

**MINUTES**  
**CO/GO Workshop @ 6:00 p.m.**  
**CITY COUNCIL MEETING @ 7:30 p.m.**  
**NOVEMBER 13, 2018**

**CO/GO WORKSHOP 6:00 P.M. TO 7:00 P.M.** Discussion and Review of CO/GO Bonds.

**CERTIFICATE OF OBLIGATION (CO) AND GENERAL OBLIGATION (GO) BOND WORKSHOP. [BOND COUNSEL – CHRIS SETTLE AND ERICK MACHA]**

Bond Counsel Erick Macha and Chris Settle presented a PowerPoint, giving an overview of Municipal Bonds. (See Exhibit 1 – Hilltop Securities, Inc. Director Erick Macha's PowerPoint, dated November 13, 2018.)

**RECEPTION – 7:00 P.M. TO 7:30 P.M.** Recognition and Reception for Former Mayor, Mayor Pro Tem, and City Staff

In appreciation of their service to the City, plaques were presented to former Mayor Z Marshall and former Mayor Pro Tem Scott Levine during the reception.

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

The Parker City Council met in a special 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 7:39 p.m. Councilmembers Cindy Meyer, Cleburne Raney, Edwin Smith, and Ed Standridge were present. Patrick Taylor was absent.

Staff Present: City Administrator Luke Olson, Asst. City Administrator/City Secretary Patti Scott Grey, Finance/H.R. Manager Grant Savage, City Attorney Brandon Shelby, Fire Chief Mike Sheff, Police Chief Richard Brooks and Public Works Director Gary Machado

**PLEDGE OF ALLEGIANCE**

AMERICAN PLEDGE: Sharon Macduff led the pledge.

TEXAS PLEDGE: Public Works Director Gary Machado 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.

None

**ITEMS OF COMMUNITY INTEREST**

- **MAYOR PETTLE OFFICIALLY CANCELED THE TUESDAY, NOVEMBER 20, 2018 CITY COUNCIL MEETING DUE TO THANKSGIVING DAY HOLIDAY**
- **MAYOR PETTLE OFFICIALLY CANCELED THE TUESDAY, DECEMBER 18, 2018 CITY COUNCIL MEETING DUE TO CHRISTMAS DAY HOLIDAY**

- MAYOR PETTLE OFFICIALLY CANCELED THE TUESDAY, JANUARY 1, 2019 CITY COUNCIL MEETING DUE TO NEW YEAR'S DAY HOLIDAY

**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.

1. APPROVAL OF MEETING MINUTES FOR JULY 17, 2018. [SCOTT GREY]
2. APPROVAL OF MEETING MINUTES FOR AUGUST 7, 2018. [SCOTT GREY]
3. APPROVAL OF MEETING MINUTES FOR AUGUST 11, 2018. [SCOTT GREY]
4. APPROVAL OF MEETING MINUTES FOR AUGUST 21, 2018. [SCOTT GREY]
5. APPROVAL OF MEETING MINUTES FOR AUGUST 28, 2018. [SCOTT GREY]
6. APPROVAL OF MEETING MINUTES FOR SEPTEMBER 4, 2018. [SCOTT GREY]
7. APPROVAL OF MEETING MINUTES FOR SEPTEMBER 18, 2018. [SCOTT GREY]
8. APPROVAL OF MEETING MINUTES FOR OCTOBER 8, 2018. [SCOTT GREY]
9. APPROVAL OF MEETING MINUTES FOR OCTOBER 19, 2018. [SCOTT GREY]
10. REPUBLIC WASTE QUARTERLY REPORT. [BERNAS]
11. INVESTMENT QUARTERLY REPORT. [SAVAGE]
12. DEPARTMENT REPORTS-ANIMAL CONTROL, BUILDING, COURT, FIRE, POLICE AND WEBSITE
13. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON ACCEPTING A DONATION IN THE AMOUNT OF \$1,000.00 FROM FARMERS ELECTRIC CHARITABLE FOUNDATION FOR THE PARKER FIRE DEPARTMENT. [SHEFF/SAVAGE]
14. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2018-586 AWARDING THE 2018 EASTSIDE GROUND STORAGE RESERVOIR NO. 1 & NO. 2 REPAINT CONTRACT. [MACHADO]
15. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2018-587, APPOINTING TEXSTAR SIGNATORIES. [SAVAGE]

MOTION: Councilmember Standridge moved to approve consent agenda items 1 through and 15. Mayor Pro Tem Raney seconded with Councilmembers Meyer, Raney, Smith, and Standridge voting for the motion. Motion carried 4-0.

#### INDIVIDUAL CONSIDERATION ITEMS

16. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2018-588 ON INVESTMENT POLICY. [SAVAGE]

Finance/H.R. Manager Savage requested the following change to the Investment Policy, ARTICLE VIII PORTFOLIO AND INVESTMENT ASSET PARAMETERS, (D) Diversification, (5) The City shall not invest more than ~~80%~~ 90% of the investment portfolio in any individual money market mutual fund or government investment pool.

Councilmember Meyer inquired about ARTICLE V RESPONSIBILITY AND CONTROL, E. Investment Training Requirements and voiced concern regarding the timeframe the Investment Officer and Investment Committee members may receive training. City Council discussed the matter and decided to leave the section, as is, for the time being.

MOTION: Councilmember Standridge moved to approve the Investment Policy with the change from 80% to 90%, as noted. Mayor Pro Tem Raney seconded with Councilmembers Meyer, Raney, Smith, and Standridge voting for the motion. Motion carried 4-0.

17. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON ORDINANCE NO. 767, APROVING THE 2018 TAX ROLL. [SAVAGE]

Finance/H.R. Manager Savage commented this item could be pulled.

City Attorney Shelby noted the 2018 Tax Roll was approved in Ordinance No. 764 (Adopting a Tax Rate for 2018), **SECTION 4. The tax roll as presented to the City Council, together with any supplements thereto, be and the same are hereby approved.** The ordinance has been emailed to and filed with Collin County. Therefore, this ordinance is not necessary.

The Mayor moved to the next item.

18. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON ADDING A PART TIME POSITION. [OLSON/SAVAGE]

City Administrator Olson said he and staff are requesting the addition of a part time position, an Administrative Coordinator, to help staff with transitioning to a new software system early next year; to be cross trained in a variety of functions to help where needed; to assist with financial duties, such as payroll and accounts payable; to assist with utility billing and building permits; generally, to help staff get caught up and finally to help with succession for administrative retirements and/or vacancies. This part time position would not have benefits. It would allow City staff an opportunity to evaluate the hire for consideration of any future vacancies that may occur.

Mayor Pettle noted the nine (9) sets of minutes on tonight's agenda and said to help the City Secretary with City Council, Planning and Zoning, and other boards, commissions, and committees minutes, this position is needed to get work completed timely.

MOTION: Councilmember Smith moved to approve hiring a part time, no benefits Administrative Coordinator. Councilmember Standridge seconded with Councilmembers Meyer, Raney, Smith, and Standridge voting for the motion. Motion carried 4-0.

19. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2018-589, APPROVING A ONE (1) YEAR EXTENSION TO THE NORTH TEXAS MUNICIPAL WATER DISTRICT (NTMWD) AND CITY OF PARKER, TEXAS' SOUTHFORK RANCH PROPERTIES AGREEMENT. (OLSON/MACHADO)

Public Works Director Machado noted this was a simple one (1) year extension with no changes.

Councilmember Meyer inquired about previous agreements, why an agreement extension was needed at this time, and if there would be any liability issues for the City.

Mr. Machado said he did not have the previous agreements with him to answer Councilmember Meyer's questions at this time, but he would be happy to meet with her and review the past agreements. City Attorney Shelby said he did not see a

liability issue, since the City has had a similar agreement since 1996, and it remained unchanged.

**MOTION:** Councilmember Standridge moved to approve Resolution No. 2018-589, authorizing a one (1) year extension to the NTMWD and City of Parker, Texas' Southfork Ranch Properties Agreement (Third Amendment) for regional wastewater customer service. Mayor Pro Tem Raney seconded with Councilmembers Meyer, Raney, Smith, and Standridge voting for the motion. Motion carried 4-0.

**20. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON ORDINANCE NO. 768, AMENDING THE FISCAL YEAR 2018-2019 BUDGET AND AUTHORIZING THE USE OF THE CITY'S PROPRIETARY CONTINGENCY FUNDS FOR THE PAYMENT OF UNSCHEDULED, MAJOR REPAIRS TO CITY SEWER DEPARTMENT LIFT STATION. [MACHADO/SAVAGE]**

Public Works Director Machado reviewed the item, stating extensive repairs are needed at the Lewis Lane Lift Station (pump repair) and the Lucas Road Lift Station (pump repair on both pumps and new guide rails). Repairs would be approximately \$15,000. Mr. Machado recommended transferring \$15,000 from the City's Proprietary Contingency Fund to the Sewer Department for unplanned, emergency maintenance and repair of the City Sewer Department's lift stations.

**MOTION:** Councilmember Standridge moved to approve Ordinance No. 768, amending the FY 2018-2019 Budget and authorizing the use of \$15,000 from the City's Proprietary Contingency Fund to the Sewer Department for unplanned, emergency maintenance and repair of the City Sewer Department's lift stations. Councilmember Smith seconded with Councilmembers Meyer, Raney, Smith, and Standridge voting for the motion. Motion carried 4-0.

Mayor Pettle asked that the remaining items be pulled or tabled as adequate notice may not have occurred.

**21. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2018-590 MAKING APPOINTMENTS TO THE PLANNING AND ZONING (P&Z) COMMISSION. [OLSON]**

This item was tabled to a future agenda.

**22. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2018-591 MAKING APPOINTMENTS TO THE ZONING BOARD OF ADJUSTMENT (ZBA). [OLSON]**

This item was tabled to a future agenda.

**23. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON ORDINANCE NO. 769, UPDATING ORDINANCE NO. 284 (POLICE RESERVE FORCE). [SHELBY/BROOKS]**

This item was tabled to a future agenda.

**24. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON ORDINANCE NO. 770, UPDATING ORDINANCE NO. 498 (POLICE DEPARTMENT OPERATIONS). [SHELBY/BROOKS]**

This item was tabled to a future agenda.

## ROUTINE ITEMS

### 25. FUTURE AGENDA ITEMS

26. Mayor Lee Pettle asked if there were any items to be added to the future agenda. She encouraged everyone to please email her any requests. The next scheduled meeting would be the regular meeting, Tuesday, December 4, 2018.

#### UPDATE(S):

- **SENSUS WATER UPDATE [OLSON]**

The water system portal is now available for residents with one-inch (1") meters. Residents are encouraged to sign up for the portal, which will allow them to see their water usage at their convenience via their computer. It allows residents to set alarms and/or notifications, regarding usage. There are two (2) ways to access the portal from the City's website, on the homepage "A Spotlight on Parker" section or on the Utility Billing page. If you should have any questions or need assistance, please contact Utility Billing Administrator Kathy Clark at [kclark@parkertexas.us](mailto:kclark@parkertexas.us) or 972-442-6811.

- **ACCEPTANCE OF CITY OF PARKER POLICE DEPARTMENT (\$40) AND PARKER FIRE DEPARTMENT (\$40) DONATIONS FOR THE RECORD (CHARLES AND KRISTL PEARL – ESTATE LANE DONATION)**

As required by Resolution No. 2016-520, Mayor Pettle accepted Charles and Kristl Pearl's \$40 donation to the City of Parker Police Department and \$40 donation to the City of Parker Fire Department for the record. The Mayor, City Council, and staff thanked the Pearls for their generous donation.

- **COUNTRYSIDE AND OLD GATE ASPHALT WORK UPDATE [MACHADO]**

Public Works Director Machado said work was still being completed on Countryside Drive and Old Gate Lane and he was working with Mr. Grimm and other area residents on this project.

Members of the audience commended Public Works Director Machado for his efforts.

- **REPUBLIC SERVICES HOUSEHOLD HAZARDOUS WASTE (HHW) DISPOSAL AND DRUG TAKE BACK EVENTS ARE SATURDAY, OCTOBER 27, 2018, 10:00 AM – 2:00 PM**

Mayor Pettle noted both the Home Hazardous Waste (HHW) collection and the Drug Take Back events were successful. Chief Brooks agreed the Drug Take Back event was very successful and noted the Parker Police Department planned to have a place for residents to drop off unused or expired drugs in the new Municipal Complex.

- **HOME RULE**

Mayor Pro Tem Raney commented in March of this year, City Council moved to suspend the Home Rule Charter Commission (HRCC) until after the May 5, 2018 General and Special Elections. A resolution, establishing or re-establishing a population of 5,000 and authorizing the Mayor and City Council to set criteria for nomination and selection, is being prepared and would hopefully be presented for approval before January 2019.

27. ADJOURN

Mayor Lee Pettle adjourned the meeting at 8:22 p.m.



ATTESTED:



Patti Scott Grey, City Secretary

APPROVED:

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

Approved on the 4th day  
of December, 2018.



# Overview of Municipal Bonds

November 13, 2018

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Regional Managing Director

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EXHIBIT I

# Types of Bonds

## General Obligation Bonds “GOs”

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- Requires bond election for authorization
- Issued for any public purpose
  - Real Property
  - Personal Property
  - Legal Judgment
  - Land Acquisition
- Amortization not to exceed 40 years
- Secured in Texas by issuer’s ad valorem taxing power
  - Viewed as City’s most secure obligation
  - General Law City (under 5,000 population) - up to \$1.50 tax (\$1.00 I&S)
  - Home Rule City (over 5,000 population) - up to \$2.50 tax (\$1.50 I&S) as determined by City Charter
- Attracts lowest interest rate
- I&S tax rate to pay back debt service is not subject to rollback

## Certificates of Obligation “COs”

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- Requires no voter authorization
  - A petition signed by 5% of the registered voters can force an election
- Notice of Intent to Issue is required
  - Published in the local paper on the same day of two consecutive weeks
  - First publication must be at least 30 days prior to sale date
- When secured solely by ad valorem taxes available purposes are limited to land acquisition, judgment funding, or purchase of heavy equipment
- When secured by an ad valorem tax and a revenue pledge, they can be issued for the same lawful purposes as GOs
- Sell at interest rates similar to GO bonds
- I&S tax rate to pay debt service is not subject to rollback

- Require authorization by ordinance and have a maximum maturity of seven years
- Secured by the following sources:
  - Pledge of anticipated ad valorem taxes or revenues
  - Proceeds from bonds previously authorized but not yet issued
  - Current revenue sources
- Issued to finance the following:
  - May be used for any public purpose, just like GO bonds
  - Pay contractual obligations incurred for professional services
  - Fund cash flow short fall (must be repaid following year)
- Sell at interest rates similar to GOs
- I&S tax rate to pay debt service is not subject to rollback

## Revenue Bonds

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- Require no voter authorization
  - Water and sewer system, drainage system
  - Electric system, gas system, etc.
  - Sanitation
  - Sales tax
  - Special assessments
  - Special projects
  - Other
- Secured solely by the pledged revenues
- Typically sell at interest rates slightly higher than comparable GOs
- Usually require a debt service reserve fund
- Coverage factors and additional bonds test

# Professionals Involved in the Debt Issuance Process

# Professionals Involved in the Debt Issuance Process

<b>Financial Advisor</b> <ul style="list-style-type: none"><li>▪ Advises the issuer on all matters regarding bond issuance</li><li>▪ Issuer's representative in and to the bond market</li><li>▪ Fiduciary duty to the issuer</li></ul>	<b>Bond Counsel</b> <ul style="list-style-type: none"><li>▪ Counsel retained by the issuer to give legal opinions that the issuer is authorized to issue the bonds</li><li>▪ Provides legal opinion on the tax status of the bonds</li><li>▪ Prepares bond documents with input from financing team</li></ul>	<b>Underwriters</b> <ul style="list-style-type: none"><li>▪ Securities dealer which purchases municipal securities for resale; either by competitive or negotiated sale, and may purchase the securities in a group with other underwriters (an underwriting syndicate)</li></ul>	<b>Underwriter's Counsel / Disclosure Counsel</b> <ul style="list-style-type: none"><li>▪ Underwriter's Counsel represents the underwriter and works toward accurate disclosure in the offering documents</li><li>▪ Disclosure Counsel conducts independent due diligence to ensure complete and accurate disclosure in offering documents</li></ul>
<b>Paying Agent / Escrow Agent</b> <ul style="list-style-type: none"><li>▪ Paying Agent tracks ownership of the securities and coordinates distribution of funds for debt service payments from the issuer to the bondholders</li><li>▪ Escrow Agent holds bond proceeds in an escrow and distributes funds as described in the bond documents</li></ul>	<b>Rating Agencies</b> <ul style="list-style-type: none"><li>▪ Rating Agencies evaluate the credit quality of a debt instrument and assign credit (bond) ratings</li></ul>	<b>Bond Insurance / Credit Enhancement</b> <ul style="list-style-type: none"><li>▪ Organizations such as banks and insurance companies that lend their higher credit quality for a fee and guarantee debt service payments to the bondholders</li></ul>	<b>Trustee</b> <ul style="list-style-type: none"><li>▪ Financial institution with trust powers that acts in a fiduciary capacity to facilitate the collection, escrow, and distribution of funds for the benefit of the bondholder</li></ul>

- Advises the issuer on all matters regarding the bond issuance, including structure, timing, marketing, fairness of pricing, terms, bond ratings and credit enhancement
- Issuer's representative in and to the bond market (fiduciary duty to the issuer)
- Evaluate the cost effectiveness of various financing alternatives
  - Quantify the benefits and costs of various structuring considerations
- Assure that issuer is well informed in all phases of the transaction, including pricing and distribution
- Advise on the method of sale that maximizes the marketability of the issuer's debt and minimizes the overall borrowing cost
- Provide ongoing financial advisory services apart from bond sales

## Bond Counsel

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- An attorney, retained by the issuer, who gives a legal opinion (if applicable) that the issuer is authorized to issue the proposed securities, the issuer has met all legal requirements necessary for issuance, and interest on the proposed securities will be exempt from federal income taxation
- Addresses legal issues associated with the financial structure of the transaction and works with bond team to resolve all issues
- Responsible for preparing bond and closing documents, with input from other counsel and members of the financing group
- Provides legal opinions at closing that:
  - Bonds and underlying documents are valid and binding obligations of the issuer
  - Prepares transcript of bond proceedings containing legal documents related to the sale of the bonds and distributes transcript to issuer and members of the financing group
  - Define tax status of the bonds

## Underwriter

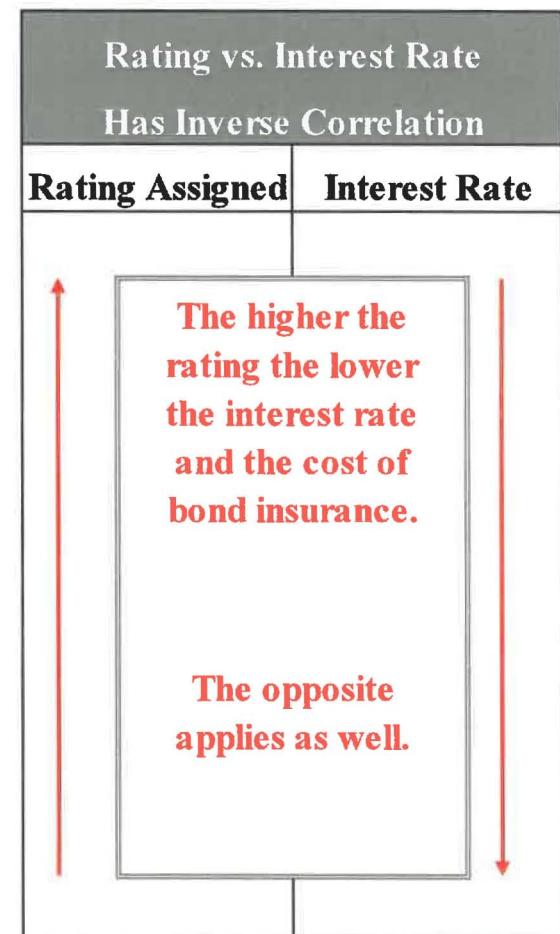
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- Dealer firm which will purchase a new issue of municipal securities for resale
- Municipal market expert responsible for pricing the bonds
- Fiduciary duty is to bond investors, not to the issuer
- The Underwriter may acquire the securities by either competitive or negotiated sale
- Complies with regulatory mandates for the pricing and sale of municipal securities

# Further Considerations When Issuing Debt

# Credit Rating Scales

	Fitch <u>Investors Service</u>	Moody's <u>Investors Service</u>	Standard & Poor's <u>Rating Service</u>
Highest	AAA	Aaa	AAA
	AA+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
	A+	A1	A+
	A	A2	A
	A-	A3	A-
	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	BBB-	Baa3	BBB-
Lowest	NON-INVESTMENT GRADE		



\* City of Parker

# Type of Bond Sales

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- **Competitive Sales**
  - A sale that is conducted using sealed bids
  - Basic terms and conditions are set by issuer
  - Bids are submitted in accordance with those terms
  - Bid resulting in the lowest effective cost for the issuer is chosen
  - Modern technology and communications have allowed the ability to adjust the provisions of sale in order to respond to market needs, structuring needs, or others factors otherwise limited by the nature of the bidding parameters
- **Negotiated Sales**
  - Issuer selects the underwriter(s) prior to the bond sale
  - Interest rates, underwriter compensation, and expenses are determined through negotiation with the underwriter
- **Private Placements**
  - Interest rates are determined through negotiation with one or more investors
  - These are usually banks or other institutional market participants
  - “Committed lending period” is often limited, as is the bank’s investment horizon

## Bank Qualified Considerations

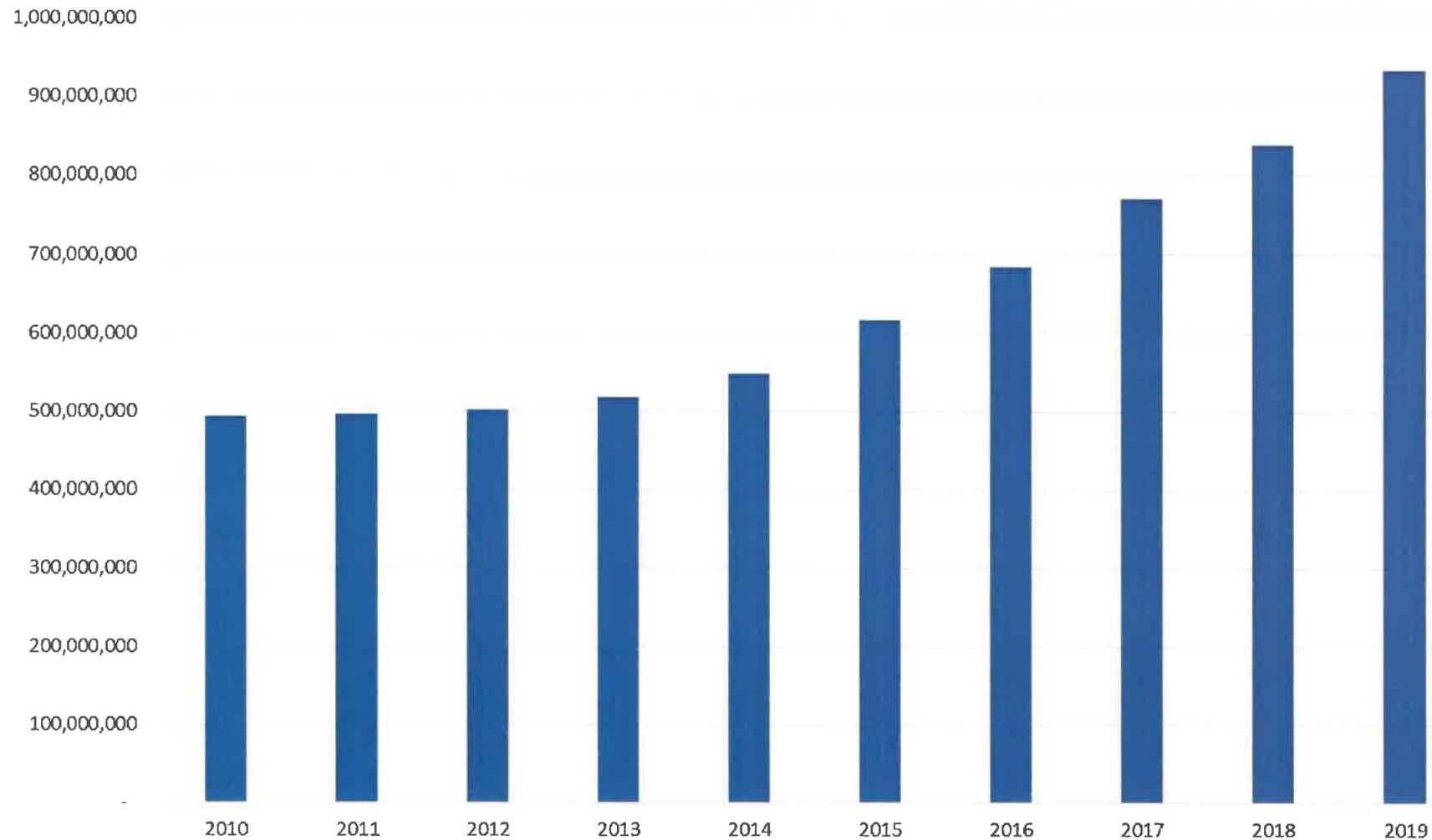
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- Municipal entity issuing \$10 million or less in a calendar year may declare its bonds Bank Qualified (“BQ”)
- Tax-exempt leases count against the \$10 million cap
- Taxable issues do not impact the \$10 million cap
- The value of BQ designation versus non-BQ changes in the market
- Caution against early year designation of bonds as BQ

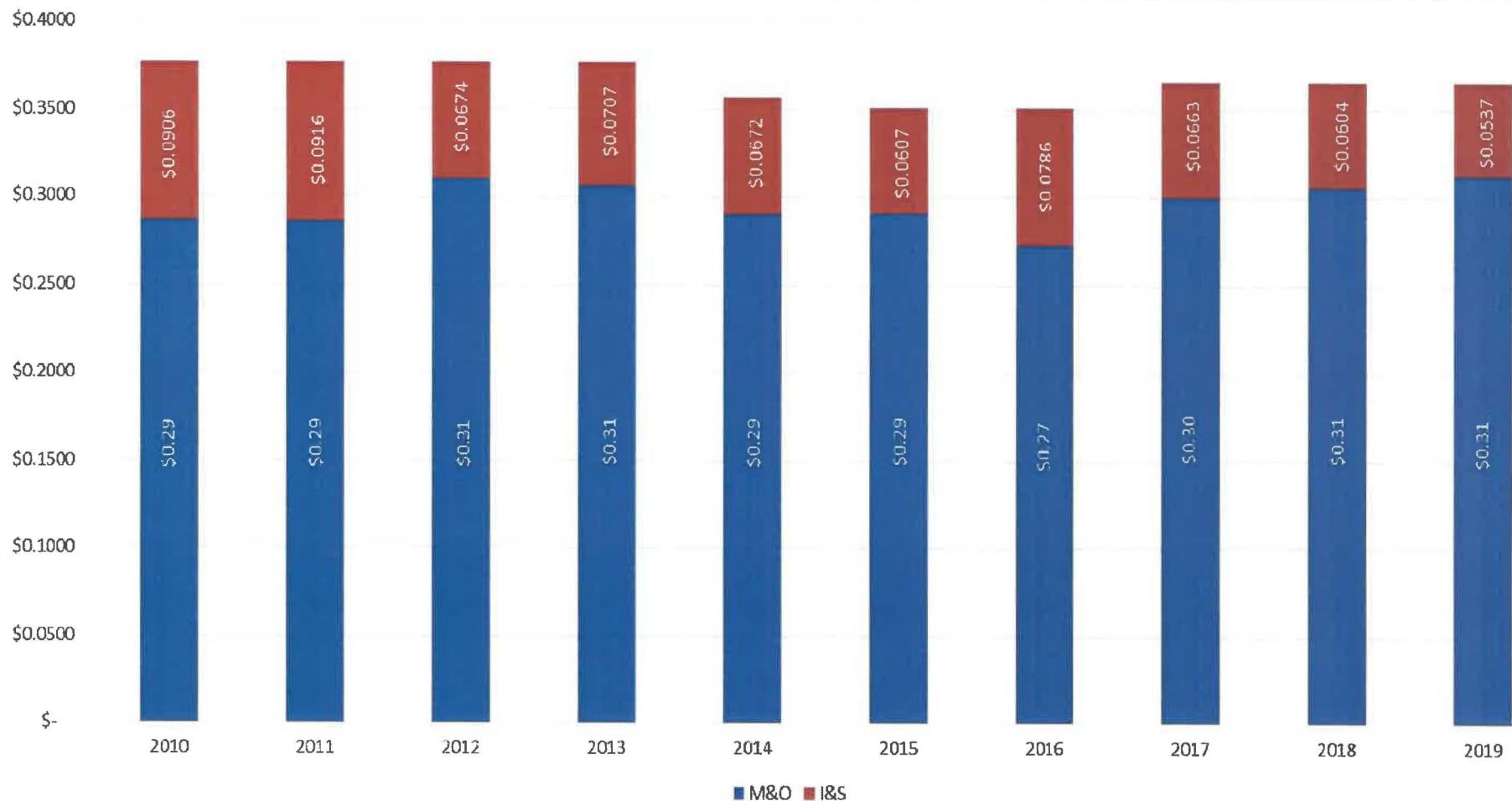
# City of Parker

## Historical Taxable Assessed Valuation

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## Historical Tax Rates

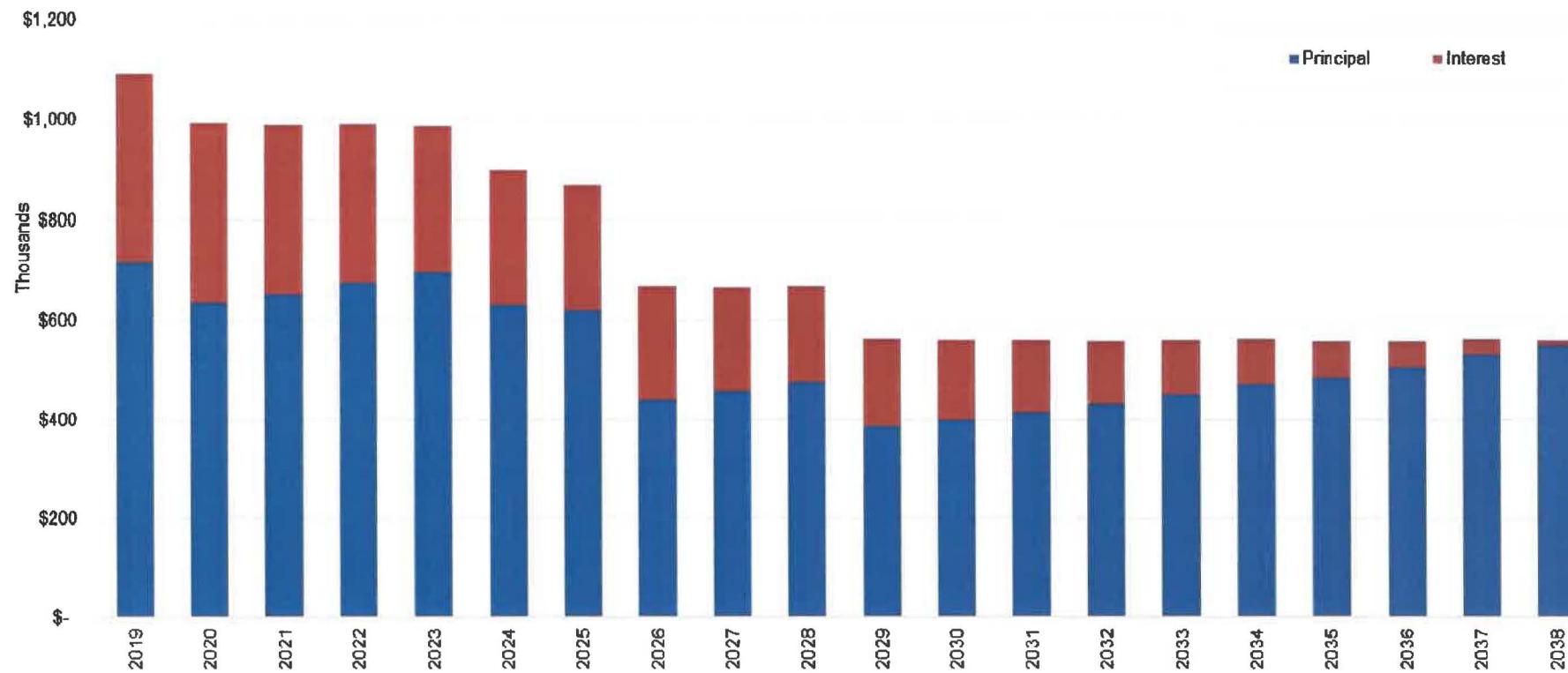


# Overview of Outstanding General Obligation Debt

## Summary of Outstanding Bonds

Issue	Amount			
	Outstanding	Rates	Call Date	Final Maturity
Combination Tax and Water and Sewer System Limited Pledge Revenue Certificates of Obligation, Series 2018	6,075,000	2.00% - 4.00%	2/15/2028	2/15/2038
Tax and Water and Sewer System Revenue Certificates of Obligation, Series 2015	1,070,000	2.09%	Currently Callable	2/15/2025
General Obligation Refunding Bonds, Series 2011	3,285,000	3.00% - 4.00%	2/15/2020	2/15/2028
General Obligation Refunding Bonds, Series 2010	180,000	3.50%	Non-Callable	7/15/2019

## General Obligation Debt Service



# Outstanding General Obligation Debt

Fiscal Year Ended 9/30	Total Outstanding Debt			Less Utility System General Obligation	General Purpose General Obligation
	Principal	Interest	Total	Requirements	Requirements
2019	\$ 715,000	\$ 375,812	\$ 1,090,812	\$ 589,746	\$ 501,066
2020	635,000	357,612	992,612	559,448	433,164
2021	650,000	337,977	987,977	560,300	427,677
2022	675,000	315,215	990,215	561,811	428,404
2023	695,000	291,600	986,600	557,765	428,835
2024	630,000	269,359	899,359	559,394	339,965
2025	620,000	248,720	868,720	558,334	310,386
2026	440,000	229,844	669,844	559,028	110,816
2027	455,000	212,435	667,435	557,865	109,570
2028	475,000	194,143	669,143	558,483	110,660
2029	385,000	177,100	562,100	562,100	-
2030	400,000	161,400	561,400	561,400	-
2031	415,000	145,100	560,100	560,100	-
2032	430,000	128,200	558,200	558,200	-
2033	450,000	110,600	560,600	560,600	-
2034	470,000	92,200	562,200	562,200	-
2035	485,000	73,100	558,100	558,100	-
2036	505,000	53,300	558,300	558,300	-
2037	530,000	32,600	562,600	562,600	-
2038	550,000	11,000	561,000	561,000	-
	<u>\$ 10,610,000</u>	<u>\$ 3,817,317</u>	<u>\$ 14,427,317</u>	<u>\$ 11,226,774</u>	<u>\$ 3,200,543</u>

# City of Parker

## Rated AA+ by Standard & Poor's

# Standard & Poor's Rates City of Parker "AA+"

Standard & Poor's Report – July 9, 2018

## Strengths

- Very Strong economy
  - With access to broad and diverse metropolitan statistical area (MSA)
  - Overall, the City's market value grew by 8.7% over the past year.
- Adequate management
  - With standard financial policies and practices
- Strong budgetary performance
  - With a slight operating surplus in the general fund and an operating surplus at the total governmental fund level in fiscal year 2017
- Very strong budgetary flexibility
  - With a high available fund balance in fiscal 2017 of 128% of operating expenses
- Very strong liquidity
  - With total government available cash at 133.3% of total governmental fund expenditures and 11.3x governmental debt service in 2017

## Challenges

- Very weak debt and contingent liabilities profile
  - With debt service carrying charges at 11.8% of expenditures and net direct debt that is 222% of total governmental fund revenue.
  - Standard & Poor's characterization of debt profile has changed to very weak from adequate, due to the sizeable Series 2018 debt issuance and the no longer rapid amortization

## Upside scenario

- Standard & Poor's could raise the rating if the City's debt profile improves and the City formalizes additional management policies and practices, particularly in the area of long-term capital and financial planning.

## Downside scenario

- Standard & Poor's 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.

# Texas Cities Rated “AA+” and “AAA” by Standard & Poor’s

AA+	AAA
Abilene, City of	Addison, Town of
Cedar Park, City of	Allen, City of
College Station, City of	Arlington, City of
Conroe, City of	Austin, City of
Denton, City of	Bellaire, City of
Fairview, Town of	Bunker Hill Village, City of
Farmers Branch, City of	Carrollton, City of
Fair Oaks Ranch, City of	Colleyville, City of
Friendswood, City of	Coppell, City of
Frisco, City of	Deer Park, City of
Garland, City of	Flower Mound, Town of
Georgetown, City of	Grand Prairie, City of
Grapevine, City of	Highland Village, City of
Heath, City of	Irving, City of
Hedwig Village, City of	Katy, City of
Jersey Village, City of	Keller, City of
Lake Jackson, City of	Lewisville, City of
League City, City of	McKinney, City of
Lubbock, City of	Mansfield, City of
Lucas, City of	Plano, City of
McAllen, City of	Richardson, City of
Manvel, City of	Round Rock, City of
Midland, City of	San Antonio, City of
North Richland Hills, City of	Shavano Park, City of
Oak Point, City of	Southlake, City of
Parker, City of	Southside Place, City of
Port Aransas, City of	Sugar Land, City of
Prosper, Town of	West University Place, City of
Rockwall, City of	Amarillo, City of
Schertz, City of	Piney Point Village, City of
Shenandoah, City of	Westlake, Town of
South Padre Island, City of	Spring Valley Village, City of
The Colony, City of	Alamo Heights, City of
Tomball, City of	
Trophy Club, Town of	
Universal City, City of	
Waco, City of	
Webster, City of	
Woodway, City of	
Horseshoe Bay, City of	
Liberty Hill, City of	
Copper Canyon, Town of	
Sunrise Beach Village, City of	

Total: 43

Total: 33