

## City Council Work Session Handouts

April 25, 2016

- I. Review and Discuss the 2016 General Obligation Refunding and Improvement Bonds and Certificates of Obligation Sale
- II. Review and Discuss a Preview of the Main Street/Central Expressway Corridor South End Tour
- III. Review and Discuss 2016 Summer Camp Preview and Standards of Care for Youth Programs

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## City of Richardson

### Bond Issuance Interest Rate History

#### 1995 through 2016

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Issue	Series	Amount of Issuance	True Interest Cost
Certificates of Obligation	2016	\$ 6,945,000	1.87%
General Obligation Refunding & Improvement Bonds	2016A	\$ 23,000,000	1.84%
General Obligation Bonds - Taxable	2016B	\$ 5,470,000	3.29%
General Obligation Refunding Bonds	2015	\$ 41,665,000	1.88%
Certificates of Obligation	2015A	\$ 6,850,000	2.45%
Certificates of Obligation - Taxable	2015B	\$ 2,150,000	3.58%
Certificates of Obligation	2014	\$ 7,855,000	1.02%
Adjustable Rate Certificates of Obligation	2014A	\$ 5,600,000	1.31% (1)
Adjustable Rate Certificates of Obligation	2014B	\$ 11,425,000	1.34% (1)
Certificates of Obligation	2013	\$ 8,315,000	2.35%
General Obligation Refunding Bonds	2013	\$ 20,720,000	1.91%
Certificates of Obligation - Taxable	2012A	\$ 275,000	3.13%
Certificates of Obligation	2012B	\$ 6,640,000	2.43%
General Obligation Refunding Bonds	2012	\$ 14,845,000	2.09%
Certificates of Obligation	2011	\$ 7,965,000	3.39%
Adjustable Rate General Obligation Refunding Bonds	2011	\$ 6,660,000	1.90% (2)
General Obligation Refunding and Improvement Bonds	2010	\$ 81,445,000	3.80%
General Obligation Refunding Bonds - Taxable	2010	\$ 6,105,000	3.48%
Certificates of Obligation	2010	\$ 18,305,000	3.29%
Certificates of Obligation	2009	\$ 11,800,000	3.45%
General Obligation Refunding Bonds	2009	\$ 20,625,000	2.63%
Certificates of Obligation	2008	\$ 10,700,000	4.00%
Certificates of Obligation	2007	\$ 9,380,000	4.24%
General Obligation Refunding and Improvement Bonds	2006	\$ 79,440,000	4.68%
Certificates of Obligation	2006	\$ 8,135,000	4.64%
General Obligation Refunding and Improvement Bonds	2005	\$ 33,200,000	4.49%

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## City of Richardson

### Bond Issuance Interest Rate History

#### 1995 through 2016

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Issue	Series	Amount of Issuance	True Interest Cost
Certificates of Obligation	2005	\$ 7,735,000	4.18%
General Obligation Refunding Bonds - Taxable	2004	\$ 11,910,000	5.15%
Certificates of Obligation	2004	\$ 4,200,000	4.09%
Adjustable Rate General Obligation Refunding and Improvement Bonds	2003	\$ 13,485,000	1.15% (2)
Certificates of Obligation	2003	\$ 8,710,000	4.07%
General Obligation Refunding and Improvement Bonds	2002	\$ 15,275,000	4.04%
Certificates of Obligation	2002	\$ 17,700,000	4.26%
General Obligation Bonds	2001	\$ 11,335,000	4.87%
Certificates of Obligation	2001	\$ 25,985,000	4.96%
General Obligation Bonds	2000	\$ 8,125,000	5.78%
Certificates of Obligation	2000	\$ 7,350,000	5.61%
Certificates of Obligation - Taxable	2000A	\$ 9,630,000	8.26%
Certificates of Obligation - Taxable	2000B	\$ 8,600,000	7.95%
Certificates of Obligation	2000A	\$ 29,640,000	5.74%
General Obligation Bonds	1999	\$ 10,465,000	4.79%
Certificates of Obligation	1999	\$ 11,650,000	4.71%
General Obligation Refunding and Improvement Bonds	1998	\$ 27,285,000	4.90%
General Obligation Bonds - Taxable	1998	\$ 3,000,000	6.79%
Certificates of Obligation - 3 Year Eqmt/Vehicles	1998	\$ 2,400,000	3.93%
Waterworks & Sewer System Revenue Bonds	1998	\$ 1,500,000	4.91%
Certificates of Obligation	1997	\$ 7,905,000	5.61%
Certificates of Obligation	1996	\$ 5,500,000	4.52%
Contractual Obligation	1995	\$ 2,160,000	4.57%

(1) In 2014, the City issued two adjustable rate issues that were purchased by BOKF, dba Bank of Texas. Both issues expire on June 15 and the rates are reset as of June 16. The rates shown above are the initial rates for the first year. Each year the rates are reset for the 2014A and 2014B issues based on the formula of (65% of 12 month Libor) + 0.94%

(2) In 2011, the 2003 adjustable rate issue was refunded as a private bank placement with Frost Bank. This issue has an adjustable interest rate which expires each year on June 15 and is reset as of June 16. The rate shown for 2003 is the rate at issuance, and the rate for 2011 is also the rate at issuance on June 14, 2011, The rate is based on the formula of (65% of 12 month Libor) + 1.43%.



\$23,000,000

GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS,  
SERIES 2016

\$6,945,000

COMBINATION TAX AND REVENUE CERTIFICATES  
OF OBLIGATION, SERIES 2016

\$5,470,000

GENERAL OBLIGATION BONDS,  
TAXABLE SERIES 2016

APRIL 25, 2016

THE FOLLOWING RATINGS HAVE BEEN ASSIGNED:

STANDARD AND POOR'S

**"AAA"**

MOODY'S

**"Aaa"**



**George H. Williford**

Managing Director

**Nick Bulaich**

Managing Director

April 25, 2016

Honorable Mayor and Councilmembers  
City of Richardson  
411 West Arapaho Road  
Richardson, Texas 75080

Re: \$23,000,000 General Obligation Refunding and Improvement Bonds, Series 2016A  
\$ 5,470,000 General Obligation Bonds, Taxable Series 2016B  
\$ 6,945,000 Combination Tax & Revenue Certificates of Obligation, Series 2016

Honorable Mayor and Councilmembers:

The three above issues were priced and marketed through negotiated sale by an underwriting syndicate led by Stifel Nicolaus & Co. on Monday, April 25th. The issues achieved very favorable interest rates, which was attributable to market conditions as well as to the very high credit quality of the City of Richardson, as evidenced by the City's debt ratings.

The \$23,000,000 Series 2016A G.O. Refunding and Improvement Bonds had a True Interest Cost ("TIC") rate of 1.837%. The refunding portion of the transaction produced total debt service savings through 2028 of \$3,581,153; and present value savings equaled 14.054% of the \$23.155 million refunded amount.

The 2016 Certificates of Obligation had a TIC rate of 1.872%. The 2016A G.O. bonds and 2016 Certificates of Obligation are both the same credit, and are both tax-exempt; differences in the effective rates or TIC's of the issues are therefore attributable to differences in the repayment term or average lives of the issues.

The 2016B Taxable General Obligation Bonds had a TIC rate of 3.288%. Even though taxable interest rates are slightly higher than tax-exempt interest rates, the 2016B Taxable General Obligation Bonds also had an average life of 11.547 years, which was approximately 6 years greater than the 2016 [Tax-Exempt] Certificates of Obligation.

As stated above, the City's debt issues benefit from bond ratings at the highest possible rating level by both Moody's and Standard & Poor's ("S&P"). S&P first assigned the "AAA" rating to the City in 2008. Moody's assigned the City a rating of "Aaa" in early 2010. Both ratings were affirmed by the rating agencies with respect to the sale of the bond and certificate of obligation issues. The "AAA"

and “Aaa” ratings provide investors with debt issues at the highest rating levels, and this results in a high level of market demand for the City’s issues.

Both rating agencies continue to emphasize the leadership and financial management of the City, as well as ongoing economic development activity. This year, the following interesting comment was included in Standard and Poor’s report: “Richardson’s GO bonds are eligible to be rated above the sovereign because we believe the city can maintain better credit characteristics than the U.S. in a stress scenario.” Additional statements by the rating agencies include:

**S&P**

- Very strong management with “strong” financial policies and practices
- Strong budgetary performance with very strong budgetary flexibility
- Very strong economy, with access to a broad and diverse metropolitan statistical area
- Very strong liquidity

**Moody’s**

- Strong financial management and stable financial position
- The stability of the city’s reserves is a particular credit positive
- Manageable debt burden
- Principal Amortization is fairly quick with 79.6% retired in ten years
- Serves as an important employment center for the region

Municipal interest rates are near historically low levels, making this is a very favorable time for the City to sell debt and take advantage of attractive interest rates.

FirstSouthwest is very pleased with the results of the sale process, and with the efforts of Stifel Nicolaus & Co. and the co-managing underwriters on marketing of the issues. We recommend Council approval of the issues, and we congratulate the City Council and Staff on the excellent results of sale of the issues.

Sincerely,



George H. Williford  
Managing Director



Nick Bulaich  
Managing Director

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT**

Dated: April 14, 2016

Ratings:  
Moody's: "Aaa"  
S&P: "AAA"  
(See "Other Information -  
Ratings" herein)

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

In the opinion of Bond Counsel, interest on the Series 2016A Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS – THE SERIES 2016A BONDS AND SERIES 2016 CERTIFICATES" herein, including the alternative minimum tax on corporations.



\$24,570,000\*  
CITY OF RICHARDSON, TEXAS  
(Dallas and Collin Counties)

**GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2016A**

Dated Date: April 15, 2016

Due: February 15, as shown on page 2

**PAYMENT TERMS.** . . Interest on the \$24,570,000\* City of Richardson, Texas, General Obligation Refunding and Improvement Bonds, Series 2016A (the "Series 2016A Bonds", and together with the City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016 [the "Series 2016 Certificates"] and the City of Richardson, Texas, General Obligation Bonds, Taxable Series 2016B [the "Taxable Series 2016B Bonds"] being offered herein, collectively known as the "Obligations") will accrue from April 15, 2016 (the "Dated Date"), will be payable February 15 and August 15 of each year commencing February 15, 2017 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 Series 2016A Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Series 2016A Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a stated maturity. No physical delivery of the Series 2016A Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Series 2016A Bonds 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 Series 2016A Bonds. See "THE OBLIGATIONS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Regions Bank, Houston, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE.** . . The Series 2016A Bonds are issued by the City of Richardson, Texas (the "City") pursuant to the Texas Constitution, the City's Home Rule Charter and general laws of the State of Texas (the "State"), including particularly Texas Government Code, Chapters 1207 and 1331, as amended, an election held within the City on November 3, 2015, and are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Series 2016A Bonds (the "Series 2016A Bond Ordinance") (see "THE OBLIGATIONS - Authority for Issuance of the Series 2016A Bonds").

**PURPOSE.** . . Proceeds from the sale of the Series 2016A Bonds will be used for (1) refunding a portion of the City's outstanding debt (the "Refunded Obligations") as shown on Schedule I hereto, (2) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land therefor; (3) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks within the City including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land therefor; and (4) acquiring, constructing, improving, expanding, renovating and equipping park and recreation facilities of the City and the acquisition of land therefor; and (5) constructing, improving, extending, repairing sidewalks and related improvements; and (6) professional services rendered in connection with issuing the Series 2016A Bonds.

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CUSIP PREFIX: 763227  
MATURITY SCHEDULE & 9 DIGIT CUSIP  
See Schedule on Page 2

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**SEPARATE ISSUES.** . . The Series 2016A Bonds, the Series 2016 Certificates, and the Taxable Series 2016B Bonds are being offered concurrently by the City under a common Preliminary Official Statement. The Series 2016A Bonds, the Series 2016 Certificates, and the Taxable Series 2016B Bonds are separate and distinct securities offerings being issued and sold independently except for the common Preliminary Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, and other features.

**LEGALITY.** . . The Series 2016A Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by their counsel, Winstead PC, Dallas, Texas.

**DELIVERY.** . . It is expected that the Series 2016A Bonds will be available for delivery through DTC on May 25, 2016.

**STIFEL, NICOLAUS & COMPANY, INC.**

**BOSC, INC.**

A SUBSIDIARY OF BOK FINANCIAL CORPORATION

**RAYMOND JAMES**

\* Preliminary, subject to change.

Final

**\$23,000,000**

City of Richardson, Texas

General Obligation Refunding & Improvement Bonds; Series 2016A

## Total Issue Sources And Uses

Dated 04/15/2016 | Delivered 05/25/2016

	Refunding	\$3 MILLION (New Money - 20 Year)	Issue Summary
<b>Sources Of Funds</b>			
Par Amount of Bonds	\$20,205,000.00	\$2,795,000.00	\$23,000,000.00
Reoffering Premium	3,288,688.40	237,528.55	3,526,216.95
Accrued Interest from 04/15/2016 to 05/25/2016	97,305.56	11,310.42	108,615.98
Transfers from Prior Issue Debt Service Funds	559,965.63	-	559,965.63
<b>Total Sources</b>	<b>\$24,150,959.59</b>	<b>\$3,043,838.97</b>	<b>\$27,194,798.56</b>
<b>Uses Of Funds</b>			
Total Underwriter's Discount (0.522%)	103,539.70	16,580.30	120,120.00
Costs of Issuance	131,771.74	18,228.26	150,000.00
Deposit to Debt Service Fund	97,305.56	11,310.42	108,615.98
Deposit to Project Construction Fund	-	3,000,000.00	3,000,000.00
Deposit to Escrow Fund	23,814,805.80	-	23,814,805.80
Rounding Amount	3,536.79	(2,280.01)	1,256.78
<b>Total Uses</b>	<b>\$24,150,959.59</b>	<b>\$3,043,838.97</b>	<b>\$27,194,798.56</b>

Final

**\$23,000,000**

City of Richardson, Texas

General Obligation Refunding & Improvement Bonds; Series 2016A

## Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/15/2017	Serial Coupon	2.000%	0.630%	1,550,000.00	100.985%	1,565,267.50
02/15/2018	Serial Coupon	3.000%	0.760%	2,080,000.00	103.824%	2,159,539.20
02/15/2019	Serial Coupon	4.000%	0.900%	2,410,000.00	108.316%	2,610,415.60
02/15/2020	Serial Coupon	4.000%	1.050%	2,510,000.00	110.739%	2,779,548.90
02/15/2021	Serial Coupon	5.000%	1.180%	2,410,000.00	117.493%	2,831,581.30
02/15/2022	Serial Coupon	5.000%	1.350%	1,700,000.00	120.032%	2,040,544.00
02/15/2023	Serial Coupon	5.000%	1.480%	1,780,000.00	122.442%	2,179,467.60
02/15/2024	Serial Coupon	5.000%	1.620%	1,875,000.00	124.439%	2,333,231.25
02/15/2025	Serial Coupon	5.000%	1.760%	1,975,000.00	126.088%	2,490,238.00
02/15/2026	Serial Coupon	5.000%	1.880%	2,070,000.00	127.601%	2,641,340.70
02/15/2027	Serial Coupon	5.000%	2.020%	800,000.00	126.182%	1,009,456.00
02/15/2028	Serial Coupon	4.000%	2.300%	450,000.00	114.731%	516,289.50
02/15/2029	Serial Coupon	2.500%	2.630%	160,000.00	98.600%	157,760.00
02/15/2030	Serial Coupon	2.500%	2.720%	160,000.00	97.492%	155,987.20
02/15/2031	Serial Coupon	2.625%	2.790%	165,000.00	98.016%	161,726.40
02/15/2032	Serial Coupon	2.625%	2.860%	170,000.00	97.038%	164,964.60
02/15/2034	Term 1 Coupon	3.000%	3.000%	355,000.00	100.000%	355,000.00
02/15/2036	Term 2 Coupon	3.000%	3.110%	380,000.00	98.384%	373,859.20
<b>Total</b>	-	-	-	<b>\$23,000,000.00</b>	-	<b>\$26,526,216.95</b>

### Bid Information

Par Amount of Bonds	\$23,000,000.00
Reoffering Premium or (Discount)	3,526,216.95
Gross Production	\$26,526,216.95
Total Underwriter's Discount (0.522%)	\$(120,120.00)
Bid (114.809%)	26,406,096.95
Accrued Interest from 04/15/2016 to 05/25/2016	108,615.98
Total Purchase Price	\$26,514,712.93
Bond Year Dollars	\$144,676.67
Average Life	6.290 Years
Average Coupon	4.4251745%
Net Interest Cost (NIC)	2.0708923%
True Interest Cost (TIC)	1.8375838%

Final

**\$20,205,000**

City of Richardson, Texas

General Obligation Refunding & Improvement Bonds; Series 2016A

Refunding

## Debt Service Comparison

Date	Total P+I	Existing D/S	Net New D/S	Old Net D/S	Savings
09/30/2016	-	14,200.00	(83,105.56)	14,200.00	97,305.56
09/30/2017	2,642,766.67	489,000.00	3,131,766.67	3,383,656.26	251,889.59
09/30/2018	2,801,175.00	244,800.00	3,045,975.00	3,389,081.26	343,106.26
09/30/2019	3,050,200.00	-	3,050,200.00	3,390,166.26	339,966.26
09/30/2020	3,050,900.00	-	3,050,900.00	3,389,895.01	338,995.01
09/30/2021	2,840,300.00	-	2,840,300.00	3,181,871.26	341,571.26
09/30/2022	2,028,175.00	-	2,028,175.00	2,364,358.76	336,183.76
09/30/2023	2,022,050.00	-	2,022,050.00	2,362,120.01	340,070.01
09/30/2024	2,026,800.00	-	2,026,800.00	2,366,398.13	339,598.13
09/30/2025	2,027,050.00	-	2,027,050.00	2,365,335.63	338,285.63
09/30/2026	2,022,800.00	-	2,022,800.00	2,364,103.76	341,303.76
09/30/2027	683,175.00	-	683,175.00	768,403.13	85,228.13
09/30/2028	300,900.00	-	300,900.00	388,550.00	87,650.00
<b>Total</b>	<b>\$25,496,291.67</b>	<b>\$748,000.00</b>	<b>\$26,146,986.11</b>	<b>\$29,728,139.47</b>	<b>\$3,581,153.36</b>

### PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	3,716,883.17
Net PV Cashflow Savings @ 1.754%(AIC)	3,716,883.17
Accrued Interest Credit to Debt Service Fund	97,305.56
Transfers from Prior Issue Debt Service Fund	(559,965.63)
Net Present Value Benefit	\$3,254,223.10
Net PV Benefit / \$23,155,000 Refunded Principal	14.054%
Net PV Benefit / \$20,205,000 Refunding Principal	16.106%

### Refunding Bond Information

Refunding Dated Date	4/15/2016
Refunding Delivery Date	5/25/2016

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT**

Dated: April 14, 2016

Ratings:  
Moody's: "Aaa"  
S&P: "AAA"  
(See "Other Information - Ratings" herein)

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

In the opinion of Bond Counsel, interest on the Series 2016 Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS - THE SERIES 2016A BONDS AND SERIES 2016 CERTIFICATES" herein, including the alternative minimum tax on corporations.



**\$7,400,000\***  
**CITY OF RICHARDSON, TEXAS**  
(Dallas and Collin Counties)  
**COMBINATION TAX AND REVENUE**  
**CERTIFICATES OF OBLIGATION, SERIES 2016**

**Dated Date: April 15, 2016**

**Due: February 15, as shown on page 4**

**PAYMENT TERMS.** . . Interest on the \$7,400,000\* City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016 (the "Series 2016 Certificates," and together with the City of Richardson, Texas, General Obligation Refunding and Improvement Bonds, Series 2016A [the "Series 2016A Bonds"] and the City of Richardson, Texas General Obligation Bonds, Taxable Series 2016B [the "Taxable Series 2016B Bonds"] being offered herein, collectively known as the "Obligations") will accrue from April 15, 2016 (the "Dated Date"), will be payable February 15 and August 15 of each year commencing February 15, 2017 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 Series 2016 Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Series 2016 Certificates may be acquired in denominations of \$5,000 or integral multiples thereof within a stated maturity. No physical delivery of the Series 2016 Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Series 2016 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 Series 2016 Certificates. See "THE OBLIGATIONS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Regions Bank, Houston, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE.** . . The Series 2016 Certificates are issued by the City of Richardson, Texas (the "City") pursuant to the Texas Constitution, the City's Home Rule Charter, and the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a limited pledge of the net revenues of the City's Waterworks and Sewer System, as provided in the ordinance authorizing the Series 2016 Certificates (the "Series 2016 Certificate Ordinance") (see "THE OBLIGATIONS - Authority for Issuance of the Series 2016 Certificates").

**PURPOSE.** . . Proceeds from the sale of the Series 2016 Certificates will be used for the purpose of paying contractual obligations to be incurred for (1) constructing, improving, renovating, and equipping park and recreation facilities, fire-fighting facilities and fleet services facilities, (2) improving and extending the City's water and sewer system, (3) acquiring equipment and vehicles for police, fire, streets, traffic and transportation, parks and recreation, municipal library, facility services, animal services, water and sewer, and solid waste departments and the municipal golf course, and (4) professional services rendered in connection with issuing the Series 2016 Certificates.

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**CUSIP PREFIX: 763227**  
**MATURITY SCHEDULE & 9 DIGIT CUSIP**  
**See Schedule on Page 4**

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**SEPARATE ISSUES.** . . The Series 2016A Bonds, the Series 2016 Certificates, and the Taxable Series 2016B Bonds are being offered concurrently by the City under a common Preliminary Official Statement. The Series 2016A Bonds, the Series 2016 Certificates, and the Taxable Series 2016B Bonds are separate and distinct securities offerings being issued and sold independently except for the common Preliminary Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, and other features.

**LEGALITY.** . . The Series 2016 Certificates are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by their counsel, Winstead PC, Dallas, Texas.

**DELIVERY.** . . It is expected that the Series 2016 Certificates will be available for delivery through DTC on May 25, 2016.

**STIFEL, NICOLAUS & COMPANY, INC.**

**BOSC, Inc.**

A SUBSIDIARY OF BOK FINANCIAL CORPORATION

**RAYMOND JAMES**

\* Preliminary, subject to change.

Final

**\$6,945,000**

City of Richardson, Texas  
Combination Tax & Revenue Certificates of Obligation,  
Series 2016

## Sources & Uses

Dated 04/15/2016 | Delivered 05/25/2016

### Sources Of Funds

Par Amount of Bonds	\$6,945,000.00
Reoffering Premium	553,257.55
Accrued Interest from 04/15/2016 to 05/25/2016	26,428.47
<b>Total Sources</b>	<b>\$7,524,686.02</b>

### Uses Of Funds

Total Underwriter's Discount (0.471%)	32,718.80
Costs of Issuance	65,032.50
Deposit to Debt Service Fund	26,428.47
Deposit to Project Construction Fund	7,400,000.00
Rounding Amount	506.25
<b>Total Uses</b>	<b>\$7,524,686.02</b>

Final

**\$6,945,000**

City of Richardson, Texas  
Combination Tax & Revenue Certificates of Obligation,  
Series 2016

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2016	-	-	-	-
09/30/2017	925,000.00	2.000%	307,891.67	1,232,891.67
09/30/2018	1,030,000.00	3.000%	203,906.26	1,233,906.26
09/30/2019	1,065,000.00	4.000%	167,156.26	1,232,156.26
09/30/2020	1,110,000.00	4.000%	123,656.26	1,233,656.26
09/30/2021	385,000.00	4.000%	93,756.26	478,756.26
09/30/2022	405,000.00	4.000%	77,956.26	482,956.26
09/30/2023	425,000.00	4.000%	61,356.26	486,356.26
09/30/2024	435,000.00	4.000%	44,156.26	479,156.26
09/30/2025	110,000.00	4.000%	33,256.26	143,256.26
09/30/2026	120,000.00	4.000%	28,656.26	148,656.26
09/30/2027	120,000.00	4.000%	23,856.26	143,856.26
09/30/2028	120,000.00	2.250%	20,106.26	140,106.26
09/30/2029	130,000.00	2.500%	17,131.26	147,131.26
09/30/2030	130,000.00	2.500%	13,881.26	143,881.26
09/30/2031	135,000.00	2.625%	10,484.38	145,484.38
09/30/2032	55,000.00	2.750%	7,956.25	62,956.25
09/30/2033	60,000.00	2.750%	6,375.00	66,375.00
09/30/2034	60,000.00	3.000%	4,650.00	64,650.00
09/30/2035	60,000.00	3.000%	2,850.00	62,850.00
09/30/2036	65,000.00	3.000%	975.00	65,975.00
<b>Total</b>	<b>\$6,945,000.00</b>	<b>-</b>	<b>\$1,250,013.68</b>	<b>\$8,195,013.68</b>

### Yield Statistics

Accrued Interest from 04/15/2016 to 05/25/2016	26,428.47
Bond Year Dollars	\$36,177.50
Average Life	5.209 Years
Average Coupon	3.4552240%
Net Interest Cost (NIC)	2.0163774%
True Interest Cost (TIC)	1.8720732%
Bond Yield for Arbitrage Purposes	1.7713553%
All Inclusive Cost (AIC)	2.0618802%

### IRS Form 8038

Net Interest Cost	1.7203328%
Weighted Average Maturity	5.197 Years

Final

**\$6,945,000**

City of Richardson, Texas  
Combination Tax & Revenue Certificates of Obligation,  
Series 2016

## Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/15/2017	Serial Coupon	2.000%	0.630%	925,000.00	100.985%	934,111.25
02/15/2018	Serial Coupon	3.000%	0.760%	1,030,000.00	103.824%	1,069,387.20
02/15/2019	Serial Coupon	4.000%	0.900%	1,065,000.00	108.316%	1,153,565.40
02/15/2020	Serial Coupon	4.000%	1.050%	1,110,000.00	110.739%	1,229,202.90
02/15/2021	Serial Coupon	4.000%	1.180%	385,000.00	112.913%	434,715.05
02/15/2022	Serial Coupon	4.000%	1.350%	405,000.00	114.544%	463,903.20
02/15/2023	Serial Coupon	4.000%	1.480%	425,000.00	116.066%	493,280.50
02/15/2024	Serial Coupon	4.000%	1.620%	435,000.00	117.208%	509,854.80
02/15/2025	Serial Coupon	4.000%	1.760%	110,000.00	118.036%	129,839.60
02/15/2026	Serial Coupon	4.000%	1.930%	120,000.00	118.267%	141,920.40
02/15/2027	Serial Coupon	4.000%	2.160%	120,000.00	116.054%	139,264.80
02/15/2028	Serial Coupon	2.250%	2.440%	120,000.00	98.071%	117,685.20
02/15/2029	Serial Coupon	2.500%	2.630%	130,000.00	98.600%	128,180.00
02/15/2030	Serial Coupon	2.500%	2.720%	130,000.00	97.492%	126,739.60
02/15/2031	Serial Coupon	2.625%	2.790%	135,000.00	98.016%	132,321.60
02/15/2033	Term 1 Coupon	2.750%	2.930%	115,000.00	97.631%	112,275.65
02/15/2036	Term 2 Coupon	3.000%	3.110%	185,000.00	98.384%	182,010.40
<b>Total</b>	-	-	-	<b>\$6,945,000.00</b>	-	<b>\$7,498,257.55</b>

### Bid Information

Par Amount of Bonds	\$6,945,000.00
Reoffering Premium or (Discount)	553,257.55
Gross Production	\$7,498,257.55
Total Underwriter's Discount (0.471%)	\$(32,718.80)
Bid (107.495%)	7,465,538.75
Accrued Interest from 04/15/2016 to 05/25/2016	26,428.47
Total Purchase Price	\$7,491,967.22
Bond Year Dollars	\$36,177.50
Average Life	5.209 Years
Average Coupon	3.4552240%
Net Interest Cost (NIC)	2.0163774%
True Interest Cost (TIC)	1.8720732%

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



**PRELIMINARY OFFICIAL STATEMENT**  
Dated: April 14, 2016

**Ratings:**  
Moody's: "Aaa"  
S&P: "AAA"  
(See "Other Information - Ratings" herein)

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

Interest on the Taxable Series 2016B Bonds is includable in the gross income of the owners thereof for federal income tax purposes. See "TAX MATTERS – THE TAXABLE SERIES 2016B BONDS" herein.



**\$5,500,000\***  
**CITY OF RICHARDSON, TEXAS**  
(Dallas and Collin Counties)  
**GENERAL OBLIGATION BONDS, TAXABLE SERIES 2016B**

**Dated Date: April 15, 2016**

**Due: February 15, as shown on page 6**

**PAYMENT TERMS.** . . Interest on the \$5,500,000\* City of Richardson, Texas, General Obligation Bonds, Taxable Series 2016B (the "Taxable Series 2016B Bonds," and together with the City of Richardson, Texas, General Obligation Refunding and Improvement Bonds, Series 2016A [the "Series 2016A Bonds"] and the City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016 ["the "Series 2016 Certificates"] being offered herein, collectively known as the "Obligations") will accrue from April 15, 2016 (the "Dated Date"), will be payable February 15 and August 15 of each year commencing February 15, 2017 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 Taxable Series 2016B Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Taxable Series 2016B Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a stated maturity. No physical delivery of the Taxable Series 2016B Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Taxable Series 2016B Bonds 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 Taxable Series 2016B Bonds. See "THE OBLIGATIONS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Regions Bank, Houston, Texas (see "THE OBLIGATIONS - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE.** . . The Taxable Series 2016B Bonds are issued by the City of Richardson, Texas (the "City") pursuant to the Texas Constitution, the City's Home Rule Charter and general laws of the State of Texas (the "State"), including particularly Texas Government Code, Chapter 1331, as amended, an election held within the City on November 3, 2015, and are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Taxable Series 2016B Bonds (the "Taxable Series 2016B Bond Ordinance") (see "THE OBLIGATIONS - Authority for Issuance of the Taxable Series 2016B Bonds").

**PURPOSE.** . . Proceeds from the sale of the Taxable Series 2016B Bonds will be used for the purpose of paying contractual obligations to be incurred for (1) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land therefor, and (2) professional services rendered in connection with issuing the Taxable Series 2016B Bonds.

**CUSIP PREFIX: 763227**  
**MATURITY SCHEDULE & 9 DIGIT CUSIP**  
**See Schedule on Page 6**

**SEPARATE ISSUES.** . . The Series 2016A Bonds, the Series 2016 Certificates, and the Taxable Series 2016B Bonds are being offered concurrently by the City under a common Preliminary Official Statement. The Series 2016A Bonds, the Series 2016 Certificates, and the Taxable Series 2016B Bonds are separate and distinct securities offerings being issued and sold independently except for the common Preliminary Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, and other features.

**LEGALITY.** . . The Taxable Series 2016B Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by their counsel, Winstead PC, Dallas, Texas.

**DELIVERY.** . . It is expected that the Taxable Series 2016B Bonds will be available for delivery through DTC on May 25, 2016.

**STIFEL, NICOLAUS & COMPANY, INC.**

**BOSC, INC.**

A SUBSIDIARY OF BOK FINANCIAL CORPORATION

**RAYMOND JAMES**

\* Preliminary, subject to change.

Final

**\$5,470,000**

City of Richardson, Texas

General Obligation Bonds; Taxable Series 2016B

## Sources & Uses

Dated 04/15/2016 | Delivered 05/25/2016

### Sources Of Funds

Par Amount of Bonds	\$5,470,000.00
Reoffering Premium	121,035.05
Accrued Interest from 04/15/2016 to 05/25/2016	20,479.81
<b>Total Sources</b>	<b>\$5,611,514.86</b>

### Uses Of Funds

Total Underwriter's Discount (0.596%)	32,595.50
Costs of Issuance	55,000.00
Deposit to Debt Service Fund	20,479.81
Deposit to Project Construction Fund	5,500,000.00
Additional Deposit to Debt Service Fund	3,439.55
<b>Total Uses</b>	<b>\$5,611,514.86</b>

Final

**\$5,470,000**

City of Richardson, Texas

General Obligation Bonds; Taxable Series 2016B

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2016	-	-	-	-
09/30/2017	140,000.00	3.000%	243,657.67	383,657.67
09/30/2018	205,000.00	3.000%	177,043.26	382,043.26
09/30/2019	210,000.00	3.000%	170,818.26	380,818.26
09/30/2020	220,000.00	3.000%	164,368.26	384,368.26
09/30/2021	225,000.00	3.000%	157,693.26	382,693.26
09/30/2022	235,000.00	3.000%	150,793.26	385,793.26
09/30/2023	240,000.00	3.500%	143,068.26	383,068.26
09/30/2024	250,000.00	3.500%	134,493.26	384,493.26
09/30/2025	260,000.00	3.500%	125,568.26	385,568.26
09/30/2026	265,000.00	3.500%	116,380.76	381,380.76
09/30/2027	275,000.00	3.000%	107,618.26	382,618.26
09/30/2028	285,000.00	3.050%	99,147.01	384,147.01
09/30/2029	295,000.00	3.200%	90,080.76	385,080.76
09/30/2030	305,000.00	3.300%	80,328.26	385,328.26
09/30/2031	315,000.00	3.375%	69,980.13	384,980.13
09/30/2032	325,000.00	3.600%	58,814.50	383,814.50
09/30/2033	335,000.00	3.600%	46,934.50	381,934.50
09/30/2034	350,000.00	3.770%	34,307.00	384,307.00
09/30/2035	360,000.00	3.770%	20,923.50	380,923.50
09/30/2036	375,000.00	3.770%	7,068.75	382,068.75
<b>Total</b>	<b>\$5,470,000.00</b>	<b>-</b>	<b>\$2,199,087.18</b>	<b>\$7,669,087.18</b>

### Yield Statistics

Accrued Interest from 04/15/2016 to 05/25/2016	20,479.81
Bond Year Dollars	\$63,163.33
Average Life	11.547 Years
Average Coupon	3.4815882%
Net Interest Cost (NIC)	3.3415710%
True Interest Cost (TIC)	3.2887430%
Bond Yield for Arbitrage Purposes	3.2246340%
All Inclusive Cost (AIC)	3.3981428%

### IRS Form 8038

Net Interest Cost	3.2173976%
Weighted Average Maturity	11.438 Years

Final

**\$5,470,000**

City of Richardson, Texas

General Obligation Bonds; Taxable Series 2016B

## Pricing Summary

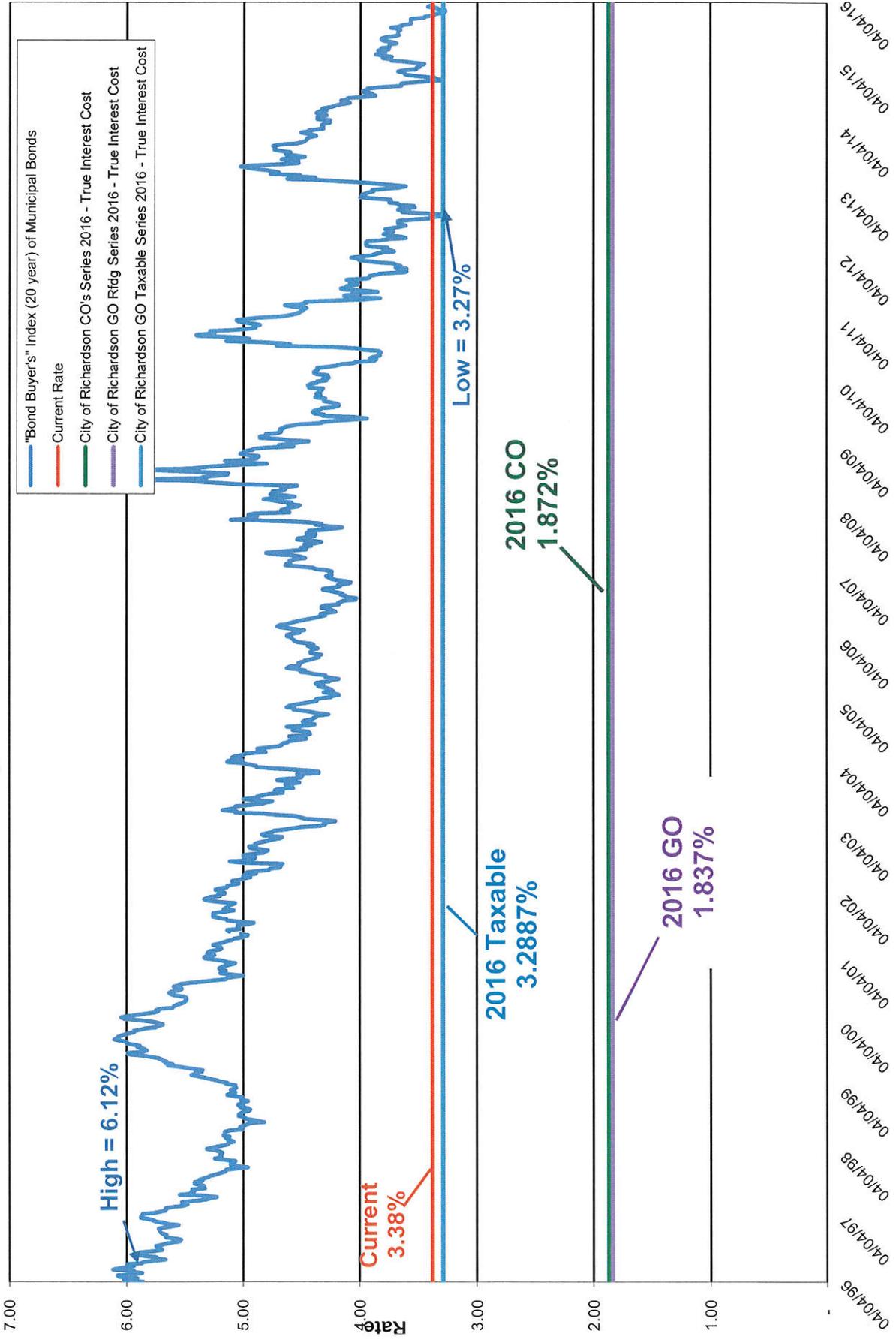
Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/15/2017	Serial Coupon	3.000%	0.800%	140,000.00	101.580%	142,212.00
02/15/2018	Serial Coupon	3.000%	1.120%	205,000.00	103.196%	211,551.80
02/15/2019	Serial Coupon	3.000%	1.370%	210,000.00	104.339%	219,111.90
02/15/2020	Serial Coupon	3.000%	1.620%	220,000.00	104.963%	230,918.60
02/15/2021	Serial Coupon	3.000%	1.950%	225,000.00	104.713%	235,604.25
02/15/2022	Serial Coupon	3.000%	2.100%	235,000.00	104.826%	246,341.10
02/15/2023	Serial Coupon	3.500%	2.300%	240,000.00	107.432%	257,836.80
02/15/2024	Serial Coupon	3.500%	2.520%	250,000.00	106.835%	267,087.50
02/15/2025	Serial Coupon	3.500%	2.670%	260,000.00	106.417%	276,684.20
02/15/2026	Serial Coupon	3.500%	2.770%	265,000.00	106.181%	281,379.65
02/15/2027	Serial Coupon	3.000%	2.900%	275,000.00	100.839%	277,307.25
02/15/2028	Serial Coupon	3.050%	3.050%	285,000.00	100.000%	285,000.00
02/15/2029	Serial Coupon	3.200%	3.200%	295,000.00	100.000%	295,000.00
02/15/2030	Serial Coupon	3.300%	3.300%	305,000.00	100.000%	305,000.00
02/15/2031	Serial Coupon	3.375%	3.375%	315,000.00	100.000%	315,000.00
02/15/2033	Term 1 Coupon	3.600%	3.600%	660,000.00	100.000%	660,000.00
02/15/2036	Term 2 Coupon	3.770%	3.770%	1,085,000.00	100.000%	1,085,000.00
<b>Total</b>	-	-	-	<b>\$5,470,000.00</b>	-	<b>\$5,591,035.05</b>

### Bid Information

Par Amount of Bonds	\$5,470,000.00
Reoffering Premium or (Discount)	121,035.05
Gross Production	\$5,591,035.05
Total Underwriter's Discount (0.596%)	\$(32,595.50)
Bid (101.617%)	5,558,439.55
Accrued Interest from 04/15/2016 to 05/25/2016	20,479.81
Total Purchase Price	\$5,578,919.36
Bond Year Dollars	\$63,163.33
Average Life	11.547 Years
Average Coupon	3.4815882%
Net Interest Cost (NIC)	3.3415710%
True Interest Cost (TIC)	3.2887430%

# City of Richardson, Texas

## General Obligation Refunding and Improvement Bonds, Series 2016 and Combination Tax and Revenue Certificates of Obligation, Series 2016 and General Obligation Bonds, Taxable Series 2016B



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A Division of Hilltop Securities.

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**FIRST SOUTHWEST COMPANY**  
**"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>2003</u>	<u>2004</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>
January	1	4.84	4.64	4.47	4.35	4.15	4.32	5.24	4.31	5.08	3.83	3.68	4.75	3.42	3.45
	2	4.94	4.52	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	4.95	4.57	4.40	4.33	4.25	4.15	4.80	4.30	5.41	3.60	3.53	4.55	3.36	3.37
	4	4.89	4.71	4.37	4.42	4.32	4.29	5.13	4.39	5.25	3.68	3.54	4.50	3.36	3.38
	5	4.90						4.39	5.16			3.67	4.48		
February	1	4.88	4.68	4.37	4.43	4.31	4.33	4.96	4.36	5.25	3.60	3.68	4.46	3.49	3.30
	2	4.83	4.52	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	4.79	4.50	4.35	4.41	4.17	4.66	4.89	4.38	5.10	3.65	3.74	4.44	3.62	3.27
	4	4.74	4.49	4.42	4.36	4.19	5.11	4.87	4.36	4.95	3.69	3.74	4.38	3.62	3.34
	5														
March	1	4.69	4.54	4.50	4.39	4.10	4.92	4.96	4.34	4.90	3.72	3.86	4.41	3.68	3.34
	2	4.67	4.35	4.57	4.45	4.08	4.94	5.03	4.33	4.91	3.84	4.00	4.47	3.62	3.42
	3	4.83	4.35	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	4.84	4.41	4.63	4.43	4.20	4.96	5.00	4.44	4.91	4.01	3.99	4.43	3.52	3.38
	5			4.61	4.53	4.25			4.44	5.00	4.02				3.38
April	1	4.79	4.59	4.56	4.56	4.26	4.90	4.92	4.45	5.04	4.08	3.96	4.44	3.49	3.28
	2	4.76	4.76	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	4.74	4.89	4.42	4.59	4.24	4.62	4.78	4.37	4.98	3.90	3.89	4.32	3.45	3.28
	4	4.66	4.89	4.37	4.59	4.26	4.68	4.57	4.37	4.86	3.86	3.90	4.33	3.52	
	5		4.95					4.70						3.62	
May	1	4.58	5.01	4.38	4.63	4.25	4.63	4.62	4.29	4.69	3.81	3.77	4.33	3.74	
	2	4.50	5.14	4.35	4.63	4.24	4.62	4.54	4.32	4.61	3.71	3.67	4.31	3.74	
	3	4.35	5.13	4.25	4.58	4.29	4.53	4.44	4.27	4.55	3.75	3.61	4.26	3.81	
	4	4.30	5.01	4.24	4.52	4.38	4.52	4.61	4.28	4.53	3.81	3.70	4.28	3.73	
	5	4.31				4.41	4.62				3.77	3.84	4.26		
June	1	4.27	5.03	4.18	4.57	4.54	4.59	4.71	4.28	4.51	3.92	3.93	4.37	3.81	
	2	4.21	5.10	4.21	4.48	4.64	4.69	4.86	4.37	4.49	3.95	4.16	4.37	3.87	
	3	4.35	5.05	4.31	4.58	4.63	4.76	4.86	4.40	4.49	3.95	4.37	4.36	3.79	
	4	4.47	5.01	4.23	4.68	4.60	4.83	4.79	4.40	4.46	3.95	4.63	4.29	3.80	
	5			4.24	4.71					4.59					
July	1	4.51	4.98	4.27	4.69	4.61	4.67	4.81	4.38	4.65	3.94	4.39	4.31	3.85	
	2	4.56	4.81	4.30	4.62	4.60	4.56	4.71	4.36	4.51	3.83	4.55	4.38	3.76	
	3	4.71	4.85	4.36	4.59	4.55	4.65	4.68	4.37	4.46	3.75	4.52	4.36	3.82	
	4	4.83	4.84	4.31	4.55	4.47	4.77	4.69	4.26	4.47	3.61	4.77	4.29	3.75	
	5		4.88				4.74	4.69	4.21				4.33	3.75	
August	1	5.07	4.78	4.38	4.49	4.51	4.75	4.65	4.16	4.19	3.66	4.70	4.31	3.75	
	2	5.06	4.70	4.37	4.45	4.59	4.67	4.65	4.06	3.97	3.75	4.73	4.24	3.69	
	3	5.18	4.67	4.27	4.39	4.74	4.64	4.58	4.03	3.83	3.80	4.80	4.21	3.73	
	4	5.10	4.66	4.25	4.34	4.81	4.68	4.53	3.88	4.09	3.76	4.91	4.17	3.79	
	5	5.07		4.30	4.70						3.72	4.96			
September	1	5.07	4.63	4.18	4.34	4.57	4.62	4.33	3.86	4.14	3.73	5.03	4.09	3.82	
	2	4.94	4.61	4.26	4.30	4.46	4.54	4.33	3.92	4.05	3.79	4.93	4.14	3.82	
	3	4.84	4.54	4.30	4.21	4.51	5.03	4.20	3.89	4.07	3.72	4.66	4.17	3.78	
	4	4.81	4.46	4.30	4.23	4.48	5.23	4.04	3.83	3.85	3.67	4.53	4.11	3.71	
	5			4.39					3.84	3.93					
October	1	4.75	4.54	4.44	4.25	4.42	5.36	3.94	3.84	4.14	3.61	4.53	4.11	3.67	
	2	4.92	4.61	4.51	4.33	4.48	5.47	4.06	3.82	4.17	3.64	4.57	4.01	3.68	
	3	5.00	4.48	4.47	4.33	4.39	6.01	4.32	3.84	4.08	3.68	4.68	3.87	3.68	
	4	4.88	4.43	4.56	4.30	4.33	5.32	4.31	3.96	4.12	3.68	4.56	3.90	3.67	
	5	4.88	4.44				5.35	4.39				4.48	3.90	3.66	
November	1	4.83	4.45	4.63	4.18	4.40	5.24	4.41	4.02	4.02	3.67	4.56	3.98	3.69	
	2	4.77	4.58	4.61	4.19	4.54	5.14	4.40	4.24	4.02	3.55	4.64	3.98	3.74	
	3	4.66	4.52	4.52	4.17	4.53	5.13	4.35	4.72	4.09	3.41	4.60	3.93	3.65	
	4	4.66	4.53	4.51	4.14	4.45	5.39	4.33	4.60	4.07	3.37	4.61	3.94	3.65	
	5			4.04	4.39						3.29				
December	1	4.73	4.63	4.53	4.03	4.38	5.58	4.24	4.65	4.12	3.27	4.70	3.83	3.57	
	2	4.70	4.43	4.49	4.12	4.46	5.85	4.19	4.86	3.93	3.44	4.74	3.65	3.57	
	3	4.57	4.39	4.48	4.12	4.39	5.46	4.18	5.15	3.92	3.64	4.73	3.65	3.57	
	4	4.58	4.44	4.42	4.17	4.44	5.33	4.21	5.00	3.92	3.58	4.73	3.65	3.57	
	5	4.60	4.49	4.38				4.25	4.95	3.88			3.56	3.57	

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## Summary:

# Richardson, Texas; General Obligation

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## Summary:

# Richardson, Texas; General Obligation

### Credit Profile

US\$24.57 mil GO rfdg and imp bnds ser 2016A dtd 04/15/2016 due 02/15/2036		
<i>Long Term Rating</i>	AAA/Stable	New
US\$7.4 mil comb tax and rev certs of oblig ser 2016 dtd 04/15/2016 due 02/15/2036		
<i>Long Term Rating</i>	AAA/Stable	New
US\$5.5 mil GO bnds ser 2016B dtd 04/15/2016 due 02/15/2036		
<i>Long Term Rating</i>	AAA/Stable	New
Richardson GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

## Rationale

Standard & Poor's Ratings Services assigned its 'AAA' rating and stable outlook to the City of Richardson, Texas' series 2016A general obligation (GO) refunding and improvement bonds, series 2016 combination tax and revenue certificates of obligation, and the series 2016B GO bonds. At the same time, Standard & Poor's affirmed its 'AAA' rating on Richardson's bonds outstanding. The outlook on the bonds is stable.

The series 2016A and 2016B GO bonds constitute direct obligations of the city, payable from the levy and collection of a continuing ad valorem tax, within the limits prescribed by law. The maximum allowable rate in Texas is \$2.50 per \$100 of assessed value (AV) for all purposes, with the portion dedicated to debt service limited to \$1.50. The city's levy is well below the state maximum and city's home-rule limitations, at 63.5 cents, 25.4 cents of which is dedicated to debt service. We understand that proceeds from the sale of the 2016A bonds will be used for various capital improvement projects throughout the city and to refund a portion of the city's obligations outstanding for interest rate savings. The proceeds from the 2016B bonds will be used to construct, improve, and renovate municipal public buildings.

The series 2016 certificates constitute direct obligations of the city, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on taxable property within the city and by a limited pledge of the net revenues of the city's waterworks and sewer system. Despite the dual pledge, we rate to the strength of our rating on the city's GO bonds. We understand that proceeds from the sale of the 2016 certificates will be used for various capital improvement projects throughout the city.

The series 2015A, 2015B, and 2014 existing certificates of obligation bonds are similarly secured by a direct and continuing ad valorem tax, within the limits prescribed by law, and by a limited pledge of net water and sewer system revenues. We rate all three of these series to the strength of our rating on Richardson's GO bonds.

Richardson's GO bonds are eligible to be rated above the sovereign because we believe the city can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria (Ratings Above The Sovereign: Corporate

And Government Ratings—Methodology And Assumptions," published Nov. 19, 2013, on RatingsDirect), U.S. local governments are considered to have moderate sensitivity to country risk. The city's GO pledge is the primary source of security on the debt; this severely limits the possibility of negative sovereign intervention in the payment of the debt or in the operations of the city. The institutional framework in the U.S. is predictable for local governments, allowing them significant autonomy and independent treasury management, and there is no history of government intervention. Richardson has considerable financial flexibility, as demonstrated by the very strong general fund balance as a percent of expenditures, as well as very strong liquidity.

The rating reflects our assessment of the following factors for the city:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with "strong" financial policies and practices under our Financial Management Assessment methodology;
- Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2015;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 18% of operating expenditures;
- Very strong liquidity, with total government available cash at 33.3% of total governmental fund expenditures and 1.7x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability profile, with debt service carrying charges at 19.8% of expenditures and net direct debt that is 170.6% of total governmental fund revenue, but rapid amortization, with 68.7% of debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

### **Very strong economy**

We consider Richardson's economy very strong. The city, with an estimated population of 102,430, is located in Collin and Dallas counties in the Dallas-Fort Worth-Arlington, TX MSA, which we consider to be broad and diverse. The city has a projected per capita effective buying income of 125% of the national level and per capita market value of \$112,672. Overall, the city's market value grew by 6.8% over the past year to \$11.5 billion in 2016. The weight-averaged unemployment rate of the counties was 5.1% in 2014.

Located about 15 miles north of downtown Dallas, Richardson is the MSA's second-largest employment center with a daytime population that increases to more than 120,500, and is estimated to be over 195,000 by 2040. The economy remains rooted in the telecommunications industry; its property tax base, however, is deep and extends beyond the telecom corridor, with other sectors including healthcare and finance. The city's top 10 taxpayers accounted for less than 15% of total taxable value. Leading employers include State Farm Insurance (8,000), AT&T Inc. (5,000), Blue Cross & Blue Shield of Texas (3,100), and University of Texas at Dallas (2,674).

Various economic and mixed-use development projects continue to spur along Richardson's four light rail stations, which should allow for continued growth in future years. The city also has three tax increment finance zones, which provide officials with the ability to facilitate development and redevelopment of large sections of commercial land throughout key areas of Richardson. Despite expecting above-normal taxable value growth, management's multiyear debt planning model estimates just 2% growth in fiscal 2017 and 1% in fiscal 2018.

### **Very strong management**

We view the city's management as very strong, with "strong" financial policies and practices under our Financial Management Assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable.

Highlights include use of extensive planning and analysis to devise revenue and expenditure assumptions based on historical trend analysis. Management has proven its willingness to make intra-year corrections to improve structural budget gaps due to a formalized budget contingency plan with quarterly reporting to the governing body. The city has a five-year revenue and expenditure financial planning model that is used as a budget planning tool to identify and monitor potential expenditure pressures. In addition, it has a five-year, annually updated capital improvement program that addresses project needs and resources. Richardson's formal debt management policy governs debt issuances and includes tying the bonds' terms to the asset's useful life, coupled with carrying charge limitations. The city's formal investment management policy parallels state regulations and calls for quarterly reporting to elected officials. Furthermore, the city's formal reserve policy requires 60 days' annual budgeted general fund expenditures in the operating reserve.

### **Strong budgetary performance**

Richardson's budgetary performance is strong in our opinion. The city had operating surpluses of 4.3% of expenditures in the general fund and of 4.8% across all governmental funds in fiscal 2015. General fund operating results of the city have been stable over the last three years, with a result of 3.9% in 2014 and a result of 4.8% in 2013.

We adjusted for recurring transfers into the general fund from other governmental funds, and for recurring transfers out of the city's general fund to its capital fund. In fiscal 2015, Richardson increased the dedicated street rehabilitation transfer to two cents, without increasing its overall tax rate. We estimate that this transfer amounts to about \$2.17 million ongoing and is included in our general fund expenditure adjustments. Anything transferred to that fund behind the dedicated two cents, we view as discretionary and not included in our adjustments. Additionally, in fiscal 2014, the city adopted an ordinance to dedicate a portion of its ad valorem revenue for economic development. This was first seen in fiscal 2015, and because we believe it will be a recurring transfer, we also include it in our general fund expenditure adjustments. Finally, we adjusted total governmental expenditures to account for one-time capital project costs funded through cash on hand or debt proceeds.

City officials adopted a slight general fund surplus budget for fiscal 2016, and reports that revenues are trending better than budget and expenditures are in line with budget expectations. Sales tax collections through March were \$1.3 million higher than the prior year actuals and \$1.8 million higher than what was budgeted. We believe that the increase is in part due to about \$1.2 million in audited adjustments, which would be considered one-time revenues. Any surplus funds above the city's 60-day formal fund balance policy will likely be transferred to the capital fund, as seen in prior years, and viewed as a discretionary transfer. Based on current trends, the city anticipates about a \$367,000 general fund surplus at year-end fiscal 2016. There are some budgeted one-time capital projects across all governmental funds that will be funded through cash on hand or debt proceeds, and are inflating budgeted total governmental expenditures. Overall, however, we anticipate at least balanced operations in both the city's general fund and across all governmental funds at year-end 2016. Richardson is crafting its 2017 budget, but we have no reason to think it will adopt anything but a balanced budget as historically done. Therefore, we do not anticipate any structural improvement

or deterioration to the city's budgetary performance.

### **Very strong budgetary flexibility**

Richardson's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2015 of 18% of operating expenditures, or \$18.8 million. Over the past three years, the total available fund balance has remained at a consistent level overall, totaling 18% of expenditures in 2014 and 17% in 2013.

The city has consistently maintained its available general fund reserves above 15% of operating expenditures. Management has confirmed that there are no plans to reduce its current reserve levels, and therefore we do not believe that the city's budgetary flexibility will materially weaken. As historically demonstrated, excess funds above the formal 60-day operating reserve policy likely will be transferred to other funds or used for nonrecurring expenditures. Should reserve levels be pressured, we believe management has the ability to reduce its annual transfer to the capital fund, thereby maintaining reserves in accordance with policy.

### **Very strong liquidity**

In our opinion, Richardson's liquidity is very strong, with total government available cash at 33.3% of total governmental fund expenditures and 1.7x governmental debt service in 2015. In our view, the city has strong access to external liquidity if necessary.

The city has demonstrated its access to the municipal bond market in the past two decades. It has primarily issued GO-backed bonds, as evidenced by its issuance over the past 20 years. Historically it had what we consider very strong cash balances and, given management's demonstrated ability to maintain balanced operations, we do not believe its cash position will worsen. Currently, all of Richardson's investments comply with Texas statutes and the city's internal investment policy. We have reviewed these investments and determined that they are not aggressive, as most are held in state pools, money market funds, or certificates of deposit.

The city's series 2011, 2014A, 2014B variable-rate loans are private placement loans and represent about 40% of operating cash on hand and 6.2% of total direct debt. The variable rate resets annually in June of every year, well before the budget is adopted, and because this eliminates the risk of the debt service payment fluctuating after the budget has passed, we do not view it as a potential constraint on liquidity at this time. Even if the city were to pay down all of the variable-rate loans outstanding with the current unrestricted cash and liquid investments available, it would still maintain a very strong liquidity position, in our view.

### **Weak debt and contingent liability profile**

In our view, Richardson's debt and contingent liability profile is weak. Total governmental fund debt service is 19.8% of total governmental fund expenditures, and net direct debt is 170.6% of total governmental fund revenue. Approximately 68.7% of the direct debt is scheduled to be repaid within 10 years, which is in our view a positive credit factor.

The city receives some self-support from the water and sewer and solid waste funds for tax-secured debt per our debt statement analysis criteria. Following this issuance, it will have about \$109.5 million of authorized, but unissued debt remaining. In addition, the city may incur non-voted debts payable from or secured by its collection of ad valorem taxes and other sources of revenue, including certificates of obligation, tax notes, public property finance contractual

obligations, and leases for various purposes. Over the next two years, we expect Richardson will issue \$36.15 million of new debt. Should future debt issuances lead to slower amortization of total direct debt, to that of less than 65% over 10 years, our view of the city's debt profile could weaken.

Richardson's combined required pension and actual other postemployment benefits (OPEB) contributions totaled 6.5% of total governmental fund expenditures in 2015. Of that amount, 5.9% represented required contributions to pension obligations, and 0.7% represented OPEB payments. The city made its full annual required pension contribution in 2015.

The city participates in the Texas Municipal Retirement System (TMRS), which is administered by the State of Texas. Richardson's required pension contribution is its actuarially determined contribution, which is calculated at the state level, based on an actuary study. Using updated reporting standards in accordance with Governmental Accounting Standards Board Statement No. 67, the city's net pension liability was measured as of Dec. 31, 2014 and was \$30.6 million. The TMRS plan maintained a funded level of 93.2%, using the plan's fiduciary net position as a percent of the total pension liability. For additional details on GASB 67 and 68, see our report "Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria," published Sept. 2, 2015, on RatingsDirect. In accordance with city policy, Richardson also provides OPEB in the form of health care; the city subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Contributions are made on a pay-as-you-go basis

### **Strong institutional framework**

The institutional framework score for Texas municipalities is strong.

## **Outlook**

The stable outlook reflects our view of Richardson's very strong budgetary flexibility and strong budgetary performance, which is supported by very strong management. We do not expect to change the rating over the two-year outlook period because we believe the city will maintain very strong reserve levels and balanced operations. Although we view it as unlikely within the outlook, we could lower the rating if the city's budgetary performance were to weaken, reserves fell to levels that we no longer viewed as very strong, and the city's debt profile were to fall to what we viewed as very weak.

## **Related Criteria And Research**

### **Related Criteria**

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Limited-Tax GO Debt, Jan. 10, 2002
- USPF Criteria: Methodology: Rating Approach To Obligations With Multiple Revenue Streams, Nov. 29, 2011
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions, Nov. 19, 2013

- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

**Related Research**

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015
- Institutional Framework Overview: Texas Local Governments

**Ratings Detail (As Of April 13, 2016)**

Richardson comb tax and rev certs of oblig ser 2014 dtd 04/01/2014 due 02/15/2015-2022		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Richardson GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
<b>Richardson GO</b>		
<i>Unenhanced Rating</i>	AAA(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

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.globalcreditportal.com](http://www.globalcreditportal.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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**CREDIT OPINION**

11 April 2016

New Issue

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## Richardson, TX

New Issue: Moody's assigns Aaa to Richardson's (TX)  
 Upcoming GOLT Debt Issuances; Outlook Stable

### Summary Rating Rationale

Moody's Investors Service has assigned a Aaa rating to the City of Richardson, TX's upcoming sales of \$24.6 million General Obligation Refunding and Improvement Bonds, Series 2016A, \$7.4 million Combination Tax and Revenue Certificates of Obligation, Series 2016, and \$5.5 million General Obligation Bonds, Taxable Series 2016B. Moody's has also affirmed the Aaa rating on the city's outstanding general obligation limited tax debt.

The Aaa rating reflects the city's relatively sizable and affluent tax base that is bolstered by a sizable business district that draws a large daytime population, strong financial management with historical stability in reserve levels, and moderate yet manageable debt burden.

### Credit Strengths

- » Diverse tax base located in the vibrant Dallas/Fort Worth metropolitan area
- » Favorable socioeconomic profile
- » Regional employment center
- » Strong financial management and stable financial position

### Credit Challenges

- » High debt burden in comparison to Aaa medians

### Rating Outlook

The stable outlook is based on the expectation that the regional employment base will continue to diversify and offer stability to the local economy. The city's financial operations will remain satisfactory as management has historically demonstrated the ability to implement expenditure controls and budget conservatively.

### Factors that Could Lead to a Downgrade

- » Economic contractions measured by declines in taxable values
- » Trend of deficit spending resulting in deviation from city's fund balance policy
- » Substantial increases in the city's debt burden

## Key Indicators

Exhibit 1

Richardson (City of) TX	2011	2012	2013	2014	2015
<b>Economy/Tax Base</b>					
Total Full Value (\$000)	\$ 9,676,590	\$ 9,680,828	\$ 9,958,812	\$ 10,441,717	\$ 10,808,278
Full Value Per Capita	\$ 97,524	\$ 96,876	\$ 99,142	\$ 103,537	\$ 106,151
Median Family Income (% of US Median)	132.0%	132.7%	132.7%	132.7%	132.7%
<b>Finances</b>					
Operating Revenue (\$000)	\$ 122,517	\$ 125,649	\$ 130,337	\$ 135,611	\$ 140,212
Fund Balance as a % of Revenues	14.7%	15.0%	14.7%	15.3%	14.8%
Cash Balance as a % of Revenues	12.0%	12.7%	12.3%	13.0%	13.3%
<b>Debt/Pensions</b>					
Net Direct Debt (\$000)	\$ 311,808	\$ 296,706	\$ 274,789	\$ 264,463	\$ 253,668
Net Direct Debt / Operating Revenues (x)	2.5x	2.4x	2.1x	2.0x	1.8x
Net Direct Debt / Full Value (%)	3.2%	3.1%	2.8%	2.5%	2.3%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	N/A	1.1x	1.3x	1.4x	1.5x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	N/A	1.5%	1.7%	1.8%	2.0%

Source: Richardson CAFRs, Moody's Investors Service

## Detailed Rating Considerations

### Economy and Tax Base: On-Going Diversification of Tax Base and Employment Centers

Located about 15 miles north from downtown Dallas (Aa2, stable), the city of Richardson continues to see strong economic development and serve as an important employment center for the region. The city has a very healthy economy and tax base. Benefitting from a strong transportation network, particularly its location along Highway 75 and light transit lines, the city's tax base grew markedly between 2012 and 2016 and is much stronger than the US medians. Growing 6.8% over the previous year, the tax base reached \$11.5 billion for fiscal year 2016 net of tax increment values not available for city operations and debt service. The city's taxable value is primarily comprised of single-family residential (38.9%), real commercial/industrial (30.3%) properties, and tangible commercial/industrial properties (20.6%). As a first-tier suburb of Dallas, the city's residential base is aging as a majority of housing was constructed in the 1950s, but values remain stable with some appreciation. Over the past decade, the city's tax base has diversified, moving away from a reliance on the telecom industry which drove downturns about fifteen years ago. The telecom industry maintains a strong presence in the community but as of 2016, only two of the top ten taxpayers are telecom related. The top ten account for 15.2% of the fiscal 2016 assessed valuation and represent a mix of telecom, financial services, and electronics and technology companies.

Richardson serves as a large employment base with an estimated employment population of 120,500, more than double the labor force of the city. Top employers include insurance providers, the telecom industry, government, financial services, electronics and defense system enterprises, and the University of Texas at Dallas. The university provides strong institutional presence as it is in the midst of ongoing expansion and plays a key role in the city's technological employment base. The city has strategically targeted commercial and mixed-used development, establishing three tax increment financing districts (TIFs) to facilitate development. One major development is the \$1.5 billion mixed use CityLine development in which roughly 2 million square feet will house up to 10,000 employees of State Farm Insurance (about 7,000 currently), about half a million square feet is now occupied by 1700 Raytheon employees, and other various office buildings, apartments, a hotel, and various other amenities will be available. Other economic activity includes substantial retail, restaurant, and multifamily development. While the city will only be able to capture a third of the assessed values in TIFs #2 and #3 for the next 20 years for operations and debt service, the increased economic activity and sales tax

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growth in the area will help mitigate the non-captured values. The regional employment base and current economic development will continue to offer stability for the local economy.

Unemployment within the city has historically been below both the state and nation. As of December 2015, unemployment was 3.3% compared to the 4.2% state and 4.8% national levels. Additionally, resident wealth levels are in-line with similarly rated local governments. Resident wealth levels are strong, as measured by per capita income and median family income (2013 American Community Survey, U.S. Census), and represent 123% and 134% of the US, respectively.

#### **Financial Operations and Reserves: Strong Financial Management Evident in Historically Stable Reserve Levels**

Indicative of strong financial management, Richardson's General Fund reserve levels have hovered very close to 17% of revenues over the last decade and will continue to do so, in line with the city's policy to maintain 60 days of operating expenses in reserve. The city has maintained a level fund balance with operations that produce annual surpluses. Reserves in excess of the policy are transferred for capital improvements and to the insurance fund. For example, fiscal 2014 ended with a \$1.5 million addition to fund balance after approximately \$4.7 million was transferred out to other funds. In 2015, after transferring out \$7.8 million to other funds (\$4.2 million for capital), the city realized a surplus of about \$404,000. The budgetary flexibility afforded with the annual transfers for capital provides additional credit strength. The fiscal year-end 2015 total General Fund balance of \$19.7 million equates to adequate 17.6% of revenues. Although below median, the stability of the city's reserves is a particular credit positive.

General fund revenues are mostly derived from property taxes (35.4%), sales taxes (28.2%), and franchise fees (13.7%). Sales tax collections have grown an average of 4.5% over the last five years through fiscal 2015. After a decline 0.9% in sales taxes in fiscal 2011, annual increases in collection have grown stronger, especially in fiscal 2014 with a 12.1% increase over fiscal 2013. Management continues to conservatively budget for this economically sensitive revenue stream and reports that current collections in fiscal 2016 are trending up in excess of 10% for the same period last year, due to a 5% increase in base taxes and \$1.2 million in current year audit adjustments. The city's sales tax revenues are primarily generated by business-to-business activity as there are no major retail outlets within the city. The fiscal 2016 budget of \$115 million is balanced and management anticipates a small surplus to maintain reserves at the 60 day reserve policy. The city's financial operations will remain satisfactory as management has historically demonstrated the ability to implement expenditure controls and budget conservatively.

#### **LIQUIDITY**

Cash maintained in the General Fund at fiscal year-end 2015 was \$16 million, which is a satisfactory 14.3% of revenues. Including the debt service fund, total operating funds cash levels totaled \$18.6 million or 13.3% of revenues. Cash closely aligns with fund balance, and is expected to do so in the near term future.

#### **Debt and Pensions: Above Average but Manageable Debt Burden**

The city's direct and overall debt burdens are 2.1% and 4.6% respectively, expressed as a percentage of fiscal 2016 taxable value and inclusive of the current transactions. The direct debt burden has declined over the past five years. The direct debt burden excludes TIF obligations as they are supported solely by tax increment values excluded from the taxable value, but includes debt supported by the water and sewer and solid waste enterprises. The enterprise fund operations have not exhibited a trend of net revenues fully supporting debt service and have relied on reserves. This affects approximately \$48.2 million in outstanding debt (0.4% of fiscal 2016 full valuation).

The city plans to issue certificates of obligation on an annual basis to fund equipment purchases and water and sewer improvements. Voters approved a \$115 million general obligation bond package in November 2015 that the city anticipates issuing the bonds over a six year period with no tax rate increase. Projects covered in the bond package include streets, public buildings, parks, sidewalks, and expansion and renovation of the public safety campus. Given conservative tax base assumptions coupled with prudent debt management practices, the debt burden will remain manageable though above average moving forward.

#### **DEBT STRUCTURE**

Principal amortization is fairly quick with 79.6% retired in ten years, reflecting the city's policy of a maximum 20 year maturity and the descending debt service schedule. Debt service accounted for 21% of the city's operating revenues, which is elevated in comparison to other Aaa rated entities.

#### DEBT-RELATED DERIVATIVES

All but approximately 8% of the city's outstanding debt is fixed rate. The Series 2011 general obligation and Series 2014A&B certificates of obligations are variable rate, but are not puttable to the city. Interest on the variable rate debt resets annually at 65% of 12-month LIBOR plus 1.43% in the case of Series 2011 and plus 0.94% in the case of the Series 2014A&B. The city is not party to any interest rate swaps or other derivative contracts.

#### PENSIONS AND OPEB

The city has a manageable employee pension burden, based on unfunded liabilities for its share of the Texas Municipal Retirement System (TMRS), an agent multiple-employer plan administered by the state. Moody's fiscal 2014 adjusted net pension liability (ANPL) for the city, under our methodology for adjusting reported pension data, is \$248 million, or a manageable 1.8 times operating revenues. The three year average of the city's ANPL to Operating Revenues is 1.5 times, while the three-year average of ANPL to full value is a manageable 1.95%. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported liability information, but to improve comparability with other rated entities. For more information on Moody's insights on employee pensions and the related credit impact on companies, government, and other entities across the globe, please visit Moody's on Pensions at [www.moody.com/pensions](http://www.moody.com/pensions).

During the budget process for fiscal year 2016, the council authorized the creation of an OPEB trust. Management continues to evaluate opportunities to fund the trust.

#### Management and Governance

Texas cities have an institutional framework score of "Aa," or strong. Cities rely on stable property taxes for 30% -40% of their operating revenues, while 25%-35% comes from economically sensitive sales taxes, resulting in moderate predictability overall. Cities maintain moderate flexibility under the state-mandated cap (\$25 per \$1,000 of AV, with no more than \$15 for debt) to raise property taxes as most cities are well below the cap. Expenditures primarily consist of personnel costs, which are highly predictable. Cities have high flexibility to reduce expenditures given no union presence.

The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. Voters simultaneously elect six Council members and a Mayor to represent them every two years. All Council members and the Mayor are elected at large, with four Council members representing each of the City's four districts. The City Manager is the chief administrative officer for the City.

#### Legal Security

The bonds and certificates are secured by a direct and continuing ad valorem tax, levied within the limits of the law, on all taxable property located within the city. Additionally, the certificates include a limited pledge of the net revenues of the city's waterworks and sewer system.

#### Use of Proceeds

The GO Series 2016A bond proceeds will be used primarily for building and street projects and to refund several series of the city's outstanding debt for net present value savings. The GO Series 2016B bond proceeds will be used to acquire land for a future expansion of the public safety campus. Proceeds from the Series 2016 COs will be used for various equipment and enterprise improvements.

#### Obligor Profile

The City of Richardson is located in north central Texas approximately 15 miles north of downtown Dallas. Approximately 63% of the city is in Dallas County (Aaa, stable) and the balance is in Collin County (Aaa, stable). The most recent population estimate is 102,430. The city incorporates approximately 28.5 square miles and has approximately 1,010 employees.

#### Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Ratings Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

## Ratings

Exhibit 2

### Richardson (City of) TX

Issue	Rating
Combination Tax and Revenue Certificates of Obligation Series 2016	Aaa
Rating Type	Underlying LT
Sale Amount	\$7,400,000
Expected Sale Date	04/25/2016
Rating Description	General Obligation Limited Tax
General Obligation Bonds, Taxable Series 2016B	Aaa
Rating Type	Underlying LT
Sale Amount	\$5,500,000
Expected Sale Date	04/25/2016
Rating Description	General Obligation Limited Tax
General Obligation Refunding and Improvement Bonds, Series 2016A	Aaa
Rating Type	Underlying LT
Sale Amount	\$24,570,000
Expected Sale Date	04/25/2016
Rating Description	General Obligation Limited Tax

Source: Moody's Investors Service

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REPORT NUMBER 1020192

# City Council Work Session

April 25, 2016



Image Source – City of Richardson

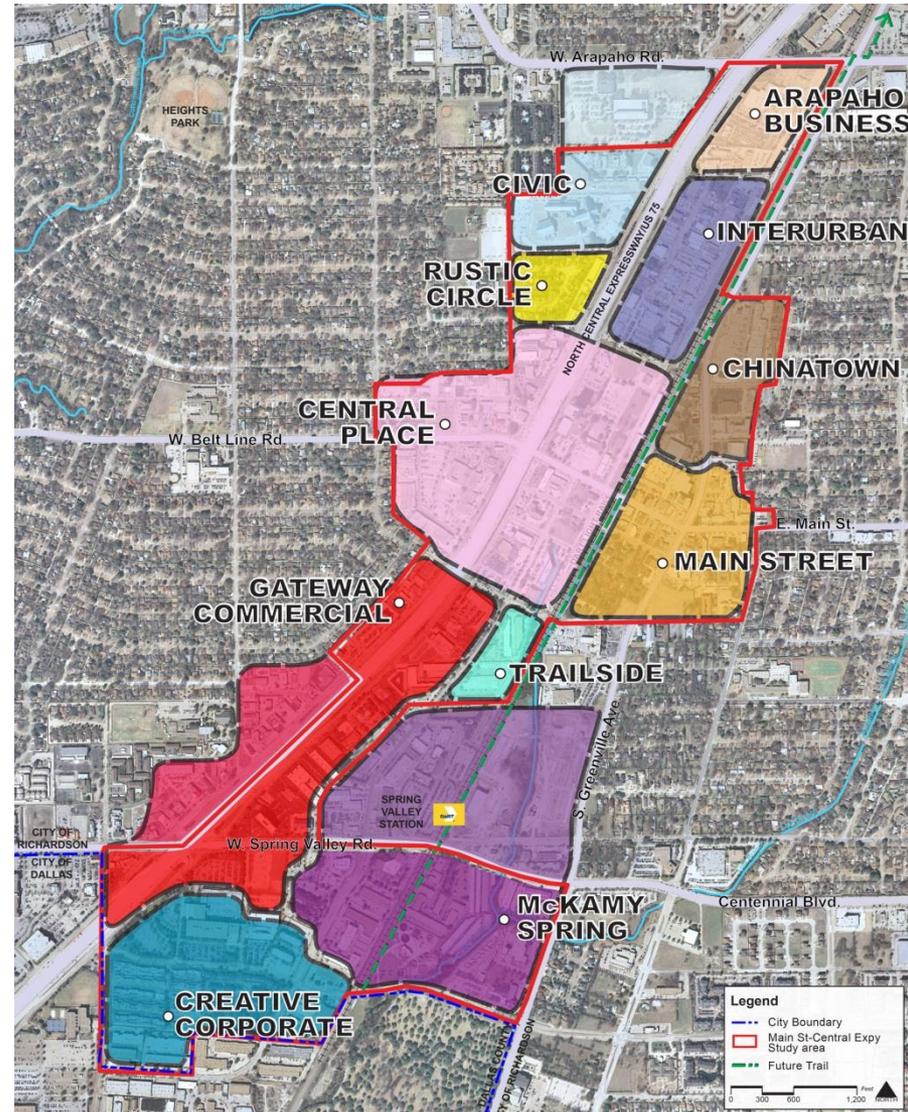


MAIN STREET / CENTRAL - REZONING INITIATIVE | PHASE III SOUTH END

Kimley»Horn  
**JACOBS**  
Richardson, Texas

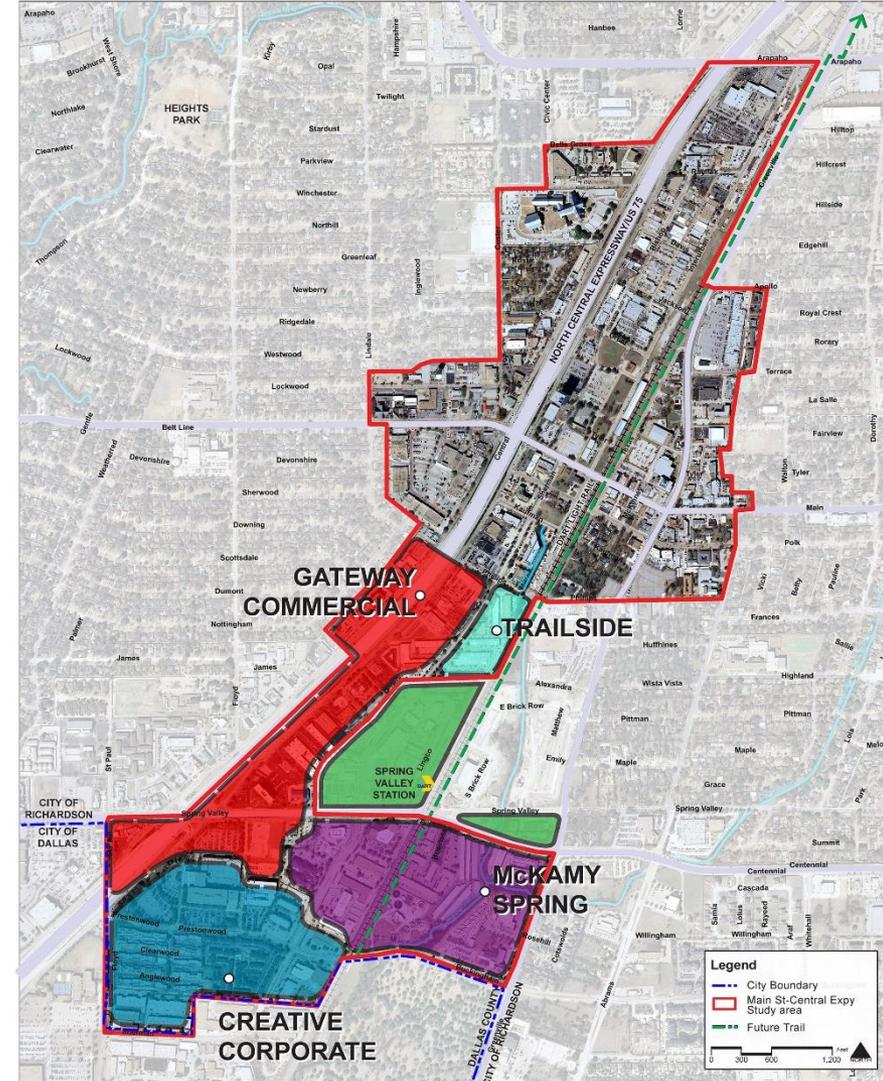
# Phase I – The Vision

- **Old Town/Main Street** and **Central Expressway** combined into single study area
- 415 acres – 11 sub-districts
- Developed vision for the study area based on community goals and market realities
- Study accepted by City Council in January 2013



# Rezoning Initiative Overview – Phase III South End

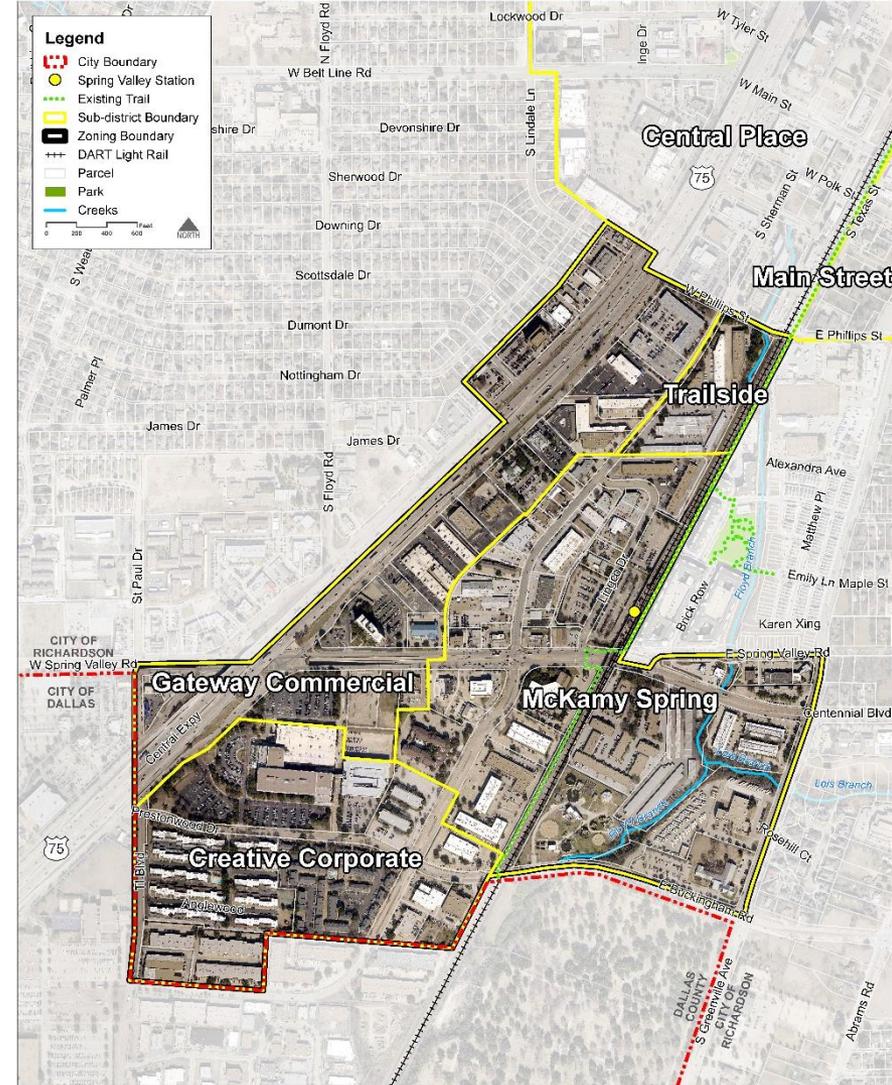
- Focus of the initiative will be towards implementing the vision
- Efforts will focus on 4 sub-districts in the south end of the Main Street/Central corridor
- Continues the rezoning initiative for the entire corridor
- Amending/refining the existing Main Street/Central Expressway Form Based Code (adopted Jan. 2015 – applies to central sub-districts)



**Tour**

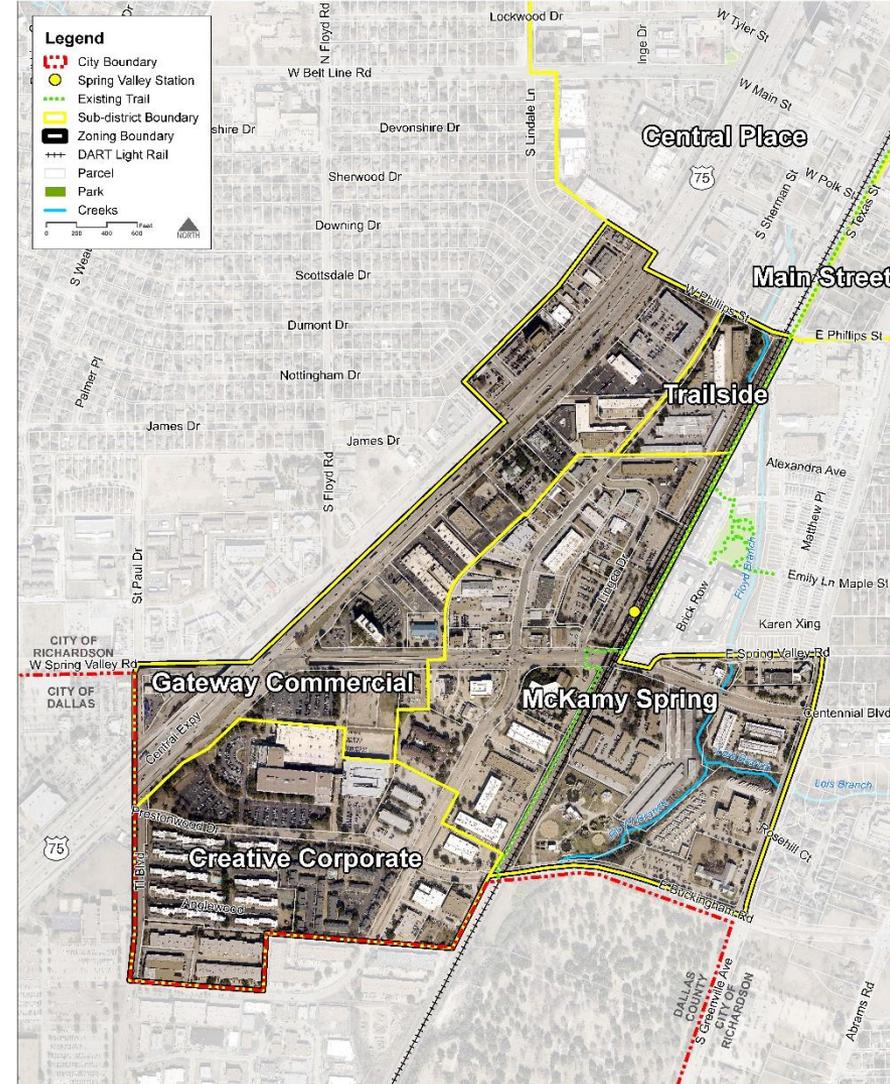
# Tour - Purpose

- Re-familiarize City Council with existing land uses and physical improvements – southern sub-districts
- Discuss with City Council the visions for each of the sub-districts



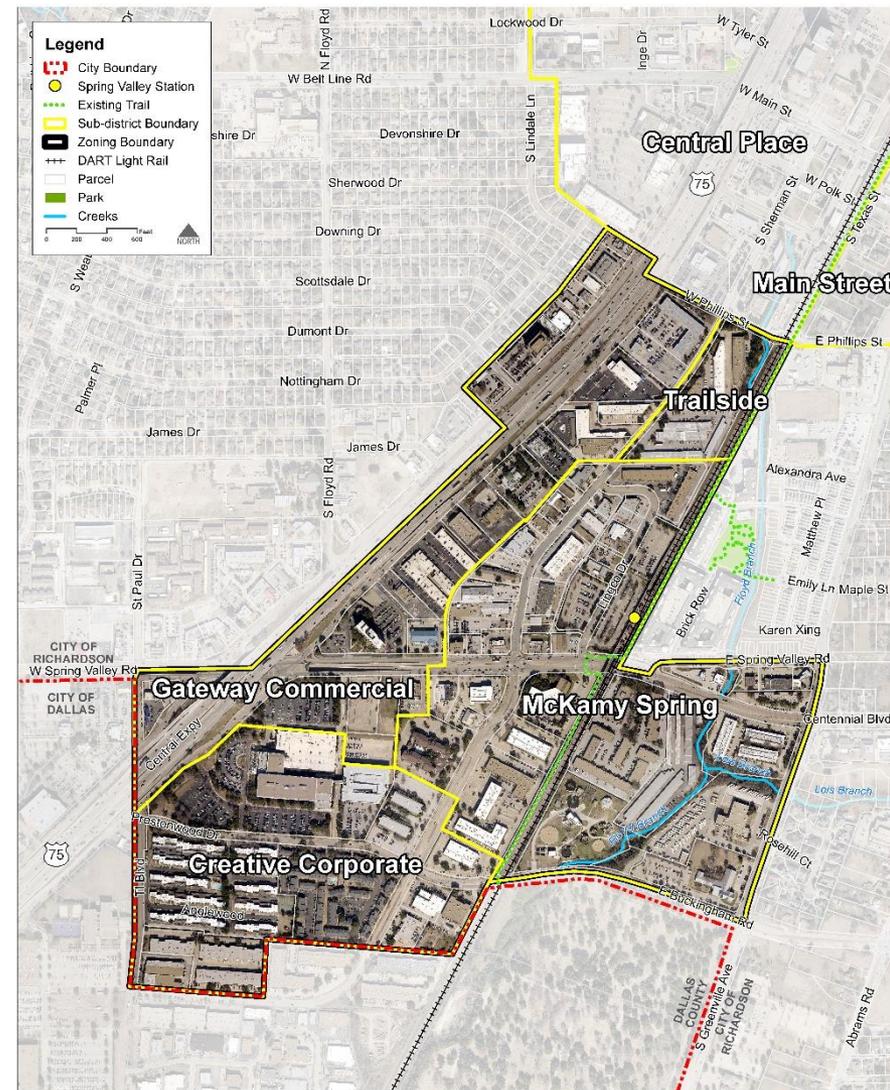
# Tour - Logistics

- Saturday, April 30<sup>th</sup>
- Assemble west side of City Hall – 8:45am
- Depart City Hall – 9:00am
- Bus driving tour
  - Southern sub-districts
  - Central sub-district projects (time permitting)
- Return to City Hall – 11:00am
- Sub-district handouts



# Tour - Debriefing

- May 2<sup>nd</sup> City Council work session
  - Tour observations/comments
  - Discuss community feedback received during March
    - Property/business owner meetings
    - Community workshop
    - On-line survey
  - Discuss modifications to sub-districts' boundaries
  - Affirm vision for each sub-district



# City Council Work Session

April 25, 2016



Image Source – Richardson Public Library



MAIN STREET / CENTRAL - REZONING INITIATIVE | PHASE III SOUTH END



# Standards of Care

Monday, April 25, 2016

City of Richardson  
Parks & Recreation Department





## Camp History

1974: Summer Playground programs offered at 22 different sites

1989: Summer camp program is expanded to include specialized indoor programs with one playground camp

1991: Teen Camp is added



# Camp History



**Today our Day Camp Program exists as four different camps:**

- Kinder Camp (ages 5-6)\*
- Playground Camp (ages 7-11)
- Elementary Camp (ages 7-11)\*
- Teen Camp (ages 12-15)\*

\*These camps are hosted at Terrace Elementary School\*



# Our Mission

Our camp instills character and cultivates creativity through learning and physical activity, translating into FUN for each camper.



# Kinder Camp



Ages: 5-6

Monday thru Friday: 9am-2pm

Before/After Care available for early  
drop off or late pick up at  
7:30a/6:00pm

Activities: Science projects, Music &  
Movement, Games, Arts & Crafts,  
Special Guests

Swimming Trip: Splash Pad or  
Heights Aquatic Center

Enrollment: 20 campers/week



Parks & Recreation

# Elementary Camp

Ages: 7-11

Enrollment: 60 campers/week

Monday-Friday: 8am-5:30pm

Field Trips: 2 per week

Activities: Gym games, Arts & Crafts, songs and plays, games, swimming

Location: Terrace Elementary



# Playground Camp

Ages: 7-11

Monday thru Friday: 8am-  
5:30pm

Activities: Fun and games,  
sports, arts & craft, water play,  
swimming, and more

Field Trip: 1 per week

Location: Heights Park and  
Recreation Center

Enrollment: 60 campers/week



# Teen Camp

Ages: 12-15

Monday thru Friday: 8am-  
5:30pm

Activities: Travel around DFW,  
Gym Games, Swimming, and  
sometimes special guests

Field Trips: 3 per week

Location: Terrace Elementary

Enrollment: 40 campers/week





## Our Staff

22 staff members to meet our ratio standards

8 returning staff and 14 new staff

Staff members come from a wide range of colleges and local high schools



# Camp Attendance 2015

- Kinder Camp- 163 Registrations
- Playground Camp- 494 Registrations
- Elementary Camp- 492 Registrations
- Teen Camp- 300 Registrations \*
- Total of 1,449 Registrations

\*indicates increased registrations compared to 2014





Arts & Crafts



Field  
Trips



Games

# The Fun Stuff



Swimming

Parks & Recreation



# Tournament of Champions

Richardson vs. Allen

A competition of games and team spirit!

Our Playground Camp or Elementary Camp versus City of Allen's Camp STAR

2016 Competition at City of Allen

Last summer...we won This year... we defend and plan to keep!!



**2015 Day Camp Champs**



# State Day Care Regulations



In the State of Texas, no person may operate a child-care facility or child-placing agency without one of the following:

1. A license issued by the Department of Family and Protective Services (DFPS)
2. A certificate to operate under accreditation issued by the DFPS
3. Exemption outlined in Section 42.041 (b)(14)



# Exemption

**An elementary age recreation program operated by a municipality is exempt provided that the following criteria are met:**

- Governing body of the municipality annually adopts standards of care by ordinance after a public hearing.
- Standards of care are provided to the parents of each program participant.
- Ordinance includes at a minimum: staffing ratios; staff qualifications; facility, health and safety standards; and mechanisms for monitoring and enforcing the adopted local standards.
- Parents be informed that the program is not licensed.
- Program is not advertised as a child-care facility.



# To File for Annual Exemption

- Maintain Standards of Care
- Hold a public hearing to adopt the Standards of Care by ordinance
- Complete Form 2821E- Request for Exemption from Licensure
- Send DFPS the following:
  - Completed Form 2821E
  - Standards of Care
  - Ordinance
  - Parent's Guide
  - Staff Manual



# In Summary

After a public hearing during tonight's City Council meeting we are asking for the members of the Council to adopt the Standards of Care outlined in the Texas Human Resource Code as a city ordinance

