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Proposed Parameter Authorization
Collin County, Texas

Topics of Discussion

- Bond Sale Results/Recap – Series 2021
- Plan of Finance for Series 2022
- Market Conditions
- Parameter Order
- Proposed Parameters
- Timetable

Bond Sale Results/Recap – Series 2021

On June 7, 2021, Commissioner's Court approved a Parameter Order authorizing the issuance and sale of up to \$110,600,00 of bond authorization and authorizing the refunding of prior debt.

	Parameter	Final / Actual	Parameter Met?
<u>New Money</u> Max Principal	\$ 110,600,000	\$ 100,300,000*	✓
<u>New Money</u> Max True Interest Cost	2.75%	1.894%	✓
<u>New Money</u> Final Maturity	2/15/2041	2/15/2041	✓
<u>Taxable Ref</u> Max Principal	\$ 30,000,000	\$ 28,930,000	✓
<u>Taxable Ref</u> Max True Interest Cost	2.75%	1.546%	✓
<u>Taxable Ref</u> Minimum PV Savings (%)	4.50%	8.583%	✓
<u>Taxable Ref</u> Final Maturity	2/15/2033	2/15/2033	✓
<u>Tax-Exempt Ref</u> Max Principal	\$ 3,550,000	\$ 3,220,000	✓
<u>Tax-Exempt Ref</u> Max True Interest Cost	2.75%	0.450%	✓
<u>Tax-Exempt Ref</u> Minimum PV Savings (%)	3.50%	6.562%	✓
<u>Tax-Exempt Ref</u> Final Maturity	2/15/2025	2/15/2025	✓

* - Series 2021 was sold with a net premium that will result in a [\\$110,600,000](#) deposit into the County's Project Fund at closing.

Highlights:

- Collin County maintained the highest possible level of bond ratings of 'Aaa' (Moody's) and 'AAA' (S&P)
- Both bond issues were 'oversubscribed' by investors which led to additional reductions of the bond yield(s)
- The refunding transactions had combined savings of over \$2,825,000 in future debt service costs

Plan of Finance – Series 2022 Limited Tax Bonds

- **Limited Tax Permanent Improvement Bonds, Series 2022**

- County plans to issue \$86,000,000 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	\$ 275,555,000	\$ 60,000,000	\$ 264,445,000
Proposition B - Thoroughfares (Cities)	11/6/2018	140,000,000	116,000,000	24,000,000	-
Proposition C - Parks & Open Space	11/6/2018	10,000,000	6,000,000	2,000,000	2,000,000
Total		\$ 750,000,000	\$ 397,555,000	\$ 86,000,000	\$ 266,445,000

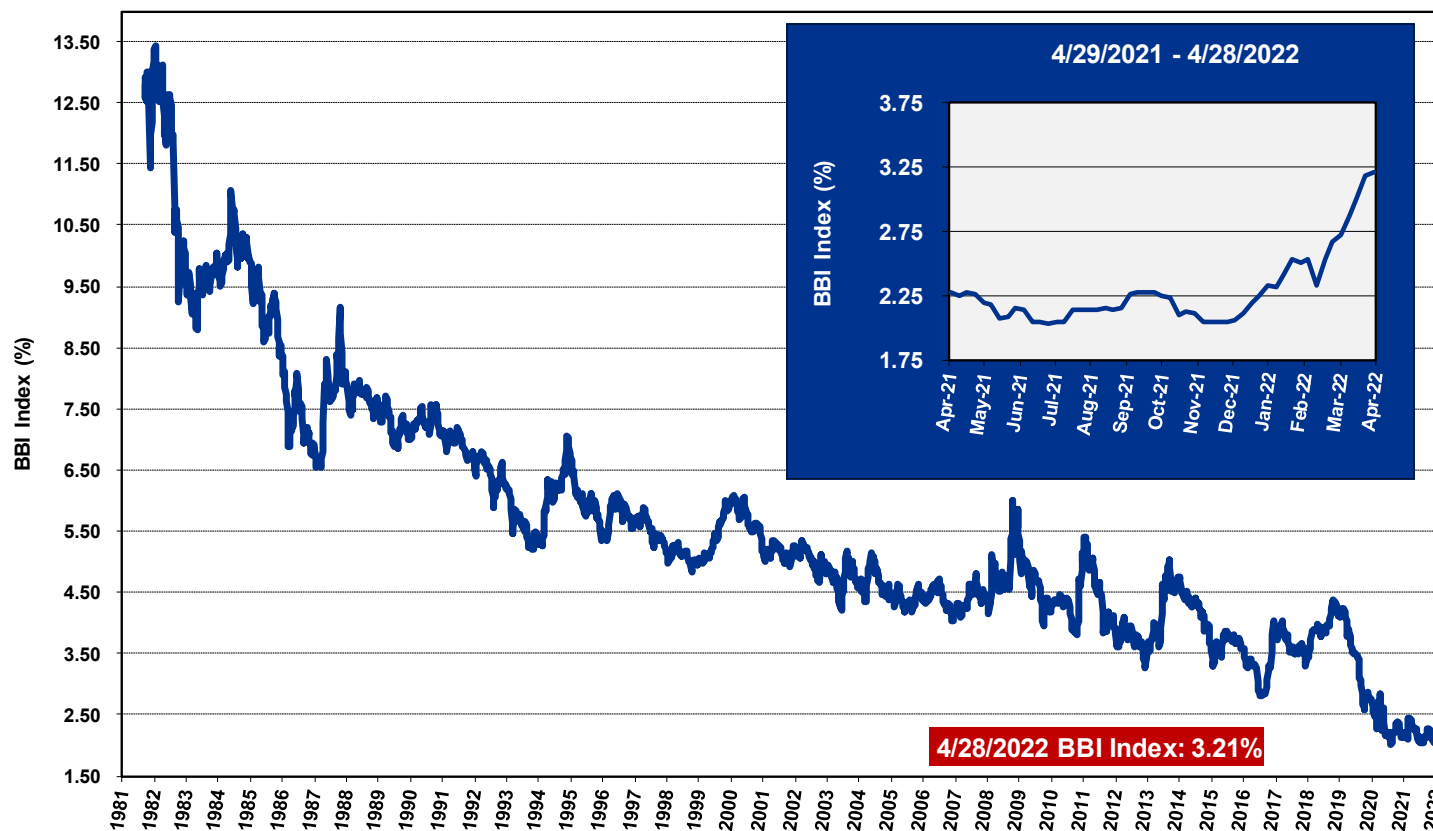
- **Bond Structure:**

- New Money will have a 20 Year level debt service structure (except for FY 2023 where principal has been accelerated)
- Estimated current interest rate is 3.85%
- Debt is expected to be sold on June 28, 2022 (pending market conditions)

Note: All numbers shown above are preliminary and subject to change. Based on (AAA/Aaa) tax-exempt rates as of April 26, 2022 plus 0.25%.

Market Conditions – Bond Buyers Index

**Bond Buyer 20 Year GO Index
September 1981 - April 28, 2022**



Bond Buyer 20 Year GO Index is a weekly index estimating the composite yield on 20 year 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.

Parameter Bond Order

- 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 Section 1371 of Texas Government Code**
- Commissioners Court delegates final pricing authority to Court selected Pricing Officers
- Commissioners Court establishes and approves bond sale parameters in the Bond Orders:
 - Maximum Aggregate Principal Amount of the Issue
 - Maximum Interest Rate
 - Minimum Net Present Value Savings
 - 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 sale method for its recent transactions

Proposed Parameters for Commissioners Court Consideration

Included in the Bond Order for the Commissioners Court Consideration/Action:

Limited Tax Permanent Improvement Bonds, Series 2022

- Delegated Pricing Officers: **County Judge** or **County Administrator**
- Maximum Interest Rate: **4.50%** (current market is 3.85%⁽¹⁾)
- Maximum Principal Amount: **\$86,000,000**
- Maximum Maturity Date: **February 15, 2042**
- Expiration of Parameter Authority: **November 5, 2022** (180 days; which is the maximum allowed by law)

(1) Based on (AAA/Aaa) tax-exempt rates as of April 26, 2022 plus 0.25%. Preliminary, subject to change.

Timetable

May-22						
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-22						
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-22						
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						

Complete By	Day	Event
5-May-22	Thursday	Provide initial draft of Preliminary Official Statement (POS) and send to County and Bond Counsel for comments and modifications
9-May-22	Monday	Court approves Parameters Order
16-May-22	Monday	Receive information from County and bond counsel comments
19-May-22	Thursday	Distribution Preliminary Official Statement to Rating Agencies and working group for additional comments. Distribute NOS
30-May-22	Week of	Ratings Calls
3-Jun-22	Friday	Receive additional comments from working group to 2nd draft of POS
7-Jun-22	Tuesday	Send out 3rd draft of POS to working group for final sign off
15-Jun-22	Wednesday	Receive additional comments from working group to 3rd draft of POS and NOS
16-Jun-22	Thursday	Finalize Preliminary Official Statement Send Official Statement to i-Deal Prospectus for Electronic Distribution to Potential Purchasers
28-Jun-22	Tuesday	Potential Pricing: Adopt Order and Award the Bonds
5-Jul-22	Tuesday	Print Final Official Statement
28-Jul-22	Thursday	Bond closing and delivery of funds