

Collin County Community College District Board of Trustees

2020-02-2

February 25, 2020

Resource: Steve Bassett
Chief Financial Officer

AGENDA ITEM:

Report Out of the Finance and Audit Committee and Consideration of Approval for Adoption of an Order Authorizing the Issuance of Limited Tax Bonds, Series 2020; Delegating the Sale of the Bonds to the Designated Financial Officer Named in this Order; Establishing Parameters Regarding the Sale of the Bonds; and Approving and Authorizing Instruments and Procedures Relating Thereto

DISCUSSION:

Staff has been working with our financial advisor, Hilltop Securities, to develop a financing plan for the bond program. After reviewing the cash spend down of the prior bond issuance in 2018, Staff and Hilltop Securities is recommending the College sell \$200 million of Limited Tax Bonds in late March/early April 2020 with the remainder of the authorized bonds to be sold at a later date as needed.

In order to facilitate entry into the market when deemed most beneficial to the College, Hilltop Securities and staff are recommending that the Board delegate the timing of the bond sale and the final terms of the bond sale to the District President and/or the Chief Financial Officer (each a "Designated Financial Officer") subject to certain parameters specified in the Bond Order being satisfied. This delegation process is permitted under Chapter 1371 of the Texas Government Code and is commonly utilized by other eligible governmental entities. By delegating the timing and terms to a Designated Financial Officer, the College will maximize its flexibility with respect to market timing because the bond sale is not required to be scheduled on a Board meeting date.

The Bond Order that is presented for the Board's consideration includes delegation authority subject to the following parameters:

- The Bonds authorized to be sold by the Bond Order shall be sold through a negotiated sale
- The maximum principal amount of the Limited Tax Bonds cannot exceed \$350 million
- The maximum borrowing cost as (measured by the True Interest Cost) cannot exceed 4.0%

- The final maturity of the Limited Tax Bonds must be on or before August 15, 2040

Delegation of the pricing authority expires on December 31, 2020. If all the above parameters cannot be satisfied, the bonds may not be issued, and further Board action to amend the Bond Order parameters would be required to complete the bond sale.

After approval of the Bond Order by the Board of Trustees, no additional action is required by the Board to effect the bond sale.

**DISTRICT PRESIDENT'S
RECOMMENDATION:**

The District President recommends approval of the Order authorizing the issuance of Limited Tax Bonds, Series 2020; delegating the sale of the bonds to the designated financial officer named in this Order; establishing parameters regarding the sale of the bonds; and approving and authorizing instruments and procedures relating thereto and directing the designated financial officers to report the results of the bond sale at the first regular meeting of the Board of Trustees subsequent to the sale.

SUGGESTED MOTION:

“Mr. Chairman, I make a motion that the Board of Trustees of Collin County Community College District approves the Order authorizing the issuance of Limited Tax Bonds, Series 2020; delegating the sale of the bonds to the designated financial officer named in this Order; establishing parameters regarding the sale of the bonds; and approving and Authorizing Instruments And Procedures Relating Thereto and directing the designated financial officers to report the results of the bond sale at the first regular meeting of the Board of Trustees subsequent to the sale.”