

# CITY OF ALAMO HEIGHTS, TEXAS



## ANALYSIS OF OUTSTANDING DEBT

AS OF:

**FISCAL YEAR 2019**

PREPARED BY:



# Analysis of Outstanding Debt

As of Fiscal Year 2019

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City of Alamo Heights, Texas



# Tab A: Summary of General Fund Debt

# Summary of General Fund Debt

# City of Alamo Heights, Texas

Certificates of Obligation - General Fund Portion

As of Fiscal Year 2019

(000's)

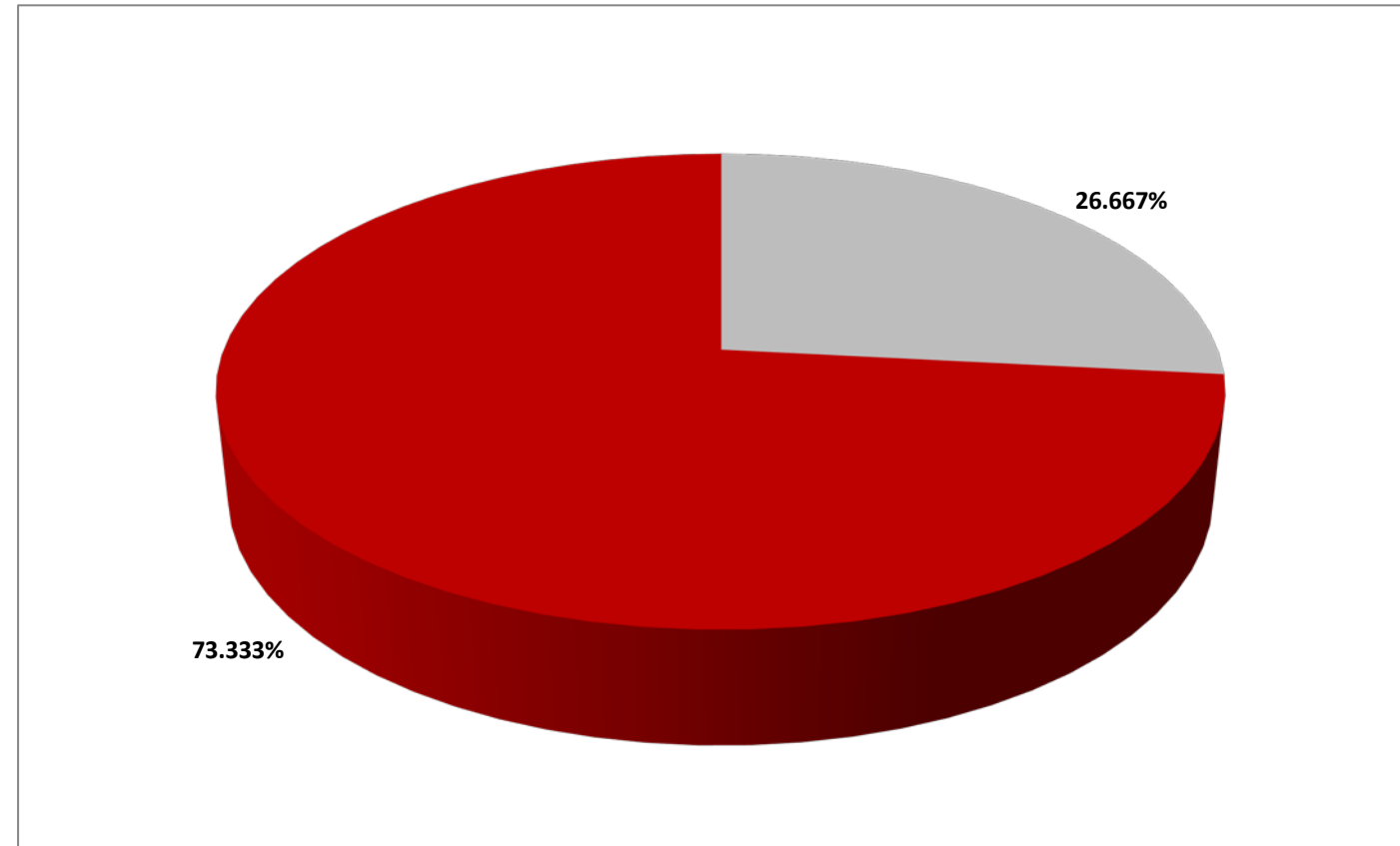
City of Alamo Heights, Texas				
Certificates of Obligation - General Fund Portion				
As of Fiscal Year 2019				
(000's)				
Year Ending September 30	\$2,975,000 (\$1,625,000 Portion) General Obligation Refunding Bonds Series 2016		\$6,300,000 General Obligation Bonds Series 2012	
	Principal	Coupon	Principal	Coupon
2019	530	2.000%	175	2.000%
2020	535	2.000%	185	2.000%
2021			355	2.000%
2022			365	2.000%
2023			375	2.000%
2024			380	2.000%
2025			390	2.000%
2026			400	2.000%
2027			410	2.125%
2028			420	2.125%
2029			430	2.250%
2030			445	2.375%
2031			455	2.500%
2032			470	2.625%
2033				
<b>TOTALS</b>	<b>1,065</b>		<b>5,255</b>	
Next Call	Non Callable		8/15/2020 @ Par	
Adv. Refundable	N/A		N/A	
Dated Date	9/1/2016		2/1/2012	
Coupon Dates	February 15	August 15	February 15	August 15
Maturity Dates	August 15		August 15	
Insurer	None		None	
Paying Agent	US Bank		US Bank	
Purpose	Refunding		New Money	
<b>Color Legend</b>				
Non-Callable				
Callable				

**City of Alamo Heights, Texas**  
**Certificates of Obligation (General Fund Portion) - Summary**  
**As of Fiscal Year 2019**  
**(000's)**

**Summary Statistics**

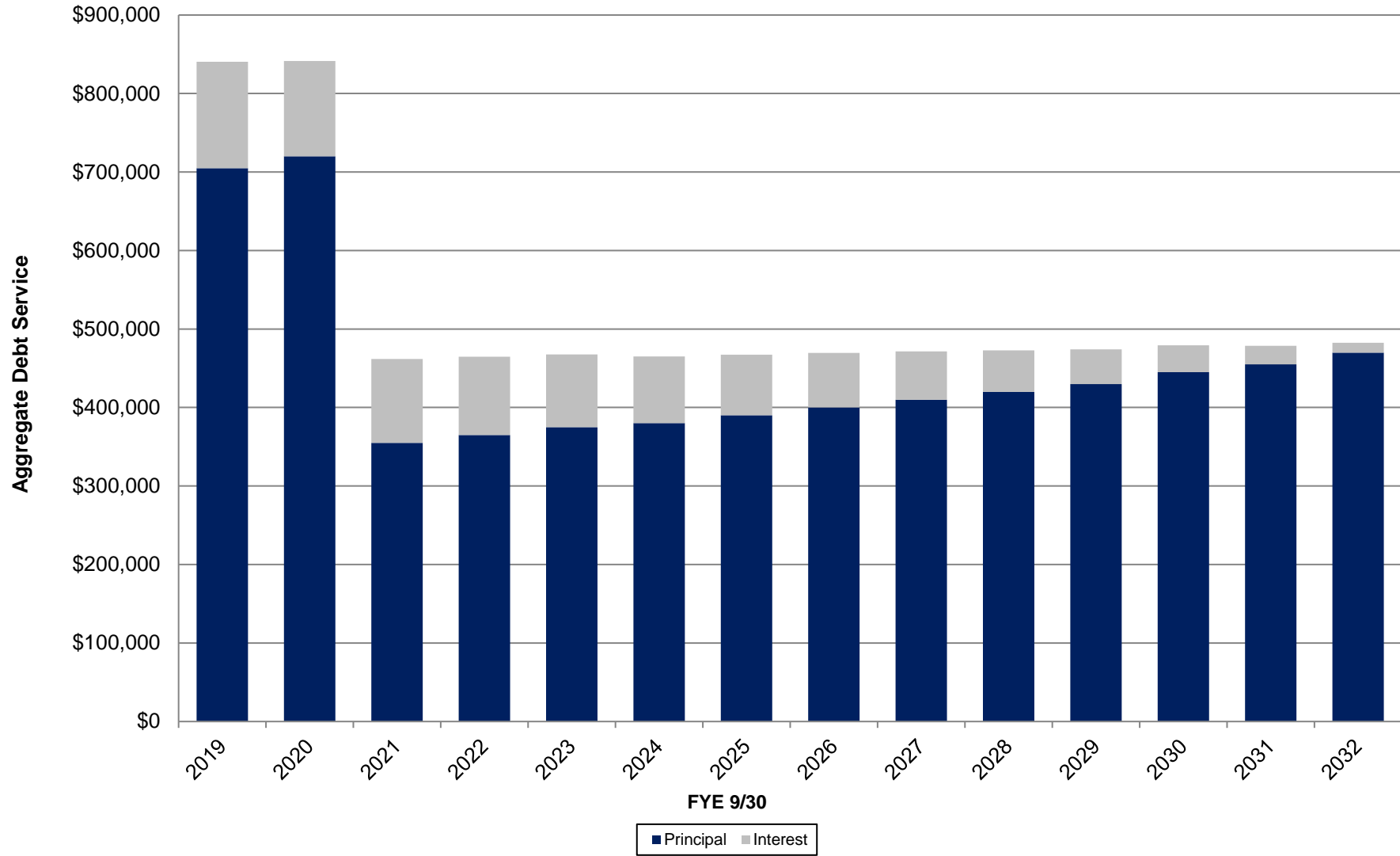
Total Outstanding Principal	\$	6,320,000
<i>Total Fixed Rate</i>	\$	6,320,000
<i>Total Variable Rate</i>	\$	-
Total Interest Payments	\$	1,016,613
Callable Principal (%)		77.453%
Percent of Principal Retired		
w/in 5 years		39.873%
w/in 10 years		71.519%
w/in 15 years		100.000%
Final Maturity		August 15, 2032

**Principal Composition**



<span style="display: inline-block; width: 10px; height: 10px; background-color: gray; border: 1px solid black;"></span> Non-Callable	\$ 1,780,000
<span style="display: inline-block; width: 10px; height: 10px; background-color: red; border: 1px solid black;"></span> Callable & Advance Refundable	\$ 4,895,000

**City of Alamo Heights, Texas  
Certificates of Obligation - General Fund Portion  
As of Fiscal Year 2019**



**BOND DEBT SERVICE**

**City of Alamo Heights, Texas - General Fund Portion  
All Outstanding General Obligation Debt**

<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>
09/30/2019	705,000	135,393.76	840,393.76
09/30/2020	720,000	121,293.76	841,293.76
09/30/2021	355,000	106,893.76	461,893.76
09/30/2022	365,000	99,793.76	464,793.76
09/30/2023	375,000	92,493.76	467,493.76
09/30/2024	380,000	84,993.76	464,993.76
09/30/2025	390,000	77,393.76	467,393.76
09/30/2026	400,000	69,593.76	469,593.76
09/30/2027	410,000	61,593.76	471,593.76
09/30/2028	420,000	52,881.26	472,881.26
09/30/2029	430,000	43,956.26	473,956.26
09/30/2030	445,000	34,281.26	479,281.26
09/30/2031	455,000	23,712.50	478,712.50
09/30/2032	470,000	12,337.50	482,337.50
	<b>6,320,000</b>	<b>1,016,612.62</b>	<b>7,336,612.62</b>

BOND DEBT SERVICE

City of Alamo Heights, Texas - General Fund Portion  
All Outstanding General Obligation Debt

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2019		67,696.88	67,696.88	
08/15/2019	705,000	67,696.88	772,696.88	
09/30/2019				840,393.76
02/15/2020		60,646.88	60,646.88	
08/15/2020	720,000	60,646.88	780,646.88	
09/30/2020				841,293.76
02/15/2021		53,446.88	53,446.88	
08/15/2021	355,000	53,446.88	408,446.88	
09/30/2021				461,893.76
02/15/2022		49,896.88	49,896.88	
08/15/2022	365,000	49,896.88	414,896.88	
09/30/2022				464,793.76
02/15/2023		46,246.88	46,246.88	
08/15/2023	375,000	46,246.88	421,246.88	
09/30/2023				467,493.76
02/15/2024		42,496.88	42,496.88	
08/15/2024	380,000	42,496.88	422,496.88	
09/30/2024				464,993.76
02/15/2025		38,696.88	38,696.88	
08/15/2025	390,000	38,696.88	428,696.88	
09/30/2025				467,393.76
02/15/2026		34,796.88	34,796.88	
08/15/2026	400,000	34,796.88	434,796.88	
09/30/2026				469,593.76
02/15/2027		30,796.88	30,796.88	
08/15/2027	410,000	30,796.88	440,796.88	
09/30/2027				471,593.76
02/15/2028		26,440.63	26,440.63	
08/15/2028	420,000	26,440.63	446,440.63	
09/30/2028				472,881.26
02/15/2029		21,978.13	21,978.13	
08/15/2029	430,000	21,978.13	451,978.13	
09/30/2029				473,956.26
02/15/2030		17,140.63	17,140.63	
08/15/2030	445,000	17,140.63	462,140.63	
09/30/2030				479,281.26
02/15/2031		11,856.25	11,856.25	
08/15/2031	455,000	11,856.25	466,856.25	
09/30/2031				478,712.50
02/15/2032		6,168.75	6,168.75	
08/15/2032	470,000	6,168.75	476,168.75	
09/30/2032				482,337.50
	6,320,000	1,016,612.62	7,336,612.62	7,336,612.62



**BOND DEBT SERVICE**

**City of Alamo Heights, Texas - General Fund Portion  
\$2,975,000 General Obligation Refunding Bonds, Series 2016**

<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
02/15/2019		10,650	10,650	
08/15/2019	530,000	10,650	540,650	
09/30/2019				551,300
02/15/2020		5,350	5,350	
08/15/2020	535,000	5,350	540,350	
09/30/2020				545,700
	<b>1,065,000</b>	<b>32,000</b>	<b>1,097,000</b>	<b>1,097,000</b>

BOND DEBT SERVICE

City of Alamo Heights, Texas - General Fund Portion  
\$6,300,000 General Obligation Bonds, Series 2012

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2019		57,046.88	57,046.88	
08/15/2019	175,000	57,046.88	232,046.88	
09/30/2019				289,093.76
02/15/2020		55,296.88	55,296.88	
08/15/2020	185,000	55,296.88	240,296.88	
09/30/2020				295,593.76
02/15/2021		53,446.88	53,446.88	
08/15/2021	355,000	53,446.88	408,446.88	
09/30/2021				461,893.76
02/15/2022		49,896.88	49,896.88	
08/15/2022	365,000	49,896.88	414,896.88	
09/30/2022				464,793.76
02/15/2023		46,246.88	46,246.88	
08/15/2023	375,000	46,246.88	421,246.88	
09/30/2023				467,493.76
02/15/2024		42,496.88	42,496.88	
08/15/2024	380,000	42,496.88	422,496.88	
09/30/2024				464,993.76
02/15/2025		38,696.88	38,696.88	
08/15/2025	390,000	38,696.88	428,696.88	
09/30/2025				467,393.76
02/15/2026		34,796.88	34,796.88	
08/15/2026	400,000	34,796.88	434,796.88	
09/30/2026				469,593.76
02/15/2027		30,796.88	30,796.88	
08/15/2027	410,000	30,796.88	440,796.88	
09/30/2027				471,593.76
02/15/2028		26,440.63	26,440.63	
08/15/2028	420,000	26,440.63	446,440.63	
09/30/2028				472,881.26
02/15/2029		21,978.13	21,978.13	
08/15/2029	430,000	21,978.13	451,978.13	
09/30/2029				473,956.26
02/15/2030		17,140.63	17,140.63	
08/15/2030	445,000	17,140.63	462,140.63	
09/30/2030				479,281.26
02/15/2031		11,856.25	11,856.25	
08/15/2031	455,000	11,856.25	466,856.25	
09/30/2031				478,712.50
02/15/2032		6,168.75	6,168.75	
08/15/2032	470,000	6,168.75	476,168.75	
09/30/2032				482,337.50
	5,255,000	984,612.62	6,239,612.62	6,239,612.62

City of Alamo Heights, Texas



# Tab B: Summary of Utility Fund Debt

# Summary of Utility Fund Debt

# City of Alamo Heights, Texas

Certificates of Obligation - Utility Fund Portion

As of Fiscal Year 2019

(000's)

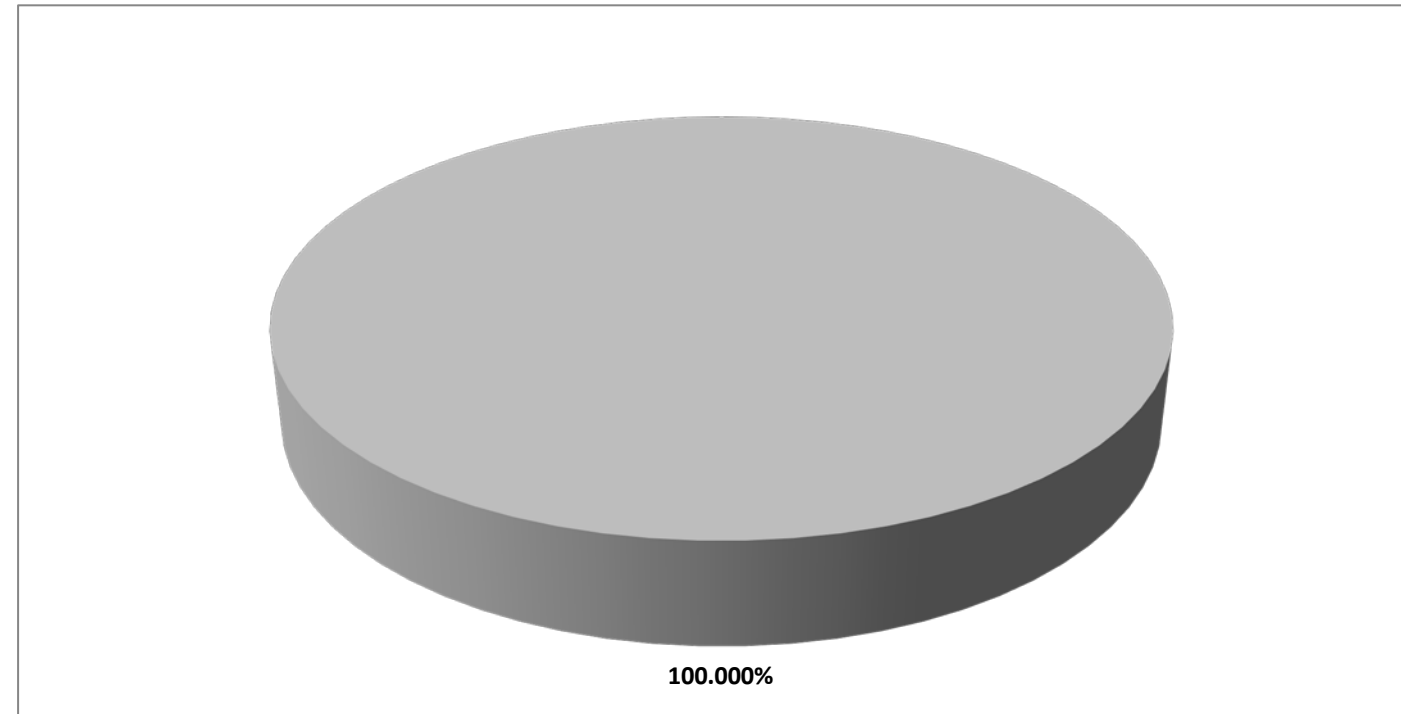
<b>\$2,975,000 (\$1,350,000 Portion) General Obligation Refunding Bonds Series 2016</b>		
Year Ending September 30	Principal	Coupon
2019	125	2.000%
2020	130	2.000%
2021	130	2.000%
2022	135	2.000%
2023	135	2.000%
2024	140	4.000%
2025	145	4.000%
2026	150	4.000%
2027	155	4.000%
2028		
2029		
2030		
2031		
2032		
2033		
<b>TOTALS</b>	<b>1,245</b>	
Next Call	Non Callable	
Adv. Refundable	N/A	
Dated Date	9/1/2016	
Coupon Dates	February 15	August 15
Maturity Dates	August 15	
Insurer	None	
Paying Agent	US Bank	
Purpose	Refunding	
<b>Color Legend</b>		
Non-Callable		
Callable		

**City of Alamo Heights, Texas**  
**Certificates of Obligation (Utility Fund Portion) - Summary**  
**As of Fiscal Year 2019**  
**(000's)**

**Summary Statistics**

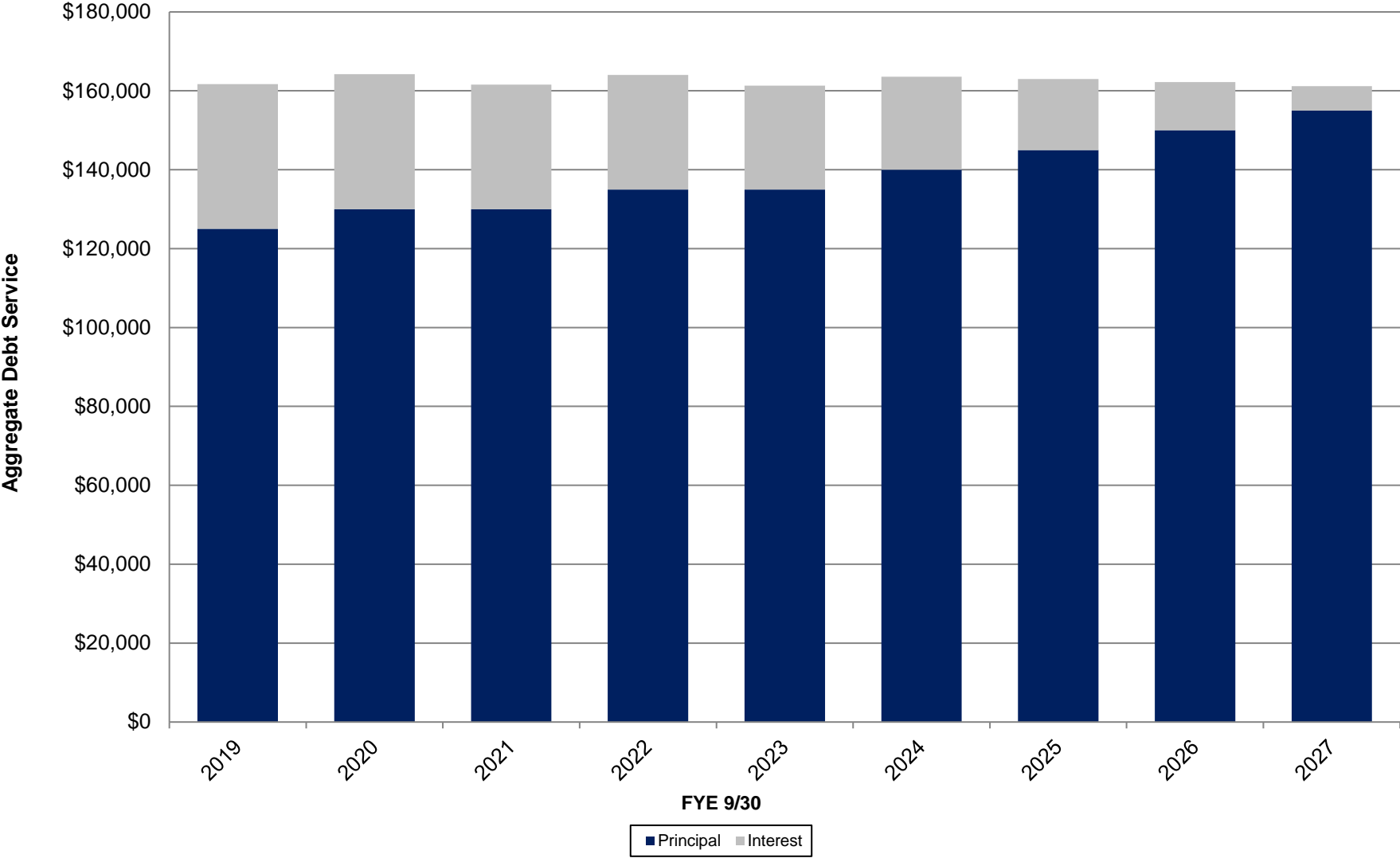
Total Outstanding Principal	\$	1,245,000
<i>Total Fixed Rate</i>	\$	1,245,000
<i>Total Variable Rate</i>	\$	-
Total Interest Payments	\$	217,800
Callable Principal (%)		0.000%
Percent of Principal Retired		
w/in 5 years		52.610%
w/in 10 years		100.000%
Final Maturity		August 15, 2027

**Principal Composition**



■	Non-Callable	\$	1,245,000
■	Callable & Advance Refundable	\$	-

**City of Alamo Heights, Texas  
Certificates of Obligation - Utility Fund Portion  
As of Fiscal Year 2019**



**BOND DEBT SERVICE**

**City of Alamo Heights, Texas - Utility Fund Portion  
\$2,975,000 General Obligation Refunding Bonds, Series 2016**

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/15/2019		18,350	18,350	
08/15/2019	125,000	18,350	143,350	
09/30/2019				161,700
02/15/2020		17,100	17,100	
08/15/2020	130,000	17,100	147,100	
09/30/2020				164,200
02/15/2021		15,800	15,800	
08/15/2021	130,000	15,800	145,800	
09/30/2021				161,600
02/15/2022		14,500	14,500	
08/15/2022	135,000	14,500	149,500	
09/30/2022				164,000
02/15/2023		13,150	13,150	
08/15/2023	135,000	13,150	148,150	
09/30/2023				161,300
02/15/2024		11,800	11,800	
08/15/2024	140,000	11,800	151,800	
09/30/2024				163,600
02/15/2025		9,000	9,000	
08/15/2025	145,000	9,000	154,000	
09/30/2025				163,000
02/15/2026		6,100	6,100	
08/15/2026	150,000	6,100	156,100	
09/30/2026				162,200
02/15/2027		3,100	3,100	
08/15/2027	155,000	3,100	158,100	
09/30/2027				161,200
	<b>1,245,000</b>	<b>217,800</b>	<b>1,462,800</b>	<b>1,462,800</b>

City of Alamo Heights, Texas



# Tab C: Miscellaneous

Miscellaneous





FINANCIAL STATEMENT

FINANCIAL STATEMENT (As of April 01, 2016)

Table with 2 columns: Description and Amount. Rows include Net Taxable Assessed Valuation, New Debt, Outstanding Debt, Total General Obligation Debt, Less: Self-Supporting (a) Water & Sewer, GO Debt payable from Ad Valorem Taxes, Less: I&S Fund, and Net Debt.

(a) The September 30, 2015 Audit reports the following General Obligation Debt being paid from revenues other than ad valorem taxes; thus considered self-supporting.

Net Debt Per Net Taxable Assessed Valuation - 0.48%
Net Debt Per Sq mile - \$4,126,719.46
Net Debt Per Capita - \$1,085.82

Net Taxable Assessed Valuation Per Capita - \$202,970.65

Bureau of Census Pop: 2000 - 7,319
Bureau of Census Pop: 2010 - 7,031
2016 Estimated Population - 7,806
Area: 1.85 Sq mile

PAYMENT RECORD: Never Defaulted.

TAX DATA

Table with 6 columns: Tax Year, A.V., Tax Rate, Adjusted Levy, % Collected within FY, Total % Collected as of 09/30/2015\*. Rows for years 2010-2015.

\* Delinquent tax collections are allocated to the respective years in which the taxes are levied.

\*\* Collections as of March 31, 2016.

Table with 5 columns: Tax Rate Distribution, 2015, 2014, 2013, 2012. Rows for Operations, I&S, and Totals.

Tax Rate Limitation: Article XI, Section 5 of Texas Constitution, applicable to cities of more than 5,000 population: \$2.50 per \$100 assessed valuation. City operates under a Home Rule Charter which adopts constitutional provisions.

SALES TAX

Municipal Sales Tax: The City has adopted the provisions of Municipal Sales and Use Tax Act V.T.C.A. Tax Code, Chapter 321, which grants the City power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the bonds in this report. Voters approved an additional sales and use tax of 1/4 of 1% for

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street maintenance and repair, effective April of 2009. Net allocations on calendar year basis are as follows:

Table with 5 columns: Calendar Year, Rate, Total Collected, % of Ad Val Tax Levy, Equiv of Ad Val Tax Rate. Rows for years 2012-2015.

DETAILS OF OUTSTANDING DEBT

Details of Limited Tax Debt (Outstanding 4/1/2016)

Comb Tax & Rev C/O Ser 2007

Tax Treatment: Bank Qualified
Original Issue Amount \$7,500,000.00
Dated Date: 09/01/2007
Sale Date: 08/28/2007
Delivery Date: 09/27/2007
Sale Type: Private Placement
Record Date: MSRB
Bond Form: FR
Denomination: \$5,000
Interest pays: Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2008

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Houston, TX
Bond Counsel: McCall Parkhurst & Horton L.L.P.
Financial Advisor: First Southwest Company, San Antonio, TX
Purchaser: JPMorgan Chase Bank, N.A.

Security : Limited Tax and a Subordinate lien on the Surplus revenues of the Water & Sewer system

Water & Sewer 32.68%

Use of Proceeds: Fire Department, Water & Sewer, Streets, Drainage & Sidewalks, City Hall, Firefighting Equipment.

Table with 4 columns: Maturity, Amount, Coupon, Orig Reoffering Price/Yield. Row for 08/15/2027T with amount 1,175,000.00 and coupon 3.9900%.

Call Option: Term bonds maturing on 08/15/2027 callable in whole or in part on any date beginning 08/15/2017 @ par.

Term Call: Term bonds maturing on 08/15/2027:

Table with 3 columns: Mandatory Redemption Date, Principal Amount. Rows for dates 08/15/2008 to 08/15/2017 with amounts ranging from \$315,000 to \$600,000.

Refunded Notes: Maturities refunded by GO Ref Bds Ser 2016

Table with 5 columns: Refunded Amount, Mat Date, Coupon, Price, Sched Call. Row for 3,010,000.00\* on 08/15/2027 at 3.990 Par.

\* Partial Maturity



GO Bds Ser 2012

Tax Treatment: Bank Qualified
Original Issue Amount \$6,300,000.00
Dated Date: 02/01/2012
Sale Date: 01/31/2012
Delivery Date: 02/29/2012
Sale Type: Competitive
TIC: 2.1655%
Record Date: MSRB
Bond Form: BE
Denomination \$5,000
Interest pays Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2013

Paying Agent: US Bank N.A., Houston, TX
Bond Counsel: McCall Parkhurst & Horton L.L.P.
Financial Advisor: First Southwest Company, San Antonio & Dallas, TX
Lead Manager: Raymond James & Associates, Inc.

Use of Proceeds: Municipal Complex.

Table with columns: Maturity, Amount, Coupon, Price/Yield. Lists bond terms from 08/15/2016 to 08/15/2032 with a total of \$5,780,000.00.

Call Option: Bonds maturing on 08/15/2021 to 08/15/2032 callable in whole or in part on any date beginning 08/15/2020 @ par.

GO Ref Bds Ser 2016

Tax Treatment: Bank Qualified
Original Issue Amount \$2,975,000.00
Dated Date: 06/01/2016
Sale Date: 05/25/2016
Delivery Date: 06/28/2016
Sale Type: Competitive
TIC: 1.3980%
Record Date: MSRB
Bond Form: BE
Denomination \$5,000
Interest pays Semi-Annually: 08/15, 02/15
1st Coupon Date: 02/15/2017

Paying Agent: US Bank N.A., Dallas, TX
Bond Counsel: McCall, Parkhurst & Horton L.L.P., San Antonio, TX
Financial Advisor: FirstSouthwest, a Division of Hilltop Securities Inc., San Antonio, TX
Lead Manager: Raymond James

Water & Sewer 38.92%

Use of Proceeds: Refunding.

Refunding Notes: This bond refunded maturities from the following issues:
Comb Tax & Rev C/O Ser 2007

Table with columns: Refunded Amount, Mat Date, Coupon, Price, Sched Call. Shows 3,010,000.00\* refunded on 08/15/2027 at 3.990%.

\* Partial Maturity

Table with columns: Maturity, Amount, Coupon, Price/Yield. Lists bond terms from 08/15/2017 to 08/15/2027 with a total of -\$2,975,000.00.

Call Option: Non Callable

Term Call: Term bonds maturing on 08/15/2023:

Table with columns: Mandatory Redemption Date, Principal Amount. Shows \$135,000 for 08/15/2022 and 08/15/2023, totaling \$270,000.

Term bonds maturing on 08/15/2025:

Table with columns: Mandatory Redemption Date, Principal Amount. Shows \$140,000 for 08/15/2024 and \$145,000 for 08/15/2025, totaling \$285,000.

Term bonds maturing on 08/15/2027:

Table with columns: Mandatory Redemption Date, Principal Amount. Shows \$150,000 for 08/15/2026 and \$155,000 for 08/15/2027, totaling \$305,000.

Grand Total =====> \$9,930,000.00

Bond Debt Service

Table with columns: Period Ending, Principal, Interest, Debt Service. Shows debt service from 09/30/16 to 09/30/32, with a total of 11,815,221.86.

This Texas Municipal Report ("TMR") was prepared by employees of the Municipal Advisory Council of Texas ("MAC") for informational purposes only, and is not intended to be, and should not be considered as, a recommendation, endorsement or solicitation to buy or sell any security of the issuer to which it applies.



COMPUTED ON BASIS OF MANDATORY REDEMPTION

Debt Amortization Rates

Table with columns: Period Ending, Principal, % of Principal Retired. Rows from 09/30/2016 to 09/30/2032.

DEBT SERVICE FUND MANAGEMENT INDEX

Table with 2 columns: Description, Amount. Rows: G.O. Debt Service Requirements for fiscal year-ending 09/30/2016, I&S Fds all G.O. issues 09/30/2015, 2015 I&S Fund Tax Levy @ 90%, Water & Sewer.

OPERATING STATEMENT

WATERWORKS & SEWER SYSTEM OPERATING EXPERIENCE The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, debt service payments and expenditures identified as capital.

Table with 5 columns: Fiscal Year Ended (09-30-2015, 09-30-2014, 09-30-2013, 09-30-2012). Rows: Revenues (Charges for Services, Other), Total Revenues, Expenses, Available For Debt Service, Customer Count (Water, Sewer).

SYSTEM DESCRIPTION AND PERTINENT CONTRACTS

UTILITY SERVICE The City of Alamo Heights treats and delivers water through its own water system. Sewer is provided through San Antonio Water System.

RATES, FEES AND OPERATING DATA

WATER RATES (Monthly billing) Effective since January 30, 2008.

Monthly Meter Charge-

Table with 2 columns: Meter Size, Net. Rows: 5/8", 3/4", 1", 1 1/2", 2", 3", 4".

Monthly Volume Charge -

Table with 3 columns: Volume in Cubic Feet, Rate per 100 Cubic Feet, Standard. Rows: First, Next, Next, Over.

SEWER RATES (Monthly billing)(Winter Averaging November - January) Historical rate changes were effective September 30, 2012, 2014, and 2015.

Old Rate (Effective September 30, 2014)

Table with 3 columns: General Sewer, Inside City Limits, Cubic Feet. Rows: First, Over.

New Rate (Effective September 30, 2015)

Table with 3 columns: General Sewer, Inside City Limits, Cubic Feet. Rows: First, Over.

AUTHORIZED BUT UNISSUED

GENERAL OBLIGATION BONDS AUTHORIZED BUT UNISSUED None

PENSION FUND LIABILITY

All qualified employees of the City are members of the Texas Municipal Retirement System. The City employees also participate in the U.S. Social Security program.

Changes in Texas Municipal Retirement System (TMRS) Actuarial Method and Plan Assumptions

In early 2007, TMRS informed each of the member cities that the current actuarial assumptions did not take into account updated service credits or cost of living increases which are granted to retirees. These benefits, which some cities adopted, have been historically funded on a pay-as-you-go basis. This has led to regular increases in member cities' rates and a decrease in the overall funding of the retirement system. TMRS announced that it intended to study the impact of these benefit components and make potential changes in the way benefits are being funded.

After careful deliberation, the TMRS board approved several changes at its November and December meetings to the actuarial methods and plan assumptions. The board changed the actuarial method from unit credit to projected unit credit. Projected unit credit will allow the actuaries to consider the future financial impact of updated service credits and cost of living increases, and these benefits will begin to be pre-funded instead of funded on a pay-as-you-go basis. To mitigate the impact of this change, the board approved an eight year transition period. During this time, cities will be able to phase in the higher contribution rates instead of being required to fund these new rates

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immediately. Also, the board changed the amortization period from a 25-year open period to a 30-year closed period. Under a closed amortization period, contribution rates are higher, but a greater percentage of the unfunded balance is paid off each year. Finally, the board approved changes to the investment policy. TMRS has historically invested solely in fixed income investments. The board authorized the selection of an investment advisor to begin shifting a portion of investments into equity securities as a way to diversify the portfolio's holdings and earn higher returns than could be obtained with fixed income investments.

Required Contribution Rates (Percentage of gross covered salary)

Table with 3 columns: Category, 2017, 2016. Rows: Employee (6.00%, 6.00%), City (17.12%, 16.60%(a))

(a) The City has elected a phase-in rate. See Explanation in paragraphs above. The City's Grand Total Rate without Maximum or Phase-in for 2016 was 17.22%.

Table with 3 columns: Actuarial Valuation as of, 12/31/2015, 12/31/2014. Rows: Assets, Accrued Liabilities

(Unfunded)/Overfunded Liab. (\$6,083,776) (\$6,014,652)

Table with 3 columns: Metric, 2015, 2014. Rows: Funded Ratio, Annual Covered Payroll, (Unfunded)/Overfunded Liability as a % of Covered Payroll

2015 Source: Texas Municipal Retirement System 12/31/2015 CAFR
2014 Source: City of Alamo Heights 09/30/2015 CAFR

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Table with 2 columns: Description, 12-31-2014. Rows: Pension Liability - Beginning, Pension Liability -Ending (a), Contributions Employer, Contributions Employee, Plan Fiduciary Net Position - Beg, Plan Fiduciary Net Position - End (b), Net Pension Liability (a) - (b), Plan Fiduciary Net Position as a % of Total Pension Liability, Covered Employee Payroll, Net Pension Liability as a % of Covered Payroll

Membership data for the pension plans are as follows:

Table with 2 columns: Category, Count. Rows: Inactive employees or beneficiaries currently receiving benefits, Inactive employees entitled to but not yet receiving benefits, Active employees, Total

Source: City of Alamo Heights CAFR dated September 30, 2015.

SUPPLEMENTAL DEATH BENEFIT PLAN The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by

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TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary; retired employees are insured for \$7,500; this coverage is an "other postemployment benefit."

The City's contributions to the SDBF for the years ended 2015, 2014, and 2013 were \$9,928, \$8,935, and \$8,365, respectively, which equaled the required contributions each year.

Source: City of Alamo Heights CAFR dated September 30, 2015.

NON FUNDED DEBT

NON-FUNDED DEBT PAYABLE (As of September 30, 2015)

The City reports additional debt in the principal amount of \$5,360,870 under Govt Activities and \$641,693 under W&S Fund as follows:

Table with 5 columns: Description, Amount Outstanding, Int Rate, Next Year's Requirements, Reported Under. Rows: Capital Lease, Compensated Absences, Pension Liability, Compensated Absences, Pension Liability

OVERLAPPING DEBT

ESTIMATED OVERLAPPING DEBT STATEMENT

Table with 5 columns: Taxing Body, Debt Amount, As Of, %Ovlp, Ovlp Amt. Rows: Alamo CCD, Alamo Heights ISD, Bexar Co, Bexar Co Hosp Dist, Total Overlapping Debt, Alamo Heights, City of, Total Direct and Overlapping Debt, Total Direct and Overlapping Debt % of A.V., Total Direct and Overlapping Debt per Capita

\* Gross Debt

ECONOMIC BACKGROUND

The City of Alamo Heights is located adjacent to the Cities of Terrell Hills and Olmos Park and is completely surrounded by the City of San Antonio. The City is approximately 4.5 miles north of downtown San Antonio. The City's 2010 census was 7,031, a 3.93% decrease since 2000. The economy is intermingled with that of San Antonio, with manufacturing, military, finance and tourism being the largest industries.

COUNTY CHARACTERISTICS: Bexar County was created in 1836. The south central Texas county is the major component of the San Antonio Metropolitan Statistical Area and is traversed by Interstate Highways 10 and 35, four U.S. Highways, and two State Highways. Texas A&M University - San Antonio was established on May 23, 2009.

COUNTY SEAT: San Antonio



2010 census: 1,714,773 increasing 23.1 % since 2000
2000 census: 1,392,931 increasing 17.5 % since 1990
1990 census: 1,185,394

ECONOMIC BASE

Mineral: sand, limestone and gravel.

Industry: tourism, military bases, medical/biomedical research & services, government and education center.

Agricultural: nursery crops, horses, hay, grain sorghum, corn and beef cattle.

OIL AND GAS - 2015

The oil production for this county accounts for 0.01% of the total state production. The county ranks 163 out of all the counties in Texas for oil production.

OIL PRODUCTION (Texas Railroad Commission)

Table with 4 columns: Year, Description, Volume, % Change From Previous Year. Rows for 2012-2015 Oil production.

CASINGHEAD (Texas Railroad Commission)

Table with 4 columns: Year, Description, Volume, % Change From Previous Year. Rows for 2012-2015 Casinghead production.

PARKS (Texas Parks & Wildlife)

Table with 4 columns: Year, Description, Volume, Visitors. Rows for 2012-2014 Government Canyon State Natural Area.

CIVIL / MILITARY PERSONNEL (US Department of Defense)

Table with 4 columns: Year, Description, Volume, Members. Rows for various military bases from 2012-2013.

RETAIL SALES & EFFECTIVE BUYING INCOME (The Nielsen Company)

Table with 5 columns: Year, Retail Sales, Effective Buying Income (EBI), County Median Household Income, State Median Household Income, % of Households with EBI below/above \$25K.

EMPLOYMENT DATA (Texas Workforce Commission)

Table with 7 columns: Year, Employed, Earnings. Rows for 1st Q, 2nd Q, 3rd Q, 4th Q for 2015, 2014, and 2013.

MAJOR COLLEGES AND UNIVERSITIES: University of the Incarnate Word of San Antonio, University of Texas at San Antonio, Trinity University, The University

of Texas Health Science Center at San Antonio, Texas A&M University - San Antonio, St. Mary's University, Our Lady of the Lake University, Alamo Community College District

COLLEGES AND UNIVERSITIES

Table with 3 columns: Year, Total, Fall Enrollment. Rows for 2015-2008.

TOP 10 TAXPAYERS

Table with 4 columns: Principal Taxpayers, 2015 A.V., % of A.V. Lists top 10 taxpayers including HEB Grocery Co. LP, Glenn H. Huddleston Residential, etc.

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City Treasurer
Marian V. Mendoza

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**JMN**

# RatingsDirect®

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## Summary:

# Alamo Heights, Texas; General Obligation

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## Summary:

# Alamo Heights, Texas; General Obligation

### Credit Profile

US\$3.12 mil GO rfdg bnds ser 2016 dtd 06/01/2016 due 08/15/2027

*Long Term Rating* AAA/Stable New

Alamo Heights GO bnds

*Long Term Rating* AAA/Stable Affirmed

## Rationale

S&P Global Ratings assigned its 'AAA' long-term rating to Alamo Heights, Texas' series 2016 general obligation (GO) refunding bonds. At the same time, S&P Global Ratings affirmed its 'AAA' long-term rating on the city's previously issued GO debt. The outlook is stable.

The series 2016 bonds are secured by an ad valorem tax, levied on all taxable property in the city, within the limits prescribed by state law. Texas limits cities to a total property tax rate of \$2.50 per \$100 of AV, with \$1.50 allocated for debt service. The city's total tax rate as of fiscal 2016 is 39 cents per \$100, with 6 cents devoted to debt service. Due to the high degree of flexibility inherent at the 'AAA' rating, we do not view the rate limitation as a material factor in our analysis.

Bond proceeds will be used to refund previously issued obligations to achieve savings on debt service.

The 'AAA' rating reflects our assessment of Alamo Heights':

- 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;
- Adequate budgetary performance, with balanced operating results in the general fund but an operating deficit at the total governmental fund level in fiscal 2015;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 39% of operating expenditures;
- Very strong liquidity, with total government available cash at 55.8% of total governmental fund expenditures and 7.1x governmental debt service, and access to external liquidity we consider strong;
- Strong debt and contingent liability profile, with debt service carrying charges at 7.8% of expenditures and net direct debt that is 83.0% of total governmental fund revenue, as well as rapid amortization, with 66.8% of debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

### Very strong economy

We consider Alamo Heights' economy very strong. The city, with an estimated population of 7,806, is located in Bexar County in the San Antonio-New Braunfels, TX MSA, which we consider to be broad and diverse. The city has a projected per capita effective buying income of 210% of the national level and per capita market value of \$202,971.



Overall, the city's market value grew by 8.8% over the past year to \$1.6 billion in 2016. The county unemployment rate was 3.8% in 2015.

Alamo Heights is an enclave of San Antonio, located approximately five miles north of downtown. The city is an upscale, primarily residential community. Although it is essentially built out, officials report a number of multifamily residential and commercial developments in progress. While the lack of available land within Alamo Heights will likely limit the pace of growth overall, we expect the city's tax base to continue steadily increasing over the next several years.

### **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.

Alamo Heights makes revenue and expenditure assumptions based on analysis of historical data and consultations with the appraisal district. Detailed budgetary performance reports are presented to elected officials quarterly and are publicly disclosed on the city's website. Five-year projections are maintained for the general and utility funds and the city maintains a long-term capital plan. Formalized debt and investment management policies are adopted and adhered to. The city is compliant with a formally adopted 25% reserve policy.

### **Adequate budgetary performance**

Alamo Heights' budgetary performance is adequate in our opinion. The city had balanced operating results in the general fund of negative 0.4% of expenditures, but a deficit result across all governmental funds of 8.6% in fiscal 2015.

City officials report that fiscal 2015 operating results were in line with expectations overall. For 2016, the city's budget indicates a 1% general fund deficit and officials expect to post about break-even results on the year. Preliminary planning for 2017 suggests that the city will continue to experience stable financial results.

### **Very strong budgetary flexibility**

Alamo Heights' budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2015 of 39% of operating expenditures, or \$3.3 million. We expect the available fund balance to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

Alamo Heights has historically maintained a high level of reserves. While it is above its formal 25% reserve policy, officials do not plan on drawing down the fund balance for the foreseeable future. As such, we don't expect the city's budgetary flexibility to deteriorate within the next several years.

### **Very strong liquidity**

In our opinion, Alamo Heights' liquidity is very strong, with total government available cash at 55.8% of total governmental fund expenditures and 7.1x governmental debt service in 2015. In our view, the city has strong access to external liquidity if necessary.

Our view of the city's strong access to external liquidity is based on the historical issuance of GO debt. While Texas law allows municipalities such as Alamo Heights to make certain investments we view as aggressive, the city's

investments are conservative and highly liquid.

### **Strong debt and contingent liability profile**

In our view, Alamo Heights' debt and contingent liability profile is strong. Total governmental fund debt service is 7.8% of total governmental fund expenditures, and net direct debt is 83.0% of total governmental fund revenue. Approximately 66.8% of the direct debt is scheduled to be repaid within 10 years, which is in our view a positive credit factor.

The city has no plans to issue additional debt within the next two years, although officials continually monitor market conditions to identify opportunities to address capital needs in a cost-effective manner. Alamo Heights has no variable-rate debt outstanding and has no exposure to swap agreements or other derivatives.

Alamo Heights' combined required pension and actual other postemployment benefits contributions totaled 7.7% of total governmental fund expenditures in 2015. The city made its full annual required pension contribution in 2015.

The city participates in the Texas Municipal Retirement System to provide pension benefits for employees. The plan is administered by the state and contribution rates are determined annual by an actuary. Using updated reporting standards adopted in accordance with Governmental Accounting Standards Board statements 67 and 68, the city's net pension liability is \$16.1 million as of December 2014. The plan is 75% funded, based on its net position as a percentage of the total liability.

### **Strong institutional framework**

The institutional framework score for Texas municipalities is strong.

## **Outlook**

The stable outlook reflects our expectation that Alamo Heights' very strong economy will continue to support the rating over the two-year outlook horizon and that the city will maintain a stable financial position. For these reasons, we don't expect a rating change within the two-year outlook horizon.

### **Downside scenario**

A sustained decline in the city's budgetary performance that reduced reserves could result in a negative rating action, particularly if the city had to issue high levels of additional debt to fund infrastructure needs.

## **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: 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
- 2015 Update Of Institutional Framework For U.S. Local Governments

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 the S&P Global Ratings public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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## CITY OF ALAMO HEIGHTS, TEXAS

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