the Commissioners Court have been met**
- Collin County has utilized this option for several of its past transactions, including the 2019 sale

# Proposed Parameters for Commissioners Court Consideration

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## ***Included in the Bond Orders for the Commissioners Court Consideration/Action:***

- Limited Tax Bonds (New Money)
  - Maximum Interest Rate: **3.50%** (current market is 2.73%<sup>(1)</sup>)
  - Maximum Principal Amount: **\$176,300,000**
  - Maximum Maturity Date: **February 15, 2040**
  
- Limited Tax Refunding Bonds (Taxable)
  - Maximum Interest Rate: **3.00%** (current market is 2.30%<sup>(1)</sup>)
  - Maximum Principal Amount: **\$49,000,000**
  - Maximum Maturity Date: **February 15, 2032** (final maturity not extended)
  - Minimum Savings: **3.50% PV Savings** (current market is 6.88%<sup>(1)</sup>)
  
- Both Orders Contain:
  - Delegated Pricing Officers: **County Judge** or **County Administrator**
  - Expiration of Parameter Authority: 180 days; which is the maximum allowed by law

(1) Based on AAA/Aaa rates as of 5/08/2020. Preliminary, subject to change.

# Projected Timetable

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

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

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

<b>Complete By</b>	<b>Day</b>	<b>Event</b>
7-May-20	Thursday	Provide initial draft of Preliminary Official Statement and send to County and Bond Counsel for comments and modifications
18-May-20	Monday	Receive information from County and bond counsel comments
18-May-20	Monday	<b>Court approves Parameters Orders</b>
19-May-20	Tuesday	Distribution Preliminary Official Statement to Rating Agencies
1-Jun-20	Week of	Ratings Calls
12-Jun-20	Friday	Receive credit ratings
12-Jun-20	Friday	Final comments due on Preliminary Official Statement
16-Jun-20	Tuesday	Finalize Preliminary Official Statement Send Official Statement to i-Deal Prospectus for Electronic Distribution to Underwriters
24-Jun-20	Wednesday	<b>Potential Pricing: Adopt Purchase Agreements and Award the Bonds</b>
1-Jul-20	Wednesday	Print Final Official Statement
29-Jul-20	Wednesday	<b>Bond closing and delivery of funds</b>