

Proposed Parameter Overview

Collin County

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May 15, 2023



Topics of Discussion



- Bond Sale Results/Recap – Series 2022
- Plan of Finance for Series 2023
- Market Conditions
- Parameter Order
- Proposed Parameters
- Timetable

Bond Sale Results/Recap – Series 2022



On May 9, 2022 Commissioner's Court approved a Parameter Order authorizing the issuance and sale of up to \$86,000,000 of prior bond authorization.

	Parameter	Final / Actual	Parameter Met?
Max Principal	\$ 86,000,000	\$ 82,870,000*	✓
Max True Interest Cost	4.50%	3.649%	✓
Max Final Maturity	2/15/2042	2/15/2042	✓

Highlights:

- Collin County maintained the highest possible level of bond ratings of 'Aaa' (*Moody's*) and 'AAA' (*S&P*)
- The bonds were sold via competitive sale, and the County received 5 bids
- The winning bid, submitted by Robert W Baird, was 0.05% lower than the cover bid submitted by Jeffries (3.699%)
- Other firms that submitted bids include: Mesirow Financial Inc, Citigroup Global Markets and UBS Financial Services

* - Series 2022 was sold with a net premium that will result in a **\$86,000,000** deposit into the County's Project Fund at closing.

Plan of Finance – Series 2023 Limited Tax Bonds



- **Limited Tax Permanent Improvement Bonds, Series 2023**

- Issue \$266,445,000 from voter authorization

Purpose	Date Authorized	Amount Authorized	Amount		Unissued Balance
			Previously Issued	Amount Being Issued	
Proposition A - Freeways (Non-Tolled)	11/6/2018	\$ 600,000,000	\$ 335,555,000	\$ 264,445,000	\$ -
Proposition B - Thoroughfares (Cities)	11/6/2018	140,000,000	140,000,000		-
Proposition C - Parks & Open Space	11/6/2018	10,000,000	8,000,000	2,000,000	-
Total		\$ 750,000,000	\$ 483,555,000	\$ 266,445,000	\$ -

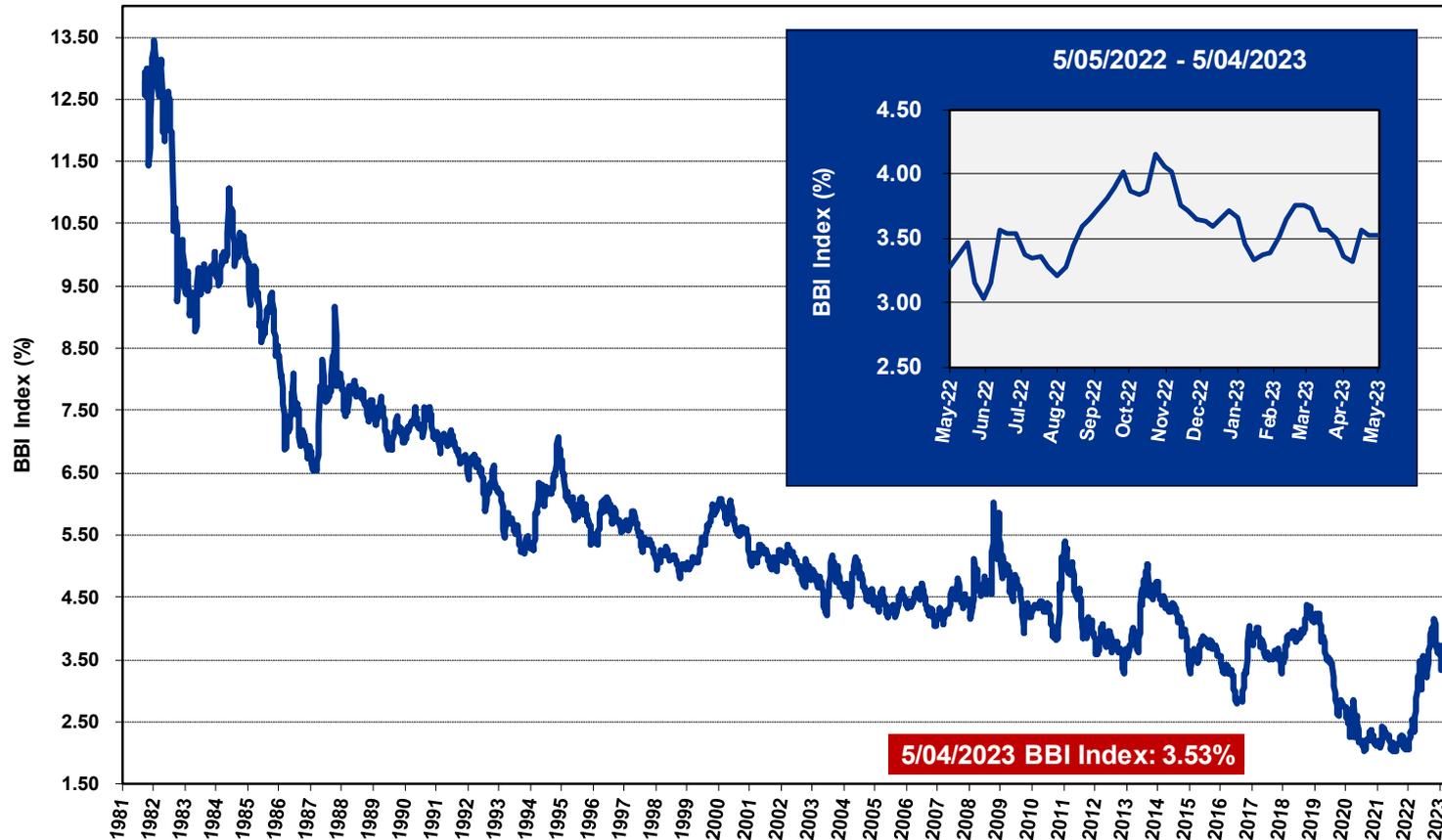
- **Bond Structure:**

- New Money will have a 20 Year level debt service structure (except for FY 2024 where principal has been accelerated)
- Estimated current interest rate is 3.97%
- 2023 Bonds are expected to be sold on June 28, 2023 (pending market conditions)

Note: All numbers shown above are preliminary and subject to change. Based on (AAA/Aaa) tax-exempt rates as of May 8, 2023 plus 0.25%.



Bond Buyer 20 Year GO Index September 1981 - May 4, 2023



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.



- 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
 - Final Maturity Date
 - Expiration of Delegated Authority
- The Pricing Officer(s) 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 2023

- Delegated Pricing Officers: **County Judge** or **County Administrator**
- Maximum Interest Rate: **4.75%** (current market is 3.97%⁽¹⁾)
- Maximum Principal Amount: **\$266,445,000**
- Maximum Maturity Date: **February 15, 2043**
- Expiration of Parameter Authority: **August 15, 2023** (maximum allowed by law is 180 days)

(1) Based on (AAA/Aaa) tax-exempt rates as of May 8, 2023 plus 0.25%. Preliminary, subject to change.

Estimated Timetable



May-23						
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-23						
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-23						
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					

Aug-23						
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-23	Friday	Provide initial draft of Preliminary Official Statement (POS) and send to County and Bond Counsel for comments and modifications
15-May-23	Monday	Court approves Parameters Order
19-May-23	Friday	Receive information from County and bond counsel comments
22-May-23	Monday	Distribution Preliminary Official Statement to Rating Agencies and working group for additional comments.
5-Jun-23	Week of	Ratings Calls/Due Diligence Call
14-Jun-23	Wednesday	Receive additional comments from working group to 2nd draft of POS
16-Jun-23	Friday	Receive ratings and send out 3rd draft of POS to working group for final sign off
19-Jun-23	Monday	Receive additional comments from working group to 3rd draft of POS
20-Jun-23	Tuesday	Finalize Preliminary Official Statement Send Official Statement to i-Deal Prospectus for Electronic Distribution to Potential Purchasers
28-Jun-23	Wednesday	Potential Pricing: Adopt Order and Award the Bonds
5-Jul-23	Wednesday	Print Final Official Statement
27-Jul-23	Thursday	Bond closing and delivery of funds