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## Memorandum

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**Date:** July 15, 2008  
**To:** David Flores, County Auditor  
Williamson County  
**Cc:** Julie Kiley, First Assistant County Auditor  
**Subject:** Private Placement of Note Issue

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As a follow-up to our meeting yesterday, I am providing a brief outline and timeline for the proposed issuance of Limited Tax Notes using a Private Placement (PP).

Limited Tax Notes are available to the County to issue for short-term funding needs. Notes are limited to a 7 year term from the date of issuance and are secured by ad valorem taxes. The only official action needed by the Commissioners' Court is the adoption of an Order authorizing the sale of the Notes once the bids are received. I do prefer to have the Court authorize us to proceed prior to the Order adoption.

The methods of sale that the County has used in the past are Competitive and Negotiated based on the size and types of issues the County had been selling. This issuance of Notes would present the opportunity to sell using a Private Placement after soliciting bids from local, regional and national banks. We would not use the underwriters or investment banking firms on this issuance as we have in the past. Also, we would not be required to get ratings or insurance on these issues as the banks usually do their own internal credit evaluation. This should result in lower issuance costs (as much as \$100,000) and still achieve a market interest rate. Finally, the County can solicit bids with and without a call feature and then determine the best value proposal.

We may also have the opportunity to bid this as Bank Qualified (BQ) if the County does not anticipate issuing debt in excess of \$10MM this calendar year, including leases that are initiated in the calendar year. If the County does require issuing debt this calendar year above \$10MM then we would solicit bids as NON-BQ, which would most likely result in fewer bids and a slightly higher rate than BQ but still provide the County with a market rate.

Timeline for the PP is approximately 60 days from authorization to proceed by the Court to funds being available to the County.

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However, if in the event the bank market softens before we receive bids we would then recommend a competitive sale for this issuance with ratings being applied for and insurance at the bidders option.

Please let me know if you have any questions.

Thanks

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**WILLIAMSON COUNTY, TEXAS  
PRELIMINARY TIMETABLE FOR ISSUANCE  
LIMITED TAX NOTES, SERIES 2008**

- |                              |                                                                      |
|------------------------------|----------------------------------------------------------------------|
| *Tuesday, August 5, 2008*    | • Commissioners' Court receives update on Limited Tax Note issuance. |
| Monday, August 25, 2008      | • Bids due. Bids are received on Notes and interest rates are set.   |
| *Tuesday, August 26, 2008*   | • Award. Notes are awarded by Commissioners' Court.                  |
| Thursday, September 25, 2008 | • Closing. Notes are delivered and proceeds received.                |

\*Requires Official Commissioners' Court Meeting.