

**MINUTES**  
**CITY COUNCIL MEETING**

**JULY 17, 2018**

**CALL TO ORDER – Roll Call and Determination of a Quorum**

The Parker City Council met in a regular meeting on the above date at Parker City Hall, 5700 E. Parker Road, Parker, Texas, 75002.

Mayor Lee Pettle called the meeting to order at 7:00 p.m. Councilmembers Cindy Meyer, Cleburne Raney, Edwin Smith, Ed Standridge and Patrick Taylor were present.

Staff Present: Finance/H.R. Manager Johnna Boyd, City Secretary Patti Scott Grey, City Attorney Brandon Shelby, Fire Chief Mike Sheff, Fire Division Chief Justin Miller and Police Chief Richard Brooks

**EXECUTIVE SESSION 7:00 P.M. TO 7:30 P.M. – Pursuant to the provisions of Chapter 551, Texas Government Code the City Council may hold a closed meeting.**

**1. RECESS TO CLOSED EXECUTIVE SESSION IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN:**

Government Code Section 551.074 Personnel—To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.

Mayor Lee Pettle recessed the regular meeting at 7:01 p.m.

**2. RECONVENE REGULAR MEETING.**

Mayor Lee Pettle reconvened the regular meeting at 7:42 p.m.

**3. ANY APPROPRIATE DELIBERATION AND/OR ACTION ON ANY OF THE EXECUTIVE SESSION SUBJECTS LISTED ABOVE.**

No action was taken.

**PLEDGE OF ALLEGIANCE**

AMERICAN PLEDGE: Billy Barron led the pledge.

TEXAS PLEDGE: Tom MacDuff led the pledge.

**PUBLIC COMMENTS** The City Council invites any person with business before the Council to speak. No formal action may be taken on these items at this meeting. Please keep comments to 3 minutes.

Tom MacDuff, 4313 Sycamore Lane, voiced his concern, regarding an AirBandB rental located next door to him at 4310 Sycamore Lane. Mr. MacDuff said he understood similar cases are in litigation and the state may have future legislation to govern such rentals. In the meantime, he hoped the Planning and Zoning (P&Z) Commission would review and consider enacting an ordinance to prohibit AirBandBs and similar rentals and/or the City Attorney would find a solution. He asked that the City enforce current code. Finally, Mr. MacDuff inquired about the Sycamore Lane's water line and road project, specifically when the project would be completed.

**CONSENT AGENDA** Routine Council business. Consent Agenda is approved by a single majority vote. Items may be removed for open discussion by a request from a Councilmember or member of staff.

4. APPROVAL OF MEETING MINUTES FOR JUNE 12, 2018. [SCOTT GREY]
5. APPROVAL OF MEETING MINUTES FOR JUNE 19, 2018. [SCOTT GREY]
6. APPROVAL OF MEETING MINUTES FOR JULY 6, 2018. [SCOTT GREY]
7. CITY INVESTMENT QUARTERLY REPORT. [BOYD]
8. DEPARTMENT REPORTS- BUILDING, COURT, FIRE, POLICE AND WEBSITE

MOTION: Councilmember Taylor moved to approve consent agenda items, 4-8, as presented. Councilmember Standridge seconded with Councilmembers Meyer, Raney, Smith, Standridge, and Taylor voting for the motion. Motion carried 5-0.

**INDIVIDUAL CONSIDERATION ITEMS**

9. CONSIDER ALL MATTERS INCIDENT AND RELATED TO THE ISSUANCE AND SALE OF "CITY OF PARKER, TEXAS, COMBINATION TAX AND WATER AND SEWER SYSTEM LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION (COs), SERIES 2018", INCLUDING THE ADOPTION OF ORDINANCE NO. 761 AUTHORIZING THE ISSUANCE OF SUCH CERTIFICATES OF OBLIGATION AND APPROVING ALL OTHER MATTERS RELATED THERETO. [BOND COUNSEL]

Bond Counsel Chris Settle, with McCall, Parkhurst & Horton, LLP, and Erick Macha, Director of Hilltop Securities Inc., both of Dallas, Texas, reviewed the item and responded to questions, stating the bonds were callable in 2028 and they mature in February of 2038. (See Exhibit 1 – Bond Counsel's handout “\$6,075,000 Combination Tax and Water and Sewer System Limited Pledge Revenue Certificates of Obligation, Series 2018”, dated July 17, 2018.)

MOTION: Councilmember Taylor moved to approve Ordinance No. 761, authorizing the issuance of certificate of obligation (COs) and approving all other matters related thereto. Councilmember Smith seconded with Councilmembers Meyer, Raney, Smith, Standridge, and Taylor voting for the motion. Motion carried 5-0.

10. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON ORDINANCE NO. 762 RESTRICTED SERVICE CREDIT. [SHELBY]

MOTION: Councilmember Taylor moved to approve Ordinance No. 762, authorizing and allowing under the Act governing the Texas Municipal Retirement System (TMRS), restricted prior service credit to employees who are members of the system for service previously performed for various other public entities for which they have not received credited service; and establishing an effective date of August 1, 2018. Mayor Pro Tem Raney seconded with Councilmembers Meyer, Raney, Smith, Standridge, and Taylor voting for the motion. Motion carried 5-0.

11. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2018-577 UPDATING THE INVESTMENT COMMITTEE. [PETTLE]

MOTION: Councilmember Standridge moved to approve Resolution No. 2018-577, updating the Investment Committee, removing former City Administrator Jeff Flanigan's name. The resolution now lists the position title “City Administrator” only, eliminating the need to update the name. Councilmember Taylor seconded with Councilmembers Meyer, Raney, Smith, Standridge, and Taylor voting for the motion. Motion carried 5-0.

12. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2018-578 UPDATING NEWSLETTER COMMITTEE APPOINTMENTS. [PETTLE]

MOTION: Councilmember Taylor moved to approve Resolution No. 201-578, updating the Newsletter Committee, removing former City Administrator Jeff Flanigan's name. The resolution now lists the position title "City Administrator" only, eliminating the need to update the name. Councilmember Standridge seconded with Councilmembers Meyer, Raney, Smith, Standridge, and Taylor voting for the motion. Motion carried 5-0.

13. CONSIDERATION AND/OR ANY APPROPRIATE ACTION/DISCUSSION, REGARDING THE FY 2018-2019 BUDGET. [PETTLE]

MOTION: Mayor Pro Tem Raney moved to table the proposed FY 2018-2019 Budget discussion until the City receives the certified numbers from Collin County. Councilmember Taylor seconded with Councilmembers Meyer, Raney, Smith, Standridge, and Taylor voting for the motion. Motion carried 5-0.

The City should receive the certified numbers on or before July 25, 2018.

## ROUTINE ITEMS

14. FUTURE AGENDA ITEMS

UPDATE(S):

• FACILITY REPORT [RANEY]

Mayor Pro Tem Raney updated the Mayor and City Council, stating he and Mayor Pettle met with Architect Randall Scott, regarding the proposed Municipal Complex to gain a better understanding of the entire process and what has transpired to this point. Mr. Scott provided spreadsheets, containing the City's needs assessment, i.e., number of offices, conference rooms, restrooms, lobbies, storage, etc. Mr. Raney assured Council every employee was interviewed for their perspective and commented these were the preliminary steps in the process. In fact, the next step in the process is for the Mayor and City Council to go on a tour of some of the municipal buildings designed by Mr. Scott to get a better understanding of what options and costs are involved. The Mayor and Council were asked to send City Attorney Shelby availability dates. Councilmember Meyer requested a future agenda item for City Council to discuss the proposed Municipal Complex in more detail.

• PARKER ROAD [STANDRIDGE]

Councilmember Standridge said he had just returned from a much-needed vacation and he would give a full update later. Mr. Standridge did say Parker Road construction would start soon and there would be the usual traffic delays and congestion until the project is completed. Police Chief Brooks noted Texas Department of Transportation (TxDot) agreed to paint the lane guide lines going from the south end of Dillehay east on Parker Road. TxDot has also agreed to place reflectors on the median of Parker Road at Hogge Road to help alert drivers turning west from Hogge onto Parker. TxDot also commented that this was the end of their fiscal year and this may not happen until their new fiscal year.

Mayor Pettle read the following reminders:

REMINDER(S):

- PROJECTED 2018 TAX RATE PLANNING CALENDAR
- COMMUNITY EVENT, WEDNESDAY, JULY 25, 2018, 7 PM – PRELIMINARY FUNDRAISER MEETING FOR PUBLIC SAFETY

Mayor Pettle reminded everyone of the meeting date and time to benefit Parker public safety and encouraged residents to participate in the planning, preparation and/or working the actual event.

- TOWN HALL MEETING, TUESDAY, AUGUST 14, 2018, 7 PM – TO DISCUSS HOME RULE AND GENERAL LAW CITIES

Mayor Pettle reminded everyone of the meeting date and time to learn more about General Law and Home Rule, encouraging them to attend and ask questions.

- NATIONAL NIGHT OUT (NNO) – TUESDAY, OCTOBER 2, 2018, 6:00 P.M. – 9:00 P.M.

The Mayor asked residents to start planning for the NNO event and let the fire and police departments, as well as Mayor and City Council members know if they would like for them to attend, so arrangements could be made.

- FIRE PREVENTION WEEK – OCTOBER 7-13, 2018
- TEXAS MUNICIPAL LEAGUE (TML) ANNUAL CONFERENCE IS OCT. 10-12, 2018 IN FORT WORTH, TEXAS. [PETTLE]
- REPUBLIC SERVICES HOUSEHOLD HAZARDOUS WASTE (HHW) DISPOSAL EVENT IS SATURDAY, OCTOBER 27, 2018, 10:00 AM – 2:00 PM

Mayor Pettle noted the HHW and Drug Take Back events were scheduled.

Mayor Lee Pettle reminded City Council to forward any future agenda items. She noted the next regularly scheduled meeting would be Tuesday, August 7, 2018.

**15. ADJOURN**

Mayor Lee Pettle adjourned the meeting at 8:25 p.m.



APPROVED:

  
\_\_\_\_\_  
Mayor Lee Pettle

ATTESTED:



Patti Scott Grey, City Secretary

Approved on the 13th day  
of November, 2018.



**\$6,075,000  
COMBINATION TAX AND WATER AND SEWER  
SYSTEM LIMITED PLEDGE REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2018**

**JULY 17, 2018**

**THE FOLLOWING RATING HAS BEEN ASSIGNED:**

**S&P GLOBAL**  
**“AA+”**



(See "Continuing Disclosure of Information" herein)

**NEW ISSUE - Book-Entry-Only**

**PRELIMINARY OFFICIAL STATEMENT**

**Dated July 11, 2018**

**Rating:**  
**S&P: "AA+"**  
**See "OTHER INFORMATION – Ratings" herein**

In the opinion of Bond Counsel to the City, interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS – Tax Exemption" herein.

**THE CERTIFICATES WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"**  
**FOR FINANCIAL INSTITUTIONS**

**\$6,570,000\***

**CITY OF PARKER, TEXAS**  
**(Collin County)**

**COMBINATION TAX AND WATER AND SEWER SYSTEM**  
**LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018**

**Dated Date: August 1, 2018**

**Due: February 15, as shown on page 2**

**Interest to Accrue from Date of Initial Delivery**

**PAYMENT TERMS.** . . Interest on the \$6,570,000\* City of Parker, Texas, Combination Tax and Water and Sewer System Limited Pledge Revenue Certificates of Obligation, Series 2018 (the "Certificates") will accrue from the date of initial delivery and will be payable February 15 and August 15 of each year, commencing February 15, 2019, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in principal denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is UMB Bank, Dallas, Texas (see "THE CERTIFICATES - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE.** . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1502, Texas Government Code, and constitute direct obligations of the City of Parker, Texas (the "City"), payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, levied within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of \$1,000 of the Net Revenues of the System, as provided in the ordinance authorizing the Certificates (the "Ordinance") (see "THE CERTIFICATES - Authority for Issuance").

**PURPOSE.** . . Proceeds from the sale of the Certificates will be used for the public purpose of (i) acquiring, constructing, installing and equipping additions, improvements, extensions and equipment for the City's water and sewer system (the "System"), and (ii) paying the costs associated with the issuance of the Certificates.

**CUSIP PREFIX: 701182**

**MATURITY SCHEDULE & 9 DIGIT CUSIP**

**See Schedule on Page 2**

**LEGALITY.** . . The Certificates are offered for delivery when, as and if issued and received by the underwriter of the Certificates (the "Underwriter") and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas. The opinion of Bond Counsel will be printed on or attached to the Bonds (see Appendix C, "Form of Bond Counsel's Opinion"). Certain matters will be passed upon for the Underwriter by Norton Rose Fulbright US LLP, Dallas, Texas.

**DELIVERY.** . . It is expected that the Certificates will be available for delivery through the facilities of DTC on August 21, 2018.

**RAYMOND JAMES**

\* Preliminary, subject to change.

CUSIP Prefix: 701182<sup>(1)</sup>

## MATURITY SCHEDULE\*

Principal Amount	Maturity (2/15)	Interest Rate	Initial Yield	CUSIP <sup>(1)</sup>	Principal Amount	Maturity (2/15)	Interest Rate	Initial Yield	CUSIP <sup>(1)</sup>
\$ 90,000	2020				\$ 425,000	2030			
95,000	2021				445,000	2031			
100,000	2022				460,000	2032			
100,000	2023				480,000	2033			
190,000	2024				500,000	2034			
225,000	2025				520,000	2035			
270,000	2026				540,000	2036			
280,000	2027				565,000	2037			
290,000	2028				585,000	2038			
410,000	2029								

(Interest to accrue from the date of delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Underwriter or the Financial Advisor shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

**OPTIONAL REDEMPTION.** . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 20\_\_ in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 20\_\_, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Optional Redemption").

\* Preliminary, subject to change.

**City of Parker, Texas**  
**\$6,418,200 Proceeds - Pump Station Project**  
**Final 7.16.2018**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
<b>FYE</b>	<b>Existing Utility Supported Debt Service <sup>(1)</sup></b>	<b>\$6,075,000 - Series 2018 8/21/2018 Delivery - 3.29%</b>			<b>AGGREGATE Utility Supported</b>	
		<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Debt Service</b>	<b>FYE</b>
2018	\$ 357,837	\$ -	\$ -	\$ -	\$ 357,837	2018
2019	356,352	-	233,394	233,394	589,746	2019
2020	247,848	75,000	236,600	311,600	559,448	2020
2021	245,650	80,000	234,650	314,650	560,300	2021
2022	244,636	85,000	232,175	317,175	561,811	2022
2023	248,065	80,000	229,700	309,700	557,765	2023
2024	163,444	170,000	225,950	395,950	559,394	2024
2025	138,934	200,000	219,400	419,400	558,334	2025
2026	103,528	245,000	210,500	455,500	559,028	2026
2027	102,365	255,000	200,500	455,500	557,865	2027
2028	103,383	265,000	190,100	455,100	558,483	2028
2029		385,000	177,100	562,100	562,100	2029
2030		400,000	161,400	561,400	561,400	2030
2031		415,000	145,100	560,100	560,100	2031
2032		430,000	128,200	558,200	558,200	2032
2033		450,000	110,600	560,600	560,600	2033
2034		470,000	92,200	562,200	562,200	2034
2035		485,000	73,100	558,100	558,100	2035
2036		505,000	53,300	558,300	558,300	2036
2037		530,000	32,600	562,600	562,600	2037
2038		550,000	11,000	561,000	561,000	2038
	<b>\$ 2,312,040</b>	<b>\$ 6,075,000</b>	<b>\$ 3,197,569</b>	<b>\$ 9,272,569</b>	<b>\$ 11,584,610</b>	

(1) Includes portions of Series 2010 and Series 2011.

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## SOURCES AND USES OF FUNDS

City of Parker, TX  
Combination Tax and Water and Sewer System Limited Pledge Revenue  
Certificates of Obligation, Series 2018  
Final Numbers

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Dated Date	08/21/2018
Delivery Date	08/21/2018

Sources:

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Bond Proceeds:	
Par Amount	6,075,000.00
Premium	473,938.45
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	6,548,938.45

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Uses:

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Project Fund Deposits:	
Project Fund	6,418,200.00
Delivery Date Expenses:	
Cost of Issuance	85,000.00
Underwriter's Discount	43,441.30
	<hr/>
	128,441.30

Other Uses of Funds:	
Additional Proceeds	2,297.15
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	6,548,938.45

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BOND DEBT SERVICE

City of Parker, TX  
Combination Tax and Water and Sewer System Limited Pledge Revenue  
Certificates of Obligation, Series 2018  
Final Numbers

Dated Date 08/21/2018  
Delivery Date 08/21/2018

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2019	-	-	233,394.17	233,394.17
09/30/2020	75,000	2.000%	236,600.00	311,600.00
09/30/2021	80,000	3.000%	234,650.00	314,650.00
09/30/2022	85,000	3.000%	232,175.00	317,175.00
09/30/2023	80,000	3.000%	229,700.00	309,700.00
09/30/2024	170,000	3.000%	225,950.00	395,950.00
09/30/2025	200,000	4.000%	219,400.00	419,400.00
09/30/2026	245,000	4.000%	210,500.00	455,500.00
09/30/2027	255,000	4.000%	200,500.00	455,500.00
09/30/2028	265,000	4.000%	190,100.00	455,100.00
09/30/2029	385,000	4.000%	177,100.00	562,100.00
09/30/2030	400,000	4.000%	161,400.00	561,400.00
09/30/2031	415,000	4.000%	145,100.00	560,100.00
09/30/2032	430,000	4.000%	128,200.00	558,200.00
09/30/2033	450,000	4.000%	110,600.00	560,600.00
09/30/2034	470,000	4.000%	92,200.00	562,200.00
09/30/2035	485,000	4.000%	73,100.00	558,100.00
09/30/2036	505,000	4.000%	53,300.00	558,300.00
09/30/2037	530,000	4.000%	32,600.00	562,600.00
09/30/2038	550,000	4.000%	11,000.00	561,000.00
	6,075,000		3,197,569.17	9,272,569.17

True Interest Cost % 3.292%

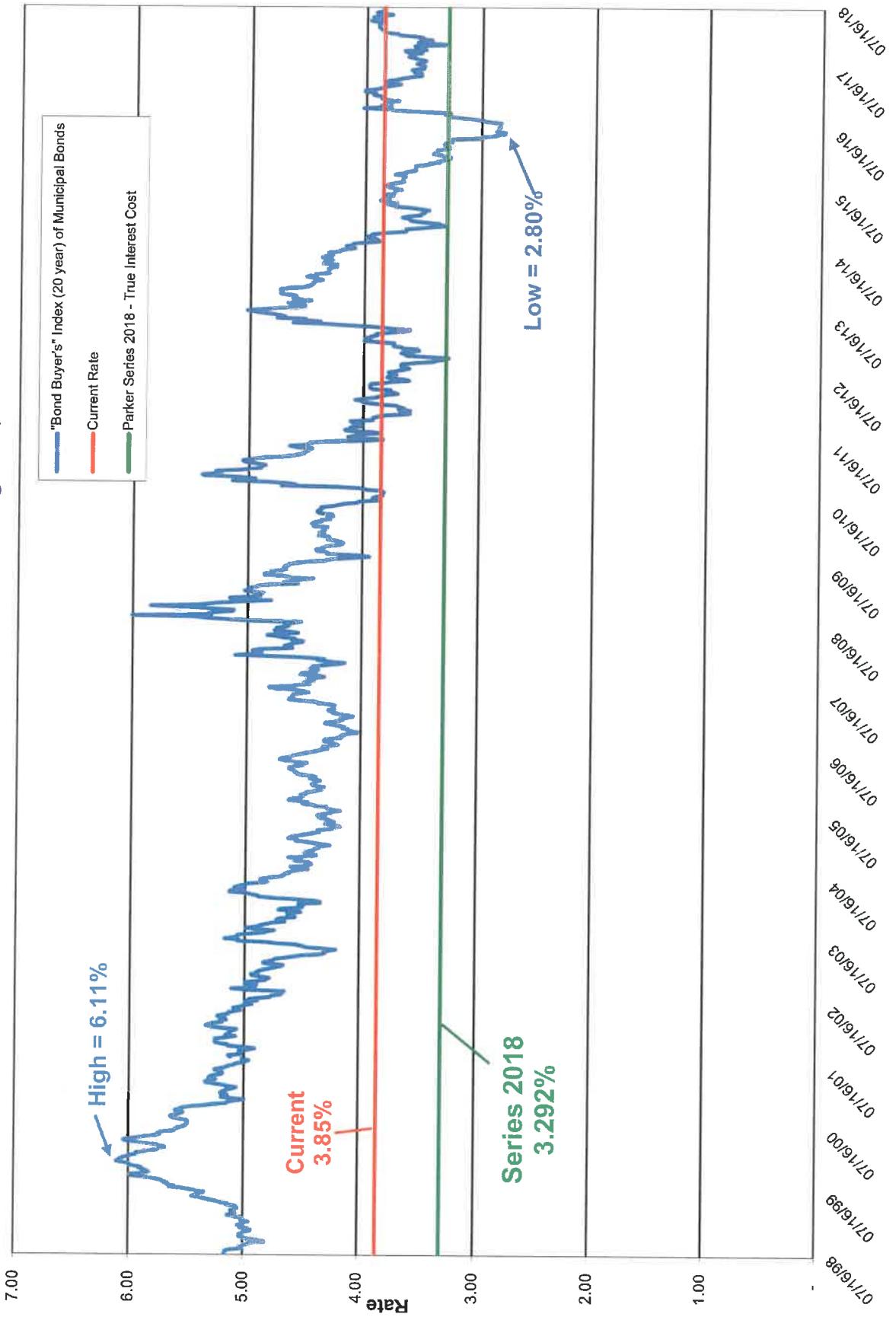
**BOND PRICING**

 City of Parker, TX  
 Combination Tax and Water and Sewer System Limited Pledge Revenue  
 Certificates of Obligation, Series 2018  
 Final Numbers

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
<b>Serial Bond:</b>										
	02/15/2020	75,000	2.000%	1.850%	100.218	-	-	-	163.50	3.750
	02/15/2021	80,000	3.000%	2.050%	102.288	-	-	-	1,830.40	3.750
	02/15/2022	85,000	3.000%	2.250%	102.498	-	-	-	2,123.30	3.750
	02/15/2023	80,000	3.000%	2.300%	102.965	-	-	-	2,372.00	3.750
	02/15/2024	170,000	3.000%	2.400%	103.065	-	-	-	5,210.50	3.750
	02/15/2025	200,000	4.000%	2.500%	108.926	-	-	-	17,852.00	5.000
	02/15/2026	245,000	4.000%	2.600%	109.464	-	-	-	23,186.80	5.000
	02/15/2027	255,000	4.000%	2.700%	109.797	-	-	-	24,982.35	5.000
	02/15/2028	265,000	4.000%	2.750%	110.371	-	-	-	27,483.15	5.000
	02/15/2029	385,000	4.000%	2.800%	109.933	C	2.895%	02/15/2028	100.000	38,242.05
	02/15/2030	400,000	4.000%	2.850%	109.497	C	3.015%	02/15/2028	100.000	37,988.00
	02/15/2031	415,000	4.000%	2.900%	109.062	C	3.118%	02/15/2028	100.000	37,607.30
	02/15/2032	430,000	4.000%	2.950%	108.630	C	3.207%	02/15/2028	100.000	37,109.00
	02/15/2033	450,000	4.000%	2.980%	108.372	C	3.270%	02/15/2028	100.000	37,674.00
	02/15/2034	470,000	4.000%	3.030%	107.942	C	3.339%	02/15/2028	100.000	37,327.40
	02/15/2035	485,000	4.000%	3.070%	107.601	C	3.394%	02/15/2028	100.000	36,864.85
	02/15/2036	505,000	4.000%	3.120%	107.175	C	3.450%	02/15/2028	100.000	36,233.75
	02/15/2037	530,000	4.000%	3.180%	106.667	C	3.507%	02/15/2028	100.000	35,335.10
	02/15/2038	550,000	4.000%	3.230%	106.246	C	3.553%	02/15/2028	100.000	34,353.00
		6,075,000							473,938.45	
<b>Settlement Data:</b>										
	Dated Date									
	Delivery Date									
	First Coupon									
	Par Amount	6,075,000.00								
	Premium	473,938.45								
	Production	6,548,938.45								
	Underwriter's Discount	-43,441.30								
	Purchase Price	6,505,497.15								
	Accrued Interest	-								
	Net Proceeds	6,505,497.15								

## City of Parker

### Combination Tax and Water and Sewer System Limited Pledge Revenue Certificates of Obligation, Series 2018



**HILLTOP SECURITIES INC.**  
**"Bond Buyer's" Index of 20 Municipal Bonds**  
**Basis Valuation of Par Bonds**

The most important guide as to what the Municipal Bond Market has done in one time period versus another is the "Bond Buyer's" 20 Bond Index. Published on Thursday of each week, it is the accepted guide of the Municipal Bond Industry to determine trends and movements of interest rates in the market. To compute the index each week a poll is taken of several large investment banking houses on the 20 year price (expressed in terms of an interest rate) of the outstanding bonds of certain municipalities.

	<u>Week</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
January	1	4.47	4.35	4.15	4.32	5.24	4.31	5.08	3.83	3.68	4.75	3.42	3.45	3.78	3.44
	2	4.41	4.37	4.21	4.21	5.02	4.31	5.39	3.62	3.60	4.68	3.29	3.45	3.72	3.54
	3	4.40	4.33	4.25	4.15	4.80	4.30	5.41	3.60	3.53	4.55	3.36	3.37	3.83	3.52
	4	4.37	4.42	4.32	4.29	5.13	4.39	5.25	3.68	3.54	4.50	3.36	3.38	3.87	3.59
	5				4.39	5.16			3.67	4.48					
February	1	4.37	4.43	4.31	4.33	4.96	4.36	5.25	3.60	3.68	4.46	3.49	3.30	3.87	3.72
	2	4.27	4.42	4.21	4.47	4.89	4.34	5.29	3.70	3.72	4.46	3.60	3.27	3.88	3.73
	3	4.35	4.41	4.17	4.66	4.89	4.38	5.10	3.65	3.74	4.44	3.62	3.27	3.94	3.84
	4	4.42	4.36	4.19	5.11	4.87	4.36	4.95	3.69	3.74	4.38	3.62	3.34	3.92	3.86
	5														
March	1	4.50	4.39	4.10	4.92	4.96	4.34	4.90	3.72	3.86	4.41	3.68	3.34	3.95	3.85
	2	4.57	4.45	4.08	4.94	5.03	4.33	4.91	3.84	4.00	4.47	3.62	3.42	4.02	3.88
	3	4.56	4.40	4.13	4.88	4.98	4.32	4.86	3.95	3.99	4.51	3.52	3.40	4.02	3.89
	4	4.63	4.43	4.20	4.96	5.00	4.44	4.91	4.01	3.99	4.43	3.52	3.38	3.91	3.90
	5	4.61	4.53	4.25			4.44	5.00	4.02				3.38	3.86	3.89
April	1	4.56	4.56	4.26	4.90	4.92	4.45	5.04	4.08	3.96	4.44	3.49	3.28	3.83	3.90
	2	4.49	4.57	4.29	4.61	4.92	4.43	5.06	3.97	3.93	4.32	3.49	3.30	3.77	3.85
	3	4.42	4.59	4.24	4.62	4.78	4.37	4.98	3.90	3.89	4.32	3.45	3.28	3.71	3.87
	4	4.37	4.59	4.26	4.68	4.57	4.37	4.86	3.86	3.90	4.33	3.52	3.32	3.82	3.97
	5					4.70						3.62			
May	1	4.38	4.63	4.25	4.63	4.62	4.29	4.69	3.81	3.77	4.33	3.74	3.32	3.82	3.89
	2	4.35	4.63	4.24	4.62	4.54	4.32	4.61	3.71	3.67	4.31	3.74	3.32	3.81	3.88
	3	4.25	4.58	4.29	4.53	4.44	4.27	4.55	3.75	3.61	4.26	3.81	3.26	3.73	3.95
	4	4.24	4.52	4.38	4.52	4.61	4.28	4.53	3.81	3.70	4.28	3.73	3.26	3.69	3.90
	5			4.41	4.62				3.77	3.84	4.26				3.78
June	1	4.18	4.57	4.54	4.59	4.71	4.28	4.51	3.92	3.93	4.37	3.81	3.26	3.61	3.88
	2	4.21	4.48	4.64	4.69	4.86	4.37	4.49	3.95	4.16	4.37	3.87	3.03	3.53	3.92
	3	4.31	4.58	4.63	4.76	4.86	4.40	4.49	3.95	4.37	4.36	3.79	2.99	3.53	3.87
	4	4.23	4.68	4.60	4.83	4.79	4.40	4.46	3.95	4.63	4.29	3.80	2.90	3.53	3.87
	5	4.24	4.71					4.59							
July	1	4.27	4.69	4.61	4.67	4.81	4.38	4.65	3.94	4.39	4.31	3.85	2.85	3.60	3.86
	2	4.30	4.62	4.60	4.56	4.71	4.36	4.51	3.83	4.55	4.38	3.76	2.80	3.61	3.85
	3	4.36	4.59	4.55	4.65	4.68	4.37	4.46	3.75	4.52	4.36	3.82	2.80	3.51	
	4	4.31	4.55	4.47	4.77	4.69	4.26	4.47	3.61	4.77	4.29	3.75	2.87	3.52	
	5				4.74	4.69	4.21			4.33	3.75	2.85			
August	1	4.38	4.49	4.51	4.75	4.65	4.16	4.19	3.66	4.70	4.31	3.75	2.85	3.50	
	2	4.37	4.45	4.59	4.67	4.65	4.06	3.97	3.75	4.73	4.24	3.69	2.85	3.52	
	3	4.27	4.39	4.74	4.64	4.58	4.03	3.83	3.80	4.80	4.21	3.73	2.84	3.57	
	4	4.25	4.34	4.81	4.68	4.53	3.88	4.09	3.76	4.91	4.17	3.79	2.84	3.53	
	5		4.30	4.70					3.72	4.96					3.51
September	1	4.18	4.34	4.57	4.62	4.33	3.86	4.14	3.73	5.03	4.09	3.82	2.84	3.49	
	2	4.26	4.30	4.46	4.54	4.33	3.92	4.05	3.79	4.93	4.14	3.82	2.83	3.56	
	3	4.30	4.21	4.51	5.03	4.20	3.89	4.07	3.72	4.66	4.17	3.78	2.96	3.60	
	4	4.30	4.23	4.48	5.23	4.04	3.83	3.85	3.67	4.53	4.11	3.71	2.98	3.64	
	5	4.39					3.84	3.93					3.06		
October	1	4.44	4.25	4.42	5.36	3.94	3.84	4.14	3.61	4.53	4.11	3.67	3.20	3.63	
	2	4.51	4.33	4.48	5.47	4.06	3.82	4.17	3.64	4.57	4.01	3.68	3.28	3.61	
	3	4.47	4.33	4.39	6.01	4.32	3.84	4.08	3.68	4.68	3.87	3.68	3.28	3.53	
	4	4.56	4.30	4.33	5.32	4.31	3.96	4.12	3.68	4.56	3.90	3.67	3.32	3.65	
	5				5.35	4.39				4.48	3.90	3.66			
November	1	4.63	4.18	4.40	5.24	4.41	4.02	4.02	3.67	4.56	3.98	3.69	3.27	3.67	
	2	4.61	4.19	4.54	5.14	4.40	4.24	4.02	3.55	4.64	3.98	3.74	3.52	3.49	
	3	4.52	4.17	4.53	5.13	4.35	4.72	4.09	3.41	4.60	3.93	3.65	3.75	3.52	
	4	4.51	4.14	4.45	5.39	4.33	4.60	4.07	3.37	4.61	3.94	3.65	3.80	3.51	
	5		4.04	4.39					3.29					3.59	
December	1	4.53	4.03	4.38	5.58	4.24	4.65	4.12	3.27	4.70	3.83	3.57	4.03	3.29	
	2	4.49	4.12	4.46	5.85	4.19	4.86	3.93	3.44	4.74	3.65	3.57	3.78	3.41	
	3	4.48	4.12	4.39	5.46	4.18	5.15	3.92	3.64	4.73	3.65	3.57	3.88	3.56	
	4	4.42	4.17	4.44	5.33	4.21	5.00	3.92	3.58	4.73	3.65	3.57	3.83	3.44	
	5	4.38				4.25	4.95	3.88			3.56	3.57	3.78		



# RatingsDirect®

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## **Summary: Parker, Texas; General Obligation**

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## Summary:

# Parker, Texas; General Obligation

### Credit Profile

US\$6.57 mil comb tax & wtr & swr sys ltd pledge rev certs of oblig ser 2018 dtd 08/01/2018 due 02/15/2038

Long Term Rating	AA+/Stable	New
Parker GO		

Long Term Rating	AA+/Stable	Downgraded
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### Rationale

S&P Global Ratings lowered its rating to 'AA+' from 'AAA' on the city of Parker, Texas' general obligation (GO) debt. At the same time, S&P Global Ratings assigned its 'AA+' rating to the city's series 2018 certificates of obligation. The outlook is stable.

The lower rating reflects both a higher-debt burden and a change in our view of the city's institutionalized policies and practices as inventoried in our financial management assessment (FMA), which we revised to adequate from strong, primarily due to a lack of formalized long-term capital and financial planning. Based on our review of national data, we found that an adequate FMA is unusual among higher-rated peers.

The certificates are payable from an ad valorem tax levied on all taxable property in the city, within the limits prescribed by law. The maximum allowable ad valorem tax rate for Texas cities is \$2.50 per \$100 of assessed value (AV) for all purposes, with the portion dedicated to debt service limited to \$1.50. Parker's levy is well below the maximum at 36.60 cents per \$100 of AV, 6.04 cents of which is dedicated to debt service. Based on the application of our criteria, titled "Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness" (published Jan. 22, 2018, on RatingsDirect), we do not differentiate between the city's limited-tax GO debt and its general creditworthiness. The certificates are further secured by a limited-pledge of the net revenues of the city's waterworks and sewer system, in an amount not to exceed \$1,000. However, we rate the certificates on par with the city's general creditworthiness.

Proceeds of the 2018 certificates will finance a new water pump station project.

The rating reflects our opinion of the following credit characteristics:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Adequate management, with "standard" financial policies and practices under our Financial Management Assessment methodology;
- Strong budgetary performance, with a slight operating surplus in the general fund and an operating surplus at the total governmental fund level in fiscal 2017;
- Very strong budgetary flexibility, with a high available fund balance in fiscal 2017 of 128% of operating

expenditures;

- Very strong liquidity, with total government available cash at 133.3% of total governmental fund expenditures and 11.3x governmental debt service, and access to external liquidity we consider strong;
- Very weak debt and contingent liability position, with debt service carrying charges at 11.8% of expenditures and net direct debt that is 222% of total governmental fund revenue; and
- Strong institutional framework score.

### **Very strong economy**

We consider Parker's economy very strong. The city, with an estimated population of 4,702, is located in Collin County in the Dallas-Fort Worth-Arlington MSA, which we consider to be broad and diverse. The city has a projected per capita effective buying income of 197% of the national level and per capita market value of \$178,271. Overall, the city's market value grew by 8.7% over the past year to \$838.2 million in 2018. The county unemployment rate was 3.4% in 2017.

Due to its favorable location 20 miles northeast of Dallas, with access to major highways and the Dallas/Fort Worth International Airport, the city continues to see strong construction activity and assessed value growth. The city's tax base is very diverse, with the top 10 taxpayers making up just 4.7% of total assessed value in fiscal 2018. The city's assessed value has grown 52.8% over the past five fiscal years, or about 11% annually on average. Management attributes the growth to housing development increasing in recent years. The homes being built are large, averaging 5,000 to 6,000 square feet, and the median home value is currently above \$600,000. Officials site the city's location and availability of vacant land as draws for continued housing development, and are projecting AV increases of 8% to 10% in 2018 and 2019 based on both existing home value growth and new development.

Given the ongoing development, we expect that the city's tax base will see sustained growth and we do not anticipate material changes to the city's key economic credit fundamentals over the next two years.

### **Adequate management**

We view the city's management as adequate, with "standard" financial policies and practices under our Financial Management Assessment methodology, indicating the finance department maintains adequate policies in some but not all key areas.

When developing revenue and expenditure assumptions for budgeting purposes, management reviews and evaluates 10 years of historical data and trends, focusing more heavily on the most recent four years of data for projections. The budget can be amended as needed throughout the fiscal year, and management provides monthly budget-to-actual reporting to council to monitor performance. The city has a formal investment policy and reports holdings and earnings monthly. The city has an internal reserve policy to maintain fund balance sufficient to cover six to 12 months of operating expenses. Partly offsetting these strengths, the city does not have a debt management policy, a long-term financial plan, or a long-term capital plan. While management does review future capital needs annually with council, the lack of formalized long-term financial forecasts and long-term capital planning has led us to revise our assessment of the city's management profile to adequate from good.

*Summary: Parker, Texas; General Obligation*

**Strong budgetary performance**

Parker's budgetary performance is strong in our opinion. The city had slight surplus operating results in the general fund of 1.3% of expenditures, and surplus results across all governmental funds of 2.2% in fiscal 2017.

After adjusting for one-time capital expenditures, the city experienced positive operating results in two out of the past three fiscal years. In fiscal 2015, the city realized surplus results in the general fund of \$85,000 or 3.1% of expenditures, and a surplus of \$49,000 or 1.5% of expenditures across all governmental funds. Similarly, in fiscal 2017, the city experienced positive operating results of \$45,000 or 1.3% of expenditures in the general fund, and \$96,000 or 2.2% of expenditures across all governmental funds. In fiscal 2016, the city did experience a deficit of \$223,000 or 7.2% of expenditures in the general fund, and \$231,000 or 6.2% of expenditures across all governmental funds. Management attributes the deficit to revenues coming in under budget in that year, but also points out that the 2016 budget planned for a \$500,000 use of fund balance, so the actual deficit was half of what was originally budgeted.

The city budgeted to spend \$226,000 from reserves in fiscal 2018, but based on performance to date expects to end the year with a surplus. Given recent trends, fiscal 2018 expectations, and a track record of outperforming budget, we expect the city's budgetary performance to remain strong during the two-year outlook horizon.

**Very strong budgetary flexibility**

Parker's budgetary flexibility is very strong, in our view, with a high available fund balance in fiscal 2017 of 128% of operating expenditures, or \$4.3 million. We expect the available fund balance to remain above 75% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

The city has consistently maintained very strong budgetary flexibility in each of the past three fiscal years, with available fund balance ranging from \$4.3 million to \$4.4 million, which equated to 128.5% to \$159.2% of general fund expenditures. Management has an internal policy to maintain fund balance equal to 6 to 12 months of operating expenses. Given that management has no plans to spend fund balance in fiscal 2018 or 2019, we expect the city's budgetary flexibility to remain very strong over the outlook horizon.

**Very strong liquidity**

In our opinion, Parker's liquidity is very strong, with total government available cash at 133.3% of total governmental fund expenditures and 11.3x governmental debt service in 2017. In our view, the city has strong access to external liquidity if necessary.

The city has demonstrated its access to external liquidity through its issuance of GO bonds and certificates over the past decade. As of April 30, 2018, the city's investments are held in cash accounts, certificates of deposit, and local government investment pools (TexSTAR). We do not consider these investments to be aggressive.

The city privately placed its series 2015 certificates of obligation. The bond documents include standard events of default and acceleration is not a remedy for default. Therefore, we do not consider this debt to be a contingent liability risk at this time. We do not expect the city's liquidity position to deteriorate.

**Very weak debt and contingent liability profile**

In our view, Parker's debt and contingent liability profile is very weak. Total governmental fund debt service is 11.8% of total governmental fund expenditures, and net direct debt is 222% of total governmental fund revenue. Our

## *Summary: Parker, Texas; General Obligation*

characterization of the debt profile has changed to very weak from adequate, due to the sizeable new debt issuance and the no longer rapid amortization.

Proceeds of the 2018 certificates will finance a new water pump station project. The new pump station is expected to be operational in fiscal 2019, and it will increase capacity to meet the water demands of the city's growing population. While the certificates are secured by ad valorem tax revenue, the city expects to pay debt service for the 2018 certificates from the water and sewer fund, and has recently implemented a water impact fee that is expected to generate additional revenues for debt service and future water-related projects. If the debt service support from the enterprise fund materializes as expected, and is sustainable, we could improve our characterization of the city's debt profile over the next few years.

The city does not have concrete plans to issue additional debt within the next two years. However, management indicated that council has started to consider a new city hall project that could be bond financed. Management estimates the project cost could be between \$10 million and \$14 million, but the timing of and the financing for the project are currently unknown, so the impact of this debt on the scoring is uncertain at this time.

Parker's pension contributions totaled 3.6% of total governmental fund expenditures in 2017. The city made its full annual required pension contribution in 2017.

The city participates in the Texas Municipal Retirement System (TMRS), which is an agent, multiple-employer pension plan administered by the state. The city consistently meets its actuarially determined contributions. As of Sept. 30, 2017, the city's pension plan has 22 active participants and seven retirees. The city's TMRS contribution was \$155,000 in fiscal 2017, or 3.6% of total governmental fund expenditures. The city also participates in TMRS' Supplemental Death Benefit Fund (SDBF) plan that provides life insurance benefits to retirees. The city's actuarially determined contribution for SDBF was \$259 in fiscal 2017.

### **Strong institutional framework**

The institutional framework score for Texas municipalities is strong.

## **Outlook**

The stable outlook reflects our opinion that the city will maintain strong budgetary performance and very strong budgetary flexibility. Additional rating stability is provided by Parker's participation in the Dallas-Fort Worth-Arlington MSA, which we consider to be broad and diverse. We do not expect to change the rating within the two-year outlook period.

### **Upside scenario**

We could raise the rating if the city's debt profile improves and the city formalizes additional management policies and practices, particularly in the areas of long-term capital and financial planning.

### **Downside scenario**

We could lower the rating if the city experiences financial pressures--related to the higher-debt burden or otherwise--that lead to structural budget imbalance and substantial declines in reserves.

## Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015
- Local Government Pension And Other Postemployment Benefits Analysis: A Closer Look, Nov.8, 2017

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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