

City of Arlington, Texas

RULE 15c2-12 FILING COVER SHEET

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Financial & Operating Data Disclosure Information

Fiscal Period Covered: FYE 2021

City of Arlington
(Tarrant County, Texas)



Annual Report

Updating Financial Information and

Operating Data

For

Fiscal Year Ending

September 30, 2021

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SECTION ONE: OUTSTANDING ISSUANCES

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Permanent Improvement Bonds and Certificates of Obligation – Tables 1-12

TABLE 1 - Current Investments

<u>Type of Investment</u>	<u>% Invested</u>
Federal Agencies	46.56
Statewide Pools ⁽¹⁾	35.05
Treasury Securities	9.53
Municipals	4.07
Commercial Paper	3.94
Cash	0.85
Totals	100.00%

Source: City Finance Department

⁽¹⁾ Currently invested in Texas CLASS, Texas CLASS Government, TexStar, TexPool, TexPool Prime and Texas Daily.

As of September 30, 2021, the weighted average maturity of the City’s operating portfolio was 339 days and the market value of the operating portfolio was 100 percent of its book value.

TABLE 2 - Tax-Supported Capital Improvement Program

**Remaining Bonds to Sell
(amounts in thousands)**

Election Year	Bond Propositions	Authorized Amount	Previously Issued	Unissued
2014	Fire	\$ 9,780	\$ 9,780	\$ -
2014	Library	6,090	6,090	-
2014	Parks and Recreation	60,000	59,091	909
2014	Streets	160,130	160,130	-
2017	Active Adult Center	45,000	4,500	40,500
	Sub-Total	\$ 281,000	\$ 239,591	\$ 41,409
2018	Fire and Police	\$ 24,500	\$ 6,000	\$ 18,500
2018	City Facilities	8,000	1,600	6,400
2018	Parks and Recreation	19,165	4,300	14,865
2018	Streets and Transportation	137,835	31,255	106,580
	Sub-Total	\$ 189,500	\$ 43,155	\$ 146,345
	Grand Total	\$ 470,500	\$ 282,746	\$ 187,754

Source: City Finance Department

TABLE 3 - Key Debt Ratios

Fiscal Year	Estimated Population ⁽¹⁾	Estimated Taxable	Tax-Supported	Ratio of	
		Valuation	Debt Year Ended	Per Capita	Taxable Valuation
		Calendar Year ⁽²⁾	Sept. 30 ⁽³⁾		
2017	388,225	\$ 21,379,080,714	\$ 382,735,000	\$ 986	1.79%
2018	392,462	23,503,192,007	408,365,000	1,041	1.74%
2019	395,477	25,921,882,291	428,490,000	1,083	1.65%
2020	394,266	29,238,009,537	617,190,000 ⁽⁴⁾	1,565	2.11%
2021	393,420	30,036,634,647	603,925,000	1,535	2.01%

Source: City Finance Department

- (1) Estimates from Census American Community Survey (ACS). ACS's actual Census Decennial used for 2020. North Central Texas Council of Governments used for 2021.
- (2) Estimated taxable valuation, provided by the Tarrant Appraisal District, is obtained from the certified value as of September of each year including minimum estimated value of property under protest.
- (3) Includes self-supporting debt. If revenues or other available funds of the City are not sufficient to pay the self-supporting debt, the City will be obligated to assess an ad valorem tax to pay the differences. There is no self-supporting debt for 2020 and 2021.
- (4) Amount of increase included \$174,665,000 of Pension Obligation Bonds issued August 15, 2020.

TABLE 4 - Debt Service Requirements

Fiscal Year Ending 9/30	Outstanding General Obligation Debt		Less Self Supporting Debt		Total Net Tax Supported Debt Service
	Principal	Interest	Principal	Interest	
2022	\$ 46,335,000	\$ 18,796,529	\$ -	\$ -	\$ 65,131,529
2023	45,250,000	17,296,266	-	-	62,546,266
2024	44,290,000	15,744,501	-	-	60,034,501
2025	42,505,000	14,181,278	-	-	56,686,278
2026	42,665,000	12,701,366	-	-	55,366,366
2027	40,875,000	11,257,401	-	-	52,132,401
2028	37,885,000	9,788,820	-	-	47,673,820
2029	35,400,000	8,585,267	-	-	43,985,267
2030	35,075,000	7,496,885	-	-	42,571,885
2031	33,525,000	6,441,956	-	-	39,966,956
2032	32,920,000	5,425,275	-	-	38,345,275
2033	31,595,000	4,451,218	-	-	36,046,218
2034	28,645,000	3,524,467	-	-	32,169,467
2035	26,675,000	2,718,457	-	-	29,393,457
2036	25,280,000	1,979,886	-	-	27,259,886
2037	22,985,000	1,328,282	-	-	24,313,282
2038	20,290,000	753,078	-	-	21,043,078
2039	6,465,000	262,500	-	-	6,727,500
2040	3,675,000	105,300	-	-	3,780,300
2041	1,590,000	31,800	-	-	1,621,800
	\$ 603,925,000	\$ 142,870,530	\$ -	\$ -	\$ 746,795,530

Total Average Annual Debt Service **\$ 37,339,777**

TABLE 5 - Computation of Self-Supporting Debt

Historically the City utilized other revenues, such as: hotel occupancy tax, water sales, park revenue, and airport revenues, to support certain outstanding debt obligations. There is no Self-Supporting Debt for FY2021.

TABLE 6 - Tax Adequacy

The following analysis as of September 30, 2021, assumes 98 percent collection of ad valorem taxes levied against the City's fiscal year 2021 Taxable Valuation as certified by Tarrant Appraisal District in September 2021.

Average Annual Requirement (2021-2040)	\$37,339,777	
A tax rate of \$0.1340 per \$100 assessed valuation produces		\$37,339,777
Average Annual Requirement (2021-2030)	52,609,527	
A tax rate of \$0.1695 per \$100 assessed valuation produces		52,609,527
Maximum Annual Requirement (2022)	65,131,529	
A tax rate of \$0.2099 per \$100 assessed valuation produces		65,131,529

Note: Amounts do not include self-supporting debt.

TABLE 7 - General Fund Revenue and Expenditure History
(amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Fund Balance	\$ 70,610	\$ 65,898	\$ 66,306	\$ 62,849	\$ 62,478
Revenues					
Ad Valorem Taxes	111,400	115,517	106,287	98,058	91,164
Sales Tax	73,907	63,715	66,983	62,598	59,946
Other Taxes	2,819	2,088	2,715	2,333	2,353
Franchise Fees	21,891	22,048	24,921	25,166	24,859
Service Charges	7,791	7,940	9,743	6,686	5,680
Interest	1,217	2,356	2,556	2,148	1,825
All Other	<u>29,109</u>	<u>30,858</u>	<u>33,097</u>	<u>34,231</u>	<u>32,815</u>
Total Revenues	<u>\$ 248,134</u>	<u>\$ 244,522</u>	<u>\$ 246,302</u>	<u>\$ 231,220</u>	<u>\$ 218,642</u>
Expenditures					
Total Expenditures	<u>\$ 225,164</u>	<u>\$ 250,366</u>	<u>\$ 251,338</u>	<u>\$ 237,273</u>	<u>\$ 227,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 22,970</u>	<u>\$ (5,844)</u>	<u>\$ (5,036)</u>	<u>\$ (6,053)</u>	<u>\$ (8,733)</u>
Other Financing Sources					
Operating Transfers	<u>\$ (3,930)</u>	<u>\$ 10,556</u>	<u>\$ 4,628</u>	<u>\$ 9,510</u>	<u>\$ 9,104</u>
Ending Fund Balance	<u>\$ 89,650</u>	<u>\$ 70,610</u>	<u>\$ 65,898</u>	<u>\$ 66,306</u>	<u>\$ 62,849</u>

Source: City Finance Department (Unaudited Statements)

TABLE 8 - Debt Service Fund Budget

Fiscal Year 2021

Beginning Fund Balance	\$ 3,824,256
Debt Service Revenues	64,394,150
Transfers In	<u>1,536,324</u>
Total Available for Debt Service	69,754,730
Debt Service Expenditures	<u>(66,667,778)</u>
Estimated Ending Fund Balance	<u>\$ 3,086,952</u>

Source: City Finance Department

TABLE 9 – Tax Rate Distribution and Collection Ratios

FY Ending 09/30	Estimated Net Taxable Value ⁽¹⁾	Tax Rate		Tax Rate	Calculated Levy	% Collected ⁽²⁾	
		General Fund (M&O) Tax Rate	Debt Service (I&S) Tax Rate			Current Year	Prior Years
2017	\$ 21,379,080,714	0.4538	0.1910	0.6448	\$ 137,852,312	96.61	0.46
2018	23,503,192,007	0.4409	0.1989	0.6398	150,373,422	96.76	0.68
2019	25,921,882,291	0.4428	0.1920	0.6348	164,552,109	95.90	0.23
2020	29,238,009,537	0.4467	0.1773	0.6240	182,445,180	94.08	(0.06)
2021	30,036,634,647	0.4085	0.2140	0.6225	186,978,051	95.81	(0.02)

Source: Tarrant Appraisal District and City Finance Department

- ⁽¹⁾ Estimated Net Taxable Valuation is the certified roll as of September of each year including minimum estimated value of property under protest.
- ⁽²⁾ Prior year’s collections include current year collections, prior year delinquent collections and all penalty and interest collections.

TABLE 10 - Tax Base Distribution

Type	2021	2020	2019	2018	2017
Residential	53.08%	51.51%	50.03%	50.17%	50.02%
Commercial, Industrial, Retail	45.74%	47.10%	48.10%	47.78%	47.63%
Mineral	0.27%	0.36%	0.56%	0.50%	0.63%
Undeveloped	0.92%	1.02%	1.31%	1.55%	1.72%

Source: Tarrant Appraisal District

TABLE 11 - Top Ten Taxpayers

<u>Taxpayer</u>	<u>Total Taxable Value</u>
General Motors LLC	\$ 488,865,146
Oncor Electric Delivery	217,300,562
Arlington Highlands ILP	162,657,895
S2 Forest Ridge LP/S2 Machester/Valencia LLC	140,035,426
BMF IV TX	136,566,524
Parks at Arlington LP	129,035,750
Hart Arlington TX LLC	116,343,363
Polk Apartments LLC/East Lamar Apartments LLC	103,480,261
CD/Park7 Arlington Owner LP	90,983,149
Arlington Live LLC/Arlington Stadium Hotel Owner	85,434,557
Total	\$ 1,670,702,633
Top ten taxpayers as % of total taxrolls	5.56%
Total taxroll	\$ 30,036,634,647

Source: Tarrant Appraisal District

TABLE 12 - Municipal Sales Tax Collection

<u>Fiscal Year</u>	<u>Sales Tax Receipts</u> ⁽¹⁾	<u>Ad Valorem Tax Levy</u>	<u>Sales Tax as a % of Tax Levy</u>	<u>Population Estimate</u> ⁽²⁾	<u>Per Capita Sales Tax Collection</u>
2017	\$ 60,447,625	\$ 137,852,312	43.8%	388,225	156
2018	62,875,224	150,373,422	41.8%	392,462	160
2019	66,983,242	164,552,109	40.7%	395,477	169
2020	63,714,803	182,445,180	34.9%	394,266	162
2021	73,907,416	186,978,051	39.5%	393,420	188

Source: City Finance Department

⁽¹⁾ Receipts reflect the City's 1% sales tax to the General Fund.

⁽²⁾ Estimates from Census American Community Survey (ACS). ACS's actual Census Decennial used for 2020. North Central Texas Council of Governments used for 2021.

Water and Wastewater System Revenue Bonds – Tables 1-5

TABLE 1 - Debt Service Requirements

Fiscal Year					
Ending		Principal	Interest	Total	% of
9/30					Principal Retired
2022	\$	23,250,000	\$ 8,275,983	\$ 31,525,983	
2023		23,225,000	7,842,094	31,067,094	
2024		22,445,000	7,193,509	29,638,509	
2025		21,620,000	6,530,294	28,150,294	
2026		21,610,000	5,903,126	27,513,126	34.7%
2027		21,615,000	5,209,043	26,824,043	
2028		20,445,000	4,535,037	24,980,037	
2029		18,675,000	3,905,737	22,580,737	
2030		18,655,000	3,370,943	22,025,943	
2031		17,535,000	2,872,974	20,407,974	64.7%
2032		17,535,000	2,404,864	19,939,864	
2033		16,700,000	1,987,020	18,687,020	
2034		16,255,000	1,587,192	17,842,192	
2035		15,415,000	1,201,187	16,616,187	
2036		14,500,000	863,043	15,363,043	89.6%
2037		12,185,000	573,380	12,758,380	
2038		9,335,000	344,642	9,679,642	
2039		7,700,000	188,548	7,888,548	
2040		2,200,000	88,000	2,288,000	
2041		2,200,000	44,000	2,244,000	100.0%
	\$	323,100,000	\$ 64,920,613	\$ 388,020,613	

Average Annual Debt Service \$ 19,401,031

Source: City Finance Department

TABLE 2 - Water and Wastewater System Statement of Net Assets

WATER AND WASTEWATER SYSTEM STATEMENT OF NET POSITION
Fiscal Year Ended September 30
(amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets					
Cash and cash equivalents	\$ 31,862	\$ 33,823	\$ 32,062	\$ 25,453	\$ 24,580
Receivable (net of allowances for uncollectibles)	20,545	20,307	21,908	19,450	19,364
Inventory of supplies, at cost	1,923	1,231	1,054	1,846	1,330
Restricted assets:					
Bond contingency	29,730	28,581	28,359	23,044	19,898
Capital/Bond construction	243,646	211,247	237,918	148,506	117,787
Meter deposits	7,933	7,364	6,685	6,051	5,659
Property, plant and equipment less accumulated depreciation	774,659	742,103	725,125	698,422	673,637
Net Pension Asset	1,745	-	-	-	-
Total Assets	<u>\$ 1,112,043</u>	<u>\$ 1,044,656</u>	<u>\$ 1,053,111</u>	<u>\$ 922,772</u>	<u>\$ 862,255</u>
Deferred Outflows of Resources:					
Deferred Outflow and loss on debt refunding	<u>\$ 4,891</u>	<u>\$ 16,229</u>	<u>\$ 10,814</u>	<u>\$ 5,991</u>	<u>\$ 6,208</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,116,934</u>	<u>\$ 1,060,885</u>	<u>\$ 1,063,925</u>	<u>\$ 928,763</u>	<u>\$ 868,463</u>
Liabilities and Net Position					
Current Liabilities:					
Accounts payable and accrued liabilities	\$ 7,883	\$ 4,494	\$ 4,834	\$ 3,414	\$ 3,616
Accrued compensated absences	67	86	93	98	116
Revenue bonds payable from unrestricted assets	6,249	9,367	8,496	1,567	703
Payable from restricted assets	34,836	26,160	27,363	28,975	24,907
Noncurrent Liabilities:					
Rebatable arbitrage payable	187	201	169	-	-
Compensated absences	2,666	2,409	2,096	1,962	1,735
Revenue bonds payable from unrestricted assets	317,098	291,334	314,873	225,969	192,376
Net pension liability	-	9,138	14,025	7,036	11,066
OPEB liability	9,398	8,174	7,797	7,972	-
Total Liabilities	<u>\$ 378,384</u>	<u>\$ 351,363</u>	<u>\$ 379,746</u>	<u>\$ 276,993</u>	<u>\$ 234,519</u>
Deferred Inflows of Resources:					
Deferred Inflows of Resources	<u>\$ 2,450</u>	<u>\$ 2,677</u>	<u>\$ 2,947</u>	<u>\$ 3,905</u>	<u>\$ 588</u>
Invested in Capital Assets					
Restricted	\$ 602,912	\$ 559,032	\$ 532,367	\$ 582,690	\$ 574,450
Unrestricted	101,082	106,207	117,415	37,965	20,334
Unrestricted	32,106	41,606	31,450	27,210	38,572
Total Net Position	<u>\$ 736,100</u>	<u>\$ 706,845</u>	<u>\$ 681,232</u>	<u>\$ 647,865</u>	<u>\$ 633,356</u>
Total Liabilities and Net Position	<u>\$ 1,116,934</u>	<u>\$ 1,060,885</u>	<u>\$ 1,063,925</u>	<u>\$ 928,763</u>	<u>\$ 868,463</u>

Source: City Finance Department (Unaudited Statements)

TABLE 3 - Historical Net Revenues Available for Debt Service

HISTORICAL NET REVENUES AVAILABLE FOR DEBT SERVICE
Fiscal Year Ended September 30
(amounts in thousands)

<u>Revenues</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Water Sales	\$ 80,695	\$ 81,555	\$ 75,933	\$ 81,476	\$ 71,151
Wastewater Service	74,934	73,241	70,492	67,071	60,324
Interest Income	891	1,804	4,073	859	444
Other Income	14,272	10,251	8,764	7,411	6,532
Total Revenues	<u>\$ 170,792</u>	<u>\$ 166,851</u>	<u>\$ 159,262</u>	<u>\$ 156,817</u>	<u>\$ 138,451</u>
<u>Expenses</u>					
Labor Costs	\$ 16,788	\$ 16,962	\$ 16,834	\$ 15,519	\$ 15,602
Supplies	2,727	2,766	3,338	2,046	2,051
Maintenance	3,959	4,235	4,198	3,936	4,021
Water Purchase	24,289	20,406	19,781	22,622	24,905
Wastewater Treatment Contracts	39,310	38,731	36,780	34,550	32,884
Utilities	2,454	2,461	2,330	2,204	2,875
Other Expenses	10,157	4,449	4,493	4,327	4,293
Total Operating Expenses Before Depreciation	<u>\$ 99,684</u>	<u>\$ 90,010</u>	<u>\$ 87,754</u>	<u>\$ 85,204</u>	<u>\$ 86,631</u>
Net Revenues of the System	\$ 71,108	\$ 76,841	\$ 71,508	\$ 71,613	\$ 51,820
Interest During Construction Included Above	(3)	-	(1,129)	(786)	(418)
Net Revenues Available for Debt Service	<u>\$ 71,105</u>	<u>\$ 76,841</u>	<u>\$ 70,379</u>	<u>\$ 70,827</u>	<u>\$ 51,402</u>
Debt Service Paid ⁽¹⁾	\$ 29,243	\$ 30,971	\$ 24,899	\$ 21,823	\$ 18,419
Debt Service Coverage (times)	2.43 x	2.48 x	2.83 x	3.25 x	2.79 x

Source: City Finance Department (Unaudited Statements)

⁽¹⁾ Excludes Trinity River Authority Revenue Bonds, accrued interest from bond sales, and refunding or cash defeasances.

TABLE 4 - Historical Net Revenues of the System and Financial Ratios
(amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Gross Operating Revenues	\$ 169,901	\$ 165,047	\$ 155,189	\$ 155,958	\$ 138,007
Interest Revenues (Excluding Interest During construction)	888	1,804	2,944	73	26
Operating Expenses Before Depreciation	(99,684)	(90,010)	(87,754)	(85,204)	(86,631)
Net Revenues Available for Debt Service	<u>\$ 71,105</u>	<u>\$ 76,841</u>	<u>\$ 70,379</u>	<u>\$ 70,827</u>	<u>\$ 51,402</u>
Average Annual Debt Service	\$ 19,401	\$ 18,874	\$ 19,514	\$ 14,744	\$ 12,651
Average Annual Debt Service Coverage (times)	3.67 x	4.07 x	3.61 x	4.80 x	4.06 x
Accounts Receivable to Gross Operating Revenues (%)	12%	12%	14%	12%	14%
Unrestricted Cash to Unrestricted Current Liabilities (times)	2.24 x	2.43 x	2.39 x	5.01 x	5.54 x
Unrestricted Current Assets to Unrestricted Current Liabilities (times)	3.83 x	3.97 x	4.10 x	9.20 x	10.21 x
Long-term Debt to Capital Assets Net Accumulated Depreciation (%)	41%	39%	43%	32%	29%

Source: City Finance Department (Unaudited Statements)

TABLE 5 - Current Investments

<u>Type of Investment</u>	<u>% Invested</u>
Federal Agencies	46.56
Statewide Pools ⁽¹⁾	35.05
Treasury Securities	9.53
Municipals	4.07
Commercial Paper	3.94
Cash	0.85
Totals	100.00%

Source: City Finance Department

⁽¹⁾ Currently invested in Texas CLASS, Texas CLASS Government, TexStar, TexPool, TexPool Prime and Texas Daily.

As of September 30, 2021, the weighted average maturity of the City's operating portfolio was 339 days and the market value of the operating portfolio was 100 percent of its book value.

Municipal Drainage Utility System Revenue Bonds (Stormwater) – Tables 1-5

TABLE 1 - Residential Monthly Drainage Utility Fee Rates

<u>Date of Rate Change</u>	<u>Flat Rate</u>
October 1, 2010	\$ 4.25
October 1, 2011	\$ 4.25
October 1, 2012	\$ 4.25
October 1, 2013	\$ 4.25
November 1, 2014	\$ 4.75
October 1, 2015	\$ 5.25
October 1, 2016	\$ 5.75
October 1, 2017	\$ 6.25
October 1, 2018	\$ 6.75
October 1, 2019	\$ 7.25
October 1, 2020	\$ 7.50
October 1, 2021	\$ 8.00

Source: Public Works & Transportation Department

Note: Commercial rate is calculated using the residential rate multiplied by the current Equivalent Residential Unit (ERU). The minimum ERU is 1.0.

TABLE 2 - Drainage Fee Revenue and Account History

<u>Drainage Fee Revenue History</u>					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Residential	\$ 10,768,801	\$ 10,290,061	\$ 9,507,434	\$ 8,794,458	\$ 7,990,445
Commercial	9,757,611	9,248,937	8,424,942	7,589,570	6,901,797
Total	\$ 20,526,412	\$ 19,538,998	\$ 17,932,376	\$ 16,384,028	\$ 14,892,242

<u>Number of Accounts</u>					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Residential	98,494	98,182	96,961	96,361	95,981
Commercial	5,453	5,436	5,395	5,632	5,348
Total	103,947	103,618	102,356	101,993	101,329

Source: Public Works & Transportation Department

TABLE 3 – Debt Service Requirements

Fiscal Year Ending 9/30	Principal	Interest	Total	% of Principal Retired
2022	\$ 3,490,000	\$ 1,453,956	\$ 4,943,956	
2023	3,455,000	1,393,172	4,848,172	
2024	3,400,000	1,292,722	4,692,722	
2025	3,350,000	1,192,312	4,542,312	
2026	3,315,000	1,081,372	4,396,372	34.7%
2027	3,285,000	976,099	4,261,099	
2028	3,255,000	867,524	4,122,524	
2029	3,220,000	755,749	3,975,749	
2030	3,185,000	647,829	3,832,829	
2031	3,150,000	544,994	3,694,994	67.5%
2032	1,975,000	445,032	2,420,032	
2033	1,975,000	381,582	2,356,582	
2034	1,975,000	322,688	2,297,688	
2035	1,970,000	263,451	2,233,451	
2036	1,970,000	207,950	2,177,950	87.6%
2037	1,970,000	151,201	2,121,201	
2038	1,520,000	98,038	1,618,038	
2039	1,245,000	58,938	1,303,938	
2040	905,000	28,850	933,850	
2041	415,000	8,300	423,300	100.0%
	\$ 49,025,000	\$ 12,171,754	\$ 61,196,754	
			Average Annual Debt Service	\$ 3,059,838

Source: City Finance Department

TABLE 4 – Condensed Schedule of Operations
(amounts in thousands)

	Fiscal Years Ended September 30,				
	2021	2020	2019	2018	2017
<u>Revenues</u>					
Service Charges	\$ 20,526	\$ 19,650	\$ 18,014	\$ 16,384	\$ 15,011
Interest Revenue	121	-	365	250	175
Net Increase (decrease) Fair Value Investments	(35)	68	238	(121)	(71)
Other Income	(990)	(2,631)	(337)	(399)	(438)
Total Revenues	<u>\$ 19,622</u>	<u>\$ 17,087</u>	<u>\$ 18,280</u>	<u>\$ 16,114</u>	<u>\$ 14,677</u>
<u>Expenses</u>					
Salaries and Wages	2,699	2,397	2,105	2,028	1,875
Employee's Retirement	258	355	338	304	270
Supplies	60	53	61	72	64
Maintenance and Repairs	485	275	349	365	429
Utilities	19	17	22	21	20
Miscellaneous Services	752	1,193	722	1,113	783
Total Operating Expenses Before Depreciation	<u>\$ 4,273</u>	<u>\$ 4,290</u>	<u>\$ 3,597</u>	<u>\$ 3,903</u>	<u>\$ 3,441</u>
Net Revenues of the System	15,349	12,797	14,683	12,211	11,236
Transfers in/(out)	655	(1,504)	(904)	(1,785)	(1,164)
Net Remaining Revenues Available for Debt Service	<u>\$ 16,004</u>	<u>\$ 11,293</u>	<u>\$ 13,779</u>	<u>\$ 10,426</u>	<u>\$ 10,072</u>
Debt Service Paid	\$ 4,337	\$ 3,711	\$ 3,189	\$ 2,748	\$ 2,102

Source: City Finance Department (Unaudited Statements)

TABLE 5 - Pro Forma Coverage
(amounts in thousands)

Maximum Principal and Interest Requirements, 2022	\$ 4,944
Coverage of Maximum Requirements by Fiscal Year End Revenues	3.97 x
Average Principal and Interest Requirements, 2022-2041	\$ 3,060
Coverage of Average Requirements by Fiscal Year End Revenues	6.41 x

Source: City Finance Department

Special Tax Revenue Bonds (Venue Projects) – Tables 1, 5 - 6

TABLE 1 – Debt Service Requirements
Special Tax Revenue Bonds

<u>Venue Debt</u> <u>Fiscal Year</u> <u>Ending 9/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> ⁽¹⁾	<u>% of Principal</u> <u>Retired Principal</u> <u>Retired</u>
2022	\$ 4,815,000	\$ 25,097,199	\$ 29,912,199	
2023	5,965,000	24,884,033	30,849,033	
2024	7,150,000	24,592,639	31,742,639	
2025	9,170,000	24,197,836	33,367,836	
2026	10,095,000	23,728,864	33,823,864	
2027	11,490,000	23,201,505	34,691,505	
2028	12,985,000	22,601,381	35,586,381	11.76%
2029	13,640,000	21,947,209	35,587,209	
2030	15,365,000	21,233,332	36,598,332	
2031	16,230,000	20,454,481	36,684,481	
2032	17,700,000	19,615,363	37,315,363	
2033	18,660,000	18,713,858	37,373,858	
2034	19,595,000	17,765,285	37,360,285	
2035	20,645,000	16,768,797	37,413,797	35.00%
2036	21,695,000	15,721,647	37,416,647	
2037	22,800,000	14,621,114	37,421,114	
2038	23,955,000	13,464,077	37,419,077	
2039	25,125,000	12,292,066	37,417,066	
2040	26,310,000	11,107,066	37,417,066	
2041	27,550,000	9,866,495	37,416,495	
2042	19,550,000	8,798,700	28,348,700	66.85%
2043	20,435,000	7,912,825	28,347,825	
2044	21,000,000	7,040,250	28,040,250	
2045	22,285,000	6,063,125	28,348,125	
2046	34,885,000	4,633,875	39,518,875	
2047	36,675,000	2,844,875	39,519,875	
2048	38,560,000	964,000	39,524,000	100.00%
	\$ 524,330,000	\$ 420,131,897	\$ 944,461,897	

Average Annual Debt Service \$ 34,980,070

Source: City Finance Department

⁽¹⁾ Does not include annual bond insurance premium payments for the Build America Mutual Assurance Company bond insurance policy for the Series 2018C Bonds which start in 2023 and are based on outstanding BAM-insured principal at the time.

TABLE 5 (Series 2017) and TABLE 6 (Series 2018A, B, and C) – Pledged Special Taxes

Fiscal Year	Sales Tax Receipts	Percent Change	Percent of Total Pledged Revenue	Hotel Tax Receipts	Percent Change	Percent of Total Pledged Revenue	Motor Vehicle Rental Tax Receipts	Percent Change	Percent of Total Pledged Revenue	Venue Rent Pledged Revenue (2018B Only)	Percent Change	Percent of Total Pledged Revenue	Total Pledged Special Tax Receipts	Total Percent Change
2012	\$ 25,576,155	3.5%	91.3%	\$ 1,757,222	-3.6%	6.3%	\$ 670,165	6.3%	2.4%	\$ -	-	-	\$ 28,003,542	3.1%
2013	26,716,577	4.5%	91.3%	1,891,698	7.7%	6.5%	662,010	-1.2%	2.3%	-	-	-	29,270,285	4.5%
2014	26,706,128	0.0%	90.7%	2,090,079	10.5%	7.1%	638,400	-3.6%	2.2%	-	-	-	29,434,607	0.6%
2015	28,175,880	5.5%	90.5%	2,239,887	7.2%	7.2%	709,485	11.1%	2.3%	-	-	-	31,125,252	5.7%
2016	29,447,861	4.5%	89.8%	2,407,926	7.5%	7.3%	934,377	31.7%	2.8%	-	-	-	32,790,164	5.3%
2017	30,235,651	2.7%	89.4%	2,568,974	6.7%	7.6%	1,002,859	7.3%	3.0%	-	-	-	33,807,484	3.1%
2018	31,364,704	3.7%	89.9%	2,645,787	3.0%	7.6%	896,719	-10.6%	2.6%	-	-	-	34,907,209	3.3%
2019	34,464,410	9.9%	90.3%	2,798,042	5.8%	7.3%	902,940	0.7%	2.4%	-	-	-	38,165,392	9.3%
2020	34,223,992	-0.7%	90.1%	1,916,039	-31.5%	5.0%	843,896	-6.5%	2.2%	1,000,000	-	2.6%	37,983,926	-0.5%
2021	40,800,990	19.2%	88.5%	2,362,547	23.3%	5.1%	921,596	9.2%	2.0%	2,000,000	100.0%	4.3%	46,085,133	21.3%

Source: City Finance Department

Pledged Special Taxes – Debt Service Coverage

Fiscal Year	Debt Service	Total Pledged Special Tax Receipts	Debt Service Coverage
2017	\$ -	\$ 33,807,484	-
2018	18,614,838	34,907,209	1.88x
2019	27,634,903	38,165,392	1.38x
2020	29,381,593	37,983,926	1.29x
2021	30,778,656	46,085,133	1.50x

Source: City Finance Department

SECTION THREE: THE CITY OF ARLINGTON, TEXAS

City Information

Introduction

The City is located in the eastern part of Tarrant County, equidistant between Dallas and Fort Worth on Interstate Highways 20 and 30, which are limited access highways. The City's location places it at the geographical center of the Dallas-Fort Worth metropolitan area. The land area of the City contained within its corporate boundary is approximately 99.5 square miles.

The City incorporated January 17, 1920, under the provisions of the Home Rule Amendment to the Texas State Constitution. The residents of the City receive the following services: public safety (police and fire), public works, public welfare, parks and recreation, public health, water and wastewater utilities, and general administrative services.

General

The City operates under the Council-Manager form of government as established by its charter. A nine-member City Council (the "Council") has local legislative power. Elected "at large" are three council members and the Mayor. Five single member districts elect five council members. All elected members of the Council serve two-year terms, with the elections held in odd-numbered years for the Mayor and four Council seats and even-numbered years for four Council seats. Council member positions and the Mayor are term-limited to three two-year terms. The Council elects both a Mayor Pro Tempore and Deputy Mayor Pro Tempore from among its members.

Mayor and City Council

Policy-making and supervisory functions are the responsibility of and vested in the Council under provisions of the City Charter. Ordinances, resolutions and zoning proposals typically go before Council at 6:30 p.m. on the second and fourth Tuesday of each month; however, additional meetings may be scheduled on the call of the Mayor and may be cancelled by majority affirmative vote of all members of the Council. Council meetings are broadcast on the local cable public access station and webcast. A simple majority of the Council constitutes a quorum. The Mayor is required to vote on all matters considered by the Council but has limited power to veto Council actions that can be overridden by simple majority action of the Council.

Administration

The City Manager is the administrative head of the municipal government and carries out the policies of the Council. With the assistance of three Deputy City Managers, the City Manager coordinates the functions of the various municipal agencies and departments responsible for the delivery of services to residents. The Council appoints the City Manager and he/she serves at the pleasure of the Council.

The City Manager appoints and removes all City employees excluding the positions and offices of the City Attorney, City Auditor, Municipal Court Judges, and Public Health Authority. The City Manager exercises control over all City departments and divisions; supervises their personnel; recommends Council legislative actions; advises Council on the City's financial conditions and needs; prepares and submits to Council the annual budget; and performs such duties required by Council.

Certain City Council Appointees

The Council appoints the City Attorney who has management, charge, and control of all legal business of the City. The City Attorney is chief legal advisor to the Council, the City Manager, and all City departments and agencies. It is the City Attorney's duty to advise Council concerning the legality of actions by the City and to represent the City in all matters affecting its interest.

The City's Municipal Court Judiciary provides for the adjudication of Class "C" misdemeanor cases, issuance of warrants and the arraignment of prisoners.

The Council appoints the City Auditor who manages the Internal Audit Division, which monitors the internal controls and operations of the City. The City Auditor responds to management requests for analysis, appraisals, recommendations, as well as, monitors security of electronic data and assets.

The City's Public Health Authority administers state and local laws relating to public health in the City's jurisdiction.

The Council also appoints members to certain boards, commissions, and authorities, as it deems necessary to the operation of the City.

Principal Executive Officers

City Manager – Mr. Trey Yelverton – with the City since January 1993. Prior to becoming City Manager, Mr. Yelverton was the Deputy City Manager for Neighborhood Services and Economic Development. Prior to this, he had been the Director of the Neighborhood Services Department since 2000. He received an undergraduate degree in political science - public administration from the University of Texas at Arlington, and a master's degree in public administration from University of North Texas.

Deputy City Manager – Ms. Jennifer Wichmann – with the City since 2003. Ms. Wichmann serves the City of Arlington as the deputy city manager for Arlington Tomorrow Foundation, Code Compliance Services, Parks & Recreation, Planning & Development Services, Police, Transportation, Communication and Legislative Affairs. Prior to becoming Deputy City Manager, Ms. Wichmann was the Assistant City Manager. She has also held positions as the Director of Management Resources, Assistant to the Mayor and Budget Analyst with the City. She has an undergraduate degree from Rutgers University and received a dual master's degree in social work and public administration from the University of Texas at Arlington.

Deputy City Manager – Mr. Lemuel Randolph – with the City since 2014. Mr. Randolph serves the City of Arlington as the deputy city manager for Housing Authority, Human Resources, Information Technology, Municipal Court, Public Works & Transportation (includes Municipal Drainage Utility System/Stormwater), Water Utilities, Asset Management, Fire and Libraries. Prior to becoming Deputy City Manager, Mr. Randolph was the Director of the Parks and Recreation department. Mr. Randolph received a bachelor's degree in economics from Hampton University and a master's degree in public administration from Texas Southern University.

Former Director of Finance, CFO – Mr. Mike Finley – with the City from May 1995- November of 2000 and from February of 2002- retirement February 11, 2022. Prior to becoming the CFO in December 2013, Mr. Finley was the Budget Manager for the City. Mr. Finley received a bachelor's degree in political science and master's degree in public administration, both from Texas A&M.

Interim Director of Finance – Ms. Kathleen Depweg – Interim since February 11, 2022 and with the City since May 1993. Prior to becoming the Interim Director of Finance, CFO, Ms. Depweg was the Budget Manager for the City and has been in the Finance department for 21 years. Ms. Depweg received a bachelor's degree in political science and a master's degree in public administration, both from the University of Texas at Arlington.

City Attorney – Ms. Teris Solis – with the City since May 1991 as an Assistant City Attorney. Ms. Solis received an honors bachelor's degree in political science from the University of Texas at Arlington and a Juris Doctor Degree from Southern Methodist University School of Law. Ms. Solis currently holds a designation as a Local Government Fellow from the International Municipal Lawyers Association.

Governmental Services and Facilities

The City provides a full range of municipal services. The City has four core service areas represented in the City's Business Plan: Culture/Education/Recreation, Financial/Economic Development, Infrastructure, and Public Safety.

The City's main municipal facilities include two general administrative buildings and a public safety building. There are seventeen fire stations, four geographically distributed police stations, a police-training center, a fire training center, five recreation centers, one senior center, tennis facility, four municipal golf courses, and seven branch libraries.

Some of the other major facilities provided by the City include a convention center that was converted into the Esports Stadium Arlington & Expo Center in 2018. The City also has and a municipal airport which serves as a general aviation reliever airport to DFW International Airport and Dallas Love Field.

Economic & Demographic Factors

Population Arlington and the United States Selected Years

<u>Year</u>	<u>Arlington</u>	<u>United States</u>
1950	7,692	150,697,361
1960	44,775	178,464,236
1970	90,229	203,211,926
1980	160,113	226,545,805
1990	261,721	248,765,170
2000	332,969	281,421,906
2010	365,438	308,745,538
2011	363,933	312,759,230
2012	367,154	314,395,013
2013	371,267	316,128,839
2014	375,305	318,857,056
2015	379,716	321,418,820
2016	383,899	323,127,513
2017	388,225	326,385,143
2018	392,462	327,747,936
2019	395,477	329,180,367
2020	394,266	330,376,491
2021	393,420	332,208,099

Source: U.S. Census Bureau, North Central Texas Council of Governments, and Census American Community Survey (ACS)

Unemployment Rate

<u>Region</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Arlington	6.1	6.8	3.4	3.5	3.9
Texas	6.5	6.7	3.5	3.9	4.6
United States	6.0	7.3	3.7	4.0	4.5

Source: U.S. Bureau of Labor Statistics

Arlington Major Employers

Company Name	No. of Employees
Arlington Independent School District	8,500
University of Texas at Arlington	5,300
General Motors Co.	4,484
Texas Health Resources	4,063
Six Flags Over Texas	3,800
The Parks at Arlington	3,500
GM Financial	3,300
City of Arlington	2,660
J.P. Morgan Chase	1,965
Texas Rangers Baseball Club	1,881
Total	39,453

Source: City Finance Department

Building Permits

	2021		2020		2019	
	<u>Permits</u>	<u>Declared Value</u>	<u>Permits</u>	<u>Declared Value</u>	<u>Permits</u>	<u>Declared Value</u>
New Single Family	761	\$ -	776	\$ 170,004,697	794	\$ 196,695,469
New Multifamily	199	538,621,479	33	97,733,876	17	84,688,224
New Commercial	105	117,095,620	77	75,067,470	169	264,916,391
Other	8,543	448,887,849	8,637	318,282,249	8,749	362,113,580
Total	9,608	\$1,104,604,948	9,523	\$ 661,088,292	9,729	\$ 908,413,664

Note: Number of permits includes: Sign Permits, Certificates of Occupancy, and Fire Permits issued.

Source: Planning and Development Services

Water Facilities

Water Treatment Facilities

The City of Arlington currently owns and operates two surface water treatment plants to treat raw water and purify it to meet and/or exceed state and federal drinking water standards. Treated water is then pumped to the distribution system for customer use.

The Pierce-Burch Water Treatment Plant (PBWTP) is located in west Arlington along Green Oaks Boulevard near the intersection of Arkansas Lane. The PBWTP draws water directly from Lake Arlington. PBWTP-South was constructed in 1970 and with subsequent expansions has a treatment capacity of 75 million gallons per day (MGD). PBWTP-South is a conventional water treatment plant utilizing ozonation and biologically active GAC filtration. PBWTP-North was constructed in 1957 but has since been decommissioned and is no longer in service. There are no current plans to expand the capacity of PBWTP.

Located in the southern portion of Arlington along US Highway 287 and just east of the intersection with Eden Road sits the John F. Kubala Water Treatment Plant (JKWTP). The JKWTP receives raw water directly from the Tarrant Regional Water District's (TRWD) pipeline system that conveys water from their Richland Chambers, Cedar Creek and Benbrook Reservoirs. Placed online in 1989 the JKWTP has undergone two subsequent expansions, for a current treatment plant capacity of 97.5 MGD. Also designed as a conventional water treatment plant, the JKWTP was modified in 1999 to include ozonation and biologically active GAC filtration. The plant was designed for ultimate build out capacity of 130 MGD. Currently, there are no current plans to expand the capacity of JKWTP.

Over the past 5 years, the City has spent more than \$200 million to repair, modernize, and upgrade both the PBWTP and JKWTP.

The Distribution System

The City's water distribution system has three pressure planes, referred to as the Upper, West and Lower planes. Either of the two City-owned and operated water treatment facilities can fully provide the average day demand to each of the pressure zones thus providing the City with 100% redundancy for water treatment and distribution. When both plants are operating concurrently, the JKWTP supplies the Upper and West pressure planes and the PBWTP supplies the Lower pressure plane. A combination of electrically driven and natural gas pumps transfer water from the plants into the distribution system. There are nine elevated storage tanks with a combined capacity of 15.5 million gallons. There are 6.0 million gallons of additional water storage facilities in the system (4.0 in Charles F Anderson, Jr. and 2.0 in the Grace Howell).

The City's water distribution system is fully metered and consists of 1,652 miles of pipe both public and private. The City has 112,051 water meters of which 75.49% are automated. The System consists of concrete cylinder, cast iron, polyvinyl chloride (PVC), ductile iron, asbestos cement (AC), and high-density polyethylene (HDPE). The entire System meets the minimum standards prescribed by the Texas Fire Insurance Commission, the United States Environmental Protection Agency and the Texas Commission on Environmental Quality (TCEQ).

The City's water system has adequately met the demand for treating and distributing water during the past ten fiscal years as follows:

Treatment & Distribution of Water

Fiscal Year	Average Daily Pumpage (MGD)	Maximum Daily Pumpage (MGD)
2012	57.99	106.45
2013	55.20	95.76
2014	53.35	88.82
2015	52.48	104.26
2016	57.64	102.46
2017	51.36	76.83
2018	50.32	108.17
2019	51.55	88.40
2020	50.61	89.24
2021	50.18	83.52

Source: Water Utilities Department

Water Supply

The Tarrant Regional Water District is the primary supplier of raw water used by over 50 municipal and non-municipal entities located both within and outside of Tarrant County. Among the major customers of the District are the cities of Fort Worth, Arlington, and Mansfield, and a wholesale water provider, the Trinity River Authority (TRA).

The City receives water from TRWD's Cedar Creek and Richland Chambers Reservoirs. Water from these reservoirs is transported through transmission facilities to Lake Arlington and the John F. Kubala Water Treatment Plant. In August 1998, TRWD also began delivering water from the U.S. Army Corps of Engineers-owned reservoir Lake Benbrook. This water supply service was initially provided under the terms and provisions of a contract dated July 13, 1971. Under that contract, TRWD agrees to supply all of the City's municipal water requirements during its term.

On September 1, 1982, TRWD entered into a revised water supply contract ("Amendatory Contract") with the City, and the cities of Fort Worth, Mansfield and TRA. The revised contract will continue in effect until all bonds of TRWD relating to TRWD's System have been paid, and thereafter during the useful life of TRWD's System. Under the Amendatory Contract, the City is required to purchase all of its raw water needs from TRWD. TRWD is obligated to meet the City's needs by developing additional water supply sources, subject to force majeure, the ability of TRWD to obtain suitable financing and a determination of feasibility. If TRWD is unable to supply all of the City's raw water requirements or if it should become apparent that TRWD will become unable to supply such requirements, the Amendatory Contract provides a procedure by which the City would be permitted to develop or obtain a supplemental water supply to meet its needs. The City is depending upon TRWD to meet its full raw water needs under the Amendatory Contract and, at present, the City has no assurance of the availability of a supplemental water supply if TRWD should fail to meet such needs. Per the 2021 Region C Plan, TRWD's current sources as well as additional supplies that are actively under development are projected to provide an adequate water supply through 2040.

TRWD's most recent system enhancements include completion of the Eagle Mountain Pipeline and George W. Shannon Wetlands at Richland-Chambers Reservoir. In addition, Phase I & II of the Integrated Pipeline Project is expected to be completed in 2022.

TRWD continues to participate in statewide and regional water supply planning authorized by the 1997 passage of Senate Bill 1. The 2021 Region C Plan for the Dallas-Fort Worth region includes plans for TRWD to develop an additional 652 MGD through the year 2070 at an estimated cost of \$6.31 billion. These projects include water conservation, reuse, reservoir, and pipeline construction.

Under the terms of the Amendatory Contract, the City pays TRWD an amount equal to the City's proportionate share of TRWD's "Annual Requirement." Said annual requirement includes the costs of operation and maintenance of TRWD's raw water supply facilities, debt service on TRWD's bonds and any future bonds it might issue, including deposits to any special or reserve fund established in TRWD's bond resolutions. Based upon the projected usage of the City for the 2020–2021 fiscal year, the budgeted monthly purchase price to be paid by the City under the revised

water contract is \$2,051,488, which results in a rate of approximately \$1.25448 per one thousand gallons. Such amount is subject to adjustment as provided in the Amendatory Contract. The City is obligated to pay TRWD for all water used by it, and under the Amendatory Contract, the minimum amount of water the City shall be deemed to have used shall be calculated at an amount equal to the greater of 30 MGD or the average MGD actually used by the City during the period of the immediately preceding five consecutive annual periods.

The Amendatory Contract provides that all payments to be made under said Contract shall constitute reasonable and necessary operating expenses of the System, and thus the City's requirement to make such payments from its revenues to the System shall have priority over any obligation to make payments from such revenues, including payment of principal and interest on the City's Outstanding Bonds and any additional Bonds.

Average Daily Consumption (MGD)

Property Type	2021	2020	2019	2018	2017
Residential	23.71	25.45	22.16	26.83	23.65
Commercial	8.34	8.18	9.07	9.32	8.82
Fire lines, Sprinklers	3.69	4.27	3.44	5.07	4.14
Apartment Units	7.52	7.55	7.51	7.84	7.87
Mobile Homes, Condominiums, Townhouses	0.44	0.44	0.43	0.44	0.58
Wholesale	1.10	1.13	0.64	0.40	0.32
Total	44.80	47.02	43.25	49.90	45.38

Source: Water Utilities Department

Number of Units Served

Property Type	2021	2020	2019	2018	2017
Residential	97,780	98,121	97,099	96,339	95,358
Commercial	4,987	4,932	4,937	4,918	4,876
Fire lines, Sprinklers	1,153	1,164	1,140	1,115	1,085
Apartment Units	46,222	45,901	45,848	45,802	45,849
Mobile Homes, Condominiums, Townhouses	2,147	2,144	2,122	2,125	2,127
Total	152,289	152,262	151,146	150,299	149,295

Source: Water Utilities Department

Top Ten Water Customers

<u>Name ⁽¹⁾</u>	<u>Consumption in 1,000 Gallons</u>	<u>Billing</u>
EUSB/General Motors	295,044	\$ 1,062,544
University of Texas Arlington	256,595	1,272,142
Arlington ISD	134,209	1,148,267
City of Arlington	124,624	1,104,863
Six Flags Over Texas	83,825	351,406
Hurricane Harbor	67,648	240,789
Mansfield ISD	63,548	554,455
Globe Life Field (Texas Rangers)	53,144	249,566
Arlington Memorial Hospital	52,383	228,418
AT&T Stadium (Cowboys)	51,774	296,981
Total	1,182,794	\$ 6,509,430

Source: Water Utilities Department

Note: Wholesale customers not included in top ten.

Historical Water Consumption Data (Inside City Limits)

<u>Fiscal Year Ended 9/30</u>	<u>Number of Water Meters</u>	<u>Total Water Pumped MGD</u>	<u>Average Water Pumped MGD</u>	<u>Maximum Day Pumpage MGD</u>	<u>GPD Per Account</u>	<u>Ratio Maximum Day to Average Day</u>
2017	108,945	18,746	51.36	76.83	471	1.50
2018	109,706	18,367	50.32	108.17	459	2.15
2019	110,486	18,816	51.55	88.40	467	1.71
2020	111,334	18,474	50.61	89.24	455	1.76
2021	112,051	18,316	50.18	83.52	448	1.66

Source: Water Utilities Department

Treated Water Sales

The City of Arlington (Arlington) currently has four active agreements to sale and deliver treated water. The current agreements are with the City of Dalworthington Gardens (DWG), Bethesda Water Supply Corporation (BWSC), City of Kennedale (Kennedale), and Town of Pantego (Pantego). The agreement with DWG requires that DWG take a minimum of 0.25 MGD of water per month. The agreement with BWSC requires that BWSC take a minimum of .5 MGD of water per month. The agreement with Kennedale requires that Kennedale take a minimum of .10 MGD of water per month. Lastly, the agreement with Pantego requires that Pantego take a minimum of 0.25 MGD of water per month. In each case, if the entity does not take at least the minimum gallons of water required per the contract, the entity will be billed for the minimum monthly amount.

Wastewater Facilities

The wastewater collection system that serves all developed areas within the City limits is comprised of approximately 1,244 miles of sanitary sewer mains ranging in size from six to seventy-two inches. Although the City owns and maintains an extensive wastewater collection system, it does not treat its own wastewater. Wastewater produced in the City is treated under contract by the Trinity River Authority's (TRA) Central Regional Wastewater System (CRWS). The City's annual volume of contributing flow amounts to approximately 25.39 percent of the total wastewater flow into the CRWS Plant. As the city with the largest population in the CRWS service area, Arlington contributes the highest daily flow of all TRA regional plant customers. The CRWS Plant meets the effluent permit conditions to treat 162 MGD as set by the TCEQ and Environmental Protection Agency (EPA).

The following is a list of Arlington's wastewater flows treated by TRA's CRWS plant during the last five fiscal years.

Wastewater Treated (Millions of Gallons)

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
12,788	13,194	14,473	12,660	12,857

Source: Water Utilities Department

Treatment Contract with Trinity River Authority (TRA)

The City's wastewater is treated under the terms of a 50-year contract with TRA dated October 10, 1973. Contract term limits are automatically extended based upon outstanding system debt service. TRA is the owner and operator of the CRWS Plant and the interceptor pipeline system, which serves part of Dallas, Dallas-Fort Worth International Airport, and 19 other Dallas County and Tarrant County municipalities. Under the terms of the contract, each contracting party contributes to TRA's "Annual Requirements" in proportion to its contributing flow of wastewater into the CRWS Plant. The "Annual Requirements" include cost of operation and maintenance of the system and debt service on TRA's bonds issued to construct the system, including deposits to special funds established by the bond resolution. Based upon actions approved in 1996, TRA began treating all of Arlington's wastewater when facilities constructed by Arlington were completed in September 2000. These pipeline facilities convey west Arlington wastewater to TRA System facilities, and on to the TRA treatment plant for final treatment. This Arlington to TRA pipeline project cost was \$11,000,000.

For TRA's fiscal year beginning December 1, 2021, the volume of contributing flow by the City is estimated to average 36.297 MGD, which amounts to approximately 25.34 percent of the total volume of wastewater flow into the CRWS plant. This percentage of wastewater flow is used to determine the City's annual requirements under this contract. Arlington has the largest service area population and contributes the highest average daily flow of all TRA CRWS Plant customers. The City's cost of wastewater treatment budgeted for 2022 was \$42,028,655.

Municipal Drainage Utility System

Establishment

Chapter 552, Subchapter C of the Texas Local Government Code provides the authority for municipalities to establish a municipal drainage utility system and to develop a schedule of charges within the City. This enabling legislation was created in order to provide municipalities a funding source to address public health and safety in municipalities from loss of life and property by surface water overflows, surface water stagnation, and pollution arising from nonpoint source runoff within the boundaries of an established surface area.

The City established a Municipal Drainage Utility System in August 1990, to protect the public health and safety from loss of life and property caused by surface water overflows and surface water stagnation.

Drainage Utility Charges and Billing

The City charges “stormwater” fees in support of the System. In 2014 Council authorized seven consecutive fee increases that went through October 1, 2020. Council approved the current fee of \$8.00 which went into effect on October 1, 2021. The current residential fee structure is described in the “Residential Monthly Drainage Utility Fee Rates” table. Commercial property owners are charged based on an impervious area calculation shown. A stormwater fee is added to each monthly utility bill. The City has the authority to impose stormwater fees by ordinance without limitation.

Residential Property

Residential parcels include any benefited property platted, zoned or used for residential development including single family, duplex, triplex, quadraplex, town homes, manufactured homes or other improved parcel upon which buildings contain less than five dwelling units. Residential parcels will be billed based on one Equivalent Residential Unit (“ERU”) at the scheduled rate, for the number of dwelling units. Based on a study of Arlington residential property, the average square feet of impervious surface is 2,800, referred to as an ERU.

Commercial Property

Every commercial property owner pays the same unit rate based on the amount of impervious area on the property. Impervious area is defined as a surface that is resistant to infiltration by water. Several examples of impervious area include asphalt or concrete pavement, parking lots, driveways, sidewalks and buildings.

Non-residential parcels include all benefited property that is not defined as residential by the Stormwater Drainage ordinance, including commercial, industrial, institutional, multi-family and governmental property. The monthly fee for non-residential parcels is determined by dividing impervious area square footage by 2,800 square feet and multiplying by the current rate – the result shall be a minimum of 1.0 ERU for each non-residential account.

Venue Projects

Overview

The City is the home to both AT&T Stadium, the home of the Dallas Cowboys, and Globe Life Field, the home of the Texas Rangers. The City financed a portion of the construction of both venues through the issuance of special tax revenue bonds.

The 2004 Venue Election and the Cowboys Project

At an election held in the City, on November 2, 2004 pursuant to Chapter 334, Texas Local Government Code, as amended, a majority of the voters voting at said election voted in favor of a proposition authorizing the City to (i) establish and finance the Dallas Cowboys Complex (the “Cowboys Project”) as a sports and community venue project of the type described and defined in the Act, (ii) impose a sales and use tax within the City at a rate of one-half of one percent (0.5%) (the “Sales Tax”), (iii) impose a tax at a maximum rate of five percent (5%) on the gross rental receipts from the short-term rental in the City of a motor vehicle (the “Motor Vehicle Rental Tax”), (iv) impose a tax on the occupancy of a room in a hotel located within the City, at a maximum rate of two percent (2%) of the price paid for such room (the “Hotel Occupancy Tax” and together with the Sales Tax and the Motor Vehicle Rental Tax, the “Pledged Special Taxes”), (v) impose an admissions tax on each ticket sold as admission to an event held at the Cowboys Project, at a rate not to exceed ten percent (10%) of the price of the ticket sold as admission (the “Cowboys Admissions Tax”), and (vi) to impose a tax, not to exceed three dollars (\$3.00) per vehicle, on each parked motor vehicle parking in a facility of the Cowboys Project (the “Cowboys Parking Tax”) for the purpose of financing the Cowboys Project. The Dallas Cowboys are based in the City of Frisco, Texas, and play their home games at AT&T Stadium located in the City. The Dallas Cowboys are a professional football team owned by the Dallas Cowboys Football Club, Ltd., a Texas limited partnership (the “Cowboys’ Owner”), operating under a franchise issued by the National Football League (the “NFL”) in 1960.

The City financed a portion of AT&T Stadium through the issuance of \$297,990,000 of special tax revenue bonds in three issuances, Series 2005A, Series 2005B, and Series 2005C (collectively the “Series 2005 Bonds”). The Series 2005B Bonds were refinanced by the issuance of the City’s \$112,185,000 Special Tax Revenue Bonds, Series 2008 (the “Series 2008 Bonds”) and the City’s \$62,820,000 Special Tax Revenue Bonds, Series 2009 (the “Series 2009 Bonds” and together with the Series 2008 Bonds, the “Prior Obligations”). Subsequently, all outstanding Series 2008 and Series 2009 Bonds were refinanced by the issuance of the City’s \$110,200,000 Senior Lien Special Tax Revenue Refunding Bonds, Series 2017 (the “Series 2017 Bonds”).

Stadium Lease - As part of the Funding Agreement, the City entered into a lease agreement with the Cowboys Stadium, L.P. (the “Tenant”) for lease of the Complex. The Lease Agreement calls for an initial term of 30 years. Monthly lease payments of \$166,666.67 began in June 2009 for an annualized rental rate of \$2 million per year. The Lease Agreement contains several renewal options at guaranteed annual rental payments of \$1 million per year for the first 10 years and \$1.25 million per year for all remaining renewals. The Lease Agreement also provides the Tenant with an option to purchase the Complex from the City at the end of the initial lease term and each renewal option thereafter. Under the lease, the Tenant pays for all costs of operation and maintenance of the Complex. The tenant will also make separate annual payments to the City, beginning during the construction period, equal to five percent of the net naming rights revenue, if any, received by the Tenant, capped at \$500 thousand per year. The revenue for this fiscal year was \$500,000. The lease is accounted for as an operating lease. The cost of the stadium is \$1,109,951,954 with accumulated depreciation of \$289,277,021.13.

Conduit Debt - In 2006, \$147,865,000 Cowboy Complex Admissions and Parking Taxes Revenue Bonds, Taxable Series 2006 (the “Cowboys Admission and Parking Taxes Revenue Bonds”) with a pledge of a 10% admissions tax and a \$3 parking tax for events held at the Complex, with additional security provided by a Guaranty Agreement from The Cowboys Stadium, L.P., were issued to fund a portion of the Dallas Cowboy’s funding for the Complex. The Cowboys Admission and Parking Taxes Revenue Bonds are not payable from or secured by any money raised or to be raised from property taxes or any other of the City’s revenue sources and accordingly have not been reported as a liability in the City’s financial statements but are disclosed here as conduit debt. On September 30, 2021, outstanding conduit debt was \$124,895,000.

Franchise - The City and the Dallas Cowboys Football Club, LTD. entered into a franchise agreement that requires the Dallas Cowboys NFL football franchise to remain in Arlington and to play 7 of 8 of the team's regular season home games in the Complex for a minimum of 31 years after the Complex opens. If the lease renewal options are exercised, the Cowboys' obligation to stay in Arlington is extended for the renewal term.

In July 2013, an agreement was reached between the Cowboys and AT&T for naming rights to the stadium. The City receives 5% of the revenue as additional rent from the naming rights deal, up to \$500,000 annually.

The 2016 Venue Election and the Rangers Project

At an election held in the City on November 8, 2016, pursuant to Chapter 334, Texas Local Government Code, as amended, a majority of the voters of the City voting at said election voted in favor of a proposition authorizing the City to provide for the planning, acquisition, establishment, development, construction and financing of the Texas Rangers Complex Development Project (the "Rangers Project" and together with the Cowboys Project, the "Arlington Venue Projects") within the City and (i) to impose a parking tax, at a rate not to exceed three dollars (\$3.00) on each parked motor vehicle parking in a parking facility of the Rangers Project (the "Rangers Parking Tax"); (ii) to impose an admissions tax on each ticket sold as admission to an event held at the Rangers Project, at a rate not to exceed ten percent (10%) of the price of the ticket sold as admission (the "Rangers Admissions Tax"); (iii) to authorize the use of the existing hotel occupancy tax, at a rate not to exceed two percent (2%) of the price paid for such room; (iv) to authorize the use of the existing sales tax within the City at a rate of one-half of one percent (0.5%); and (v) to authorize the use of the existing motor vehicle rental tax at a maximum rate of five percent (5%) for the purpose of financing the Rangers Project. The Texas Rangers are a professional baseball team operating under and pursuant to the rules and regulations of Major League Baseball. The Texas Rangers are based in the City and play their home games at Globe Life Field located in the City. Construction of the Rangers Project began in 2018, and the Texas Rangers began to play in the new ballpark starting in the 2020 baseball season. Globe Life Field is a flexible, retractable roof, multi-purpose, multifunctional ballpark and sports, special events, concert and community and entertainment venue project designed to seat approximately 40,000 spectators to be used for the home games for the Texas Rangers and which may also be used for one or more additional professional or amateur sporting events, and which may also contain additional retail, restaurant and food establishments, team training facilities and museums, and which also includes water, sewer, drainage and road improvements necessary to service the Rangers Ballpark, as well as parking facilities adjacent to the Rangers Ballpark.

Stadium Lease - As part of the Funding Agreement, the City entered into a lease agreement with the Rangers Stadium Company LLC. (the "Tenant") for lease of the Rangers Complex. The Lease Agreement calls for an initial term from commencing from October 1, 2019 through January 1, 2054. Monthly lease payments of \$166,666.67 began upon occupation for an annualized rental rate of \$2 million per year. The Lease Agreement contains several renewal options at guaranteed annual rental payments of \$1 million per year for two successive renewal periods of five years each. The Lease Agreement also provides the Tenant with an option to purchase the Complex from the City at the end of the initial lease term and each renewal option thereafter. Under the lease, the Tenant pays for all costs of operation and maintenance of the Complex. The lease is accounted for as an operating lease. The cost of the stadium is \$1,284,106,396.00 with accumulated depreciation of \$41,253,931.01.

Conduit Debt - In 2020, \$321,717,000 Rangers Baseball Complex Admissions and Parking Taxes Revenue Bonds, Taxable Series 2020 (the "Rangers Admission and Parking Taxes Revenue Bonds") with a pledge of a 10% admissions tax and a \$3 parking tax for events held at the Complex. The Rangers Admission and Parking Taxes Revenue Bonds are not payable from or secured by any money raised or to be raised from property taxes or any other of the City's revenue sources and accordingly have not been reported as a liability in the City's financial statements but are disclosed here as conduit debt. On September 30, 2021, outstanding conduit debt was \$315,712,000.

Franchise - The City and Rangers Baseball LLC. entered into a non-relocation agreement that requires the Texas Rangers franchise to remain in Arlington and to play the team's regular season home games in Arlington through January 1, 2054. If the lease renewal options are exercised, the Rangers' obligation to stay in Arlington is extended for the renewal term.

Venue Project Debt

In September 2017, the City issued \$110,200,000 Senior Lien Special Tax Revenue Refunding Bonds, Series 2017 (the “Series 2017 Bonds”) to refund all the outstanding Prior Obligations for AT&T Stadium, Series 2008 and Series 2009. All debt related to AT&T Stadium, Series 2005A, B, & C had been refunded, matured, or been previously redeemed.

In 2018, the City issued an additional \$266,080,000 Senior Lien Special Tax Revenue Bonds, Series 2018A, \$28,250,000 Senior Lien Special Tax Revenue Bonds, Series 2018B, and \$171,095,000 Subordinate Lien Special Tax Revenue Bonds, Series 2018C for the City’s portion of the Ballpark Venue’s construction.

Investments

The City invests its funds in investments authorized by Texas law in accordance with investment policies approved by the Mayor and City Council. Both state law and the City investment policies are subject to change.

Legal Investments

Under Texas law, the City is authorized to invest in the following:

- (1) Obligations of United States Treasuries, United States agencies and instrumentalities.
- (2) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this state, the United States or their respective agencies and instrumentalities; including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
- (3) Obligations of Texas, its agencies, counties, cities, and other political subdivisions rated as to investment quality by a nationally recognized investment rating firm not less than “AA” or its equivalent (10% of portfolio; 2% per issuer).
- (4) Obligations of other states, its agencies, counties, cities, and other political subdivisions rated as to investment quality by a nationally recognized investment rating firm not less than “AA” or its equivalent (10% of portfolio; 2% per issuer).
- (5) Certificates of Deposit issued by a depository institution that has its main office or a branch office in Texas. The certificate of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations in a manner and amount as provided by this Policy for bank deposits. In addition, Certificates of Deposit obtained through a broker or depository institution that has its main office or a branch office in Texas and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Act are authorized investments (50% of portfolio; 20% per issue).
- (6) Fully collateralized direct security repurchase agreements and reverse security repurchase agreements in accordance with the conditions prescribed in Section 2256.011 of the Act. A repurchase agreement shall have a defined termination date and be secured by a combination of cash and obligations of the United States or its agencies and instrumentalities. These shall be pledged to the City, held in the City’s name, and deposited at the time the investment is made with a third party selected and approved by the City. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. A Master Repurchase Agreement must be signed by the bank/dealer prior to investment in a repurchase agreement. All repurchase agreement transactions will be on a delivery vs. payment basis. Securities received for repurchase agreements must have a market value greater than or equal to 102% at the time funds are disbursed and throughout the term of the repurchase agreement (40% of portfolio (excluding flexible repos for bond proceeds); 15% per counterparty).
- (7) Commercial Paper that has a stated maturity of 270 days or less and is either rated not less than A-1+, P-1 or equivalent by at least two nationally recognized credit rating agencies or is rated by one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States. The Commercial Paper issuer must have an underlying long-term credit of at least “AA” or the equivalent (20% of portfolio; 5% per issue).
- (8) Guaranteed investment contracts for bond proceeds only in accordance with the conditions prescribed in Section 2256.015 of the Act 100% of bond proceeds.
- (9) No-load money market mutual funds that are registered and regulated by the Securities and Exchange Commission, have a dollar weighted average stated maturity of 90 days or less, seek to maintain a net asset value of \$1.00 per share, and are rated AAAM or an equivalent rating, by at least one nationally recognized rating service (100% of portfolio; 15% per fund).
- (10) Local government investment pools, which meet the requirements of Section 2256.016 of the Act, are rated no lower than AAA or an equivalent rating, by at least one nationally recognized rating service, and are authorized by

resolution or ordinance by the City Council. In addition, a local government investment pool created to function as a money market mutual fund must mark its portfolio to the market daily and to the extent reasonably possible, stabilize at \$1.00 net asset value (100% of portfolio; 25% per pool; 2% of pool's portfolio).

Investment Policies

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity, and the policy must address investment diversification, yield, maturity, and the quality and capability of investment management, and all City funds must be invested in investments that protect principal, and consistent with the operating requirements of the City, yield a market rate of return. Under Texas law, City investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest City funds without express written authority from the City Council or Director of Finance of the City.

Current Investments

The City’s primary investment objective is to provide for the protection of principal with an emphasis on safety and liquidity. The City maintains a comprehensive cash management program that includes prudent investment of its available funds. Investment maturities are targeted to provide available cash for the operating requirements of the City.

As of September 30, 2021, the City’s operating funds were invested in the following categories of investments:

<u>Type of Investment</u>	<u>% Invested</u>
Federal Agencies	46.56
Statewide Pools ⁽¹⁾	35.05
Treasury Securities	9.53
Municipals	4.07
Commercial Paper	3.94
Cash	0.85
Totals	100.00%

⁽¹⁾ Currently invested in Texas CLASS, Texas CLASS Government, TexStar, TexPool, TexPool Prime and Texas Daily.

As of September 30, 2021, the weighted average maturity of the City’s operating portfolio was 339 days and the market value of the operating portfolio was 100 percent of its book value.

SECTION FOUR: DEBT STRUCTURE AND CAPITAL IMPROVEMENT PROGRAM

Debt Information

Information on the City's indebtedness is presented both in Section Two and in the following tables. Included is information on key debt ratios, rapidity of principal retirement and selected debt service schedules.

In addition to the currently outstanding ad valorem tax-supported debt previously issued by the City, the City has also issued certain combination ad valorem tax and revenue supported debt and has incurred contractual and other indebtedness and liabilities payable from ad valorem taxation. Additionally, the City has issued revenue bonds and other indebtedness payable from specific pledged revenues. Various other political subdivisions, which overlap all or a portion of the area of the City are also empowered to incur debt to be paid from revenues raised or to be raised through taxation.

Tax-Supported Debt

Debt Statement

Pursuant to the Constitution and laws of the State of Texas and the Charter of the City, the City is authorized to issue general obligation bonds secured by an ad valorem tax on all property within its boundaries subject to local taxation. A tax rate limitation is imposed by the Home Rule Section of the Texas Constitution, Article XI, Section 5, which allows a maximum tax rate of \$2.50 per \$100.00 assessed valuation. As of September 2021, the City has set the overall tax rate at \$0.6198 per \$100.00 assessed value.

The following table details the ad valorem tax-supported debt of the City as of September 30, 2021:

Total Outstanding Ad Valorem Tax-Supported Debt	\$ 603,925,000
Less Self-Supporting Debt	-
Ad Valorem Tax-Supported Debt Less Self Supporting Debt	<u>\$ 603,925,000</u>

Source: City Finance Department

Rapidity of Principal Retirement All Ad Valorem Tax-Supported Debt As of September 30, 2021 (amounts in thousands)

<u>Maturing Within</u>	<u>Amount Maturing</u>	<u>Percent of Total Debt Outstanding</u>
5 years	\$ 221,045	37%
10 years	\$ 403,805	67%
15 years	\$ 548,920	91%
20 years	\$ 603,925	100%

Source: City Finance Department

Estimated Overlapping Debt

The following table indicates the indebtedness, defined as outstanding obligations payable from ad valorem taxes, of governmental entities within which the City is located or with which taxable property is jointly levied against, and the estimated percentages and amounts of such indebtedness attributable to taxable property within the City. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance purposes. Furthermore, certain entities listed may have issued additional indebtedness since the date stated in the table, and such entities may have programs requiring the issuance of substantial additional amounts of indebtedness, the amount of which cannot be determined.

Overlapping Debt

Governmental Unit	Amount ⁽¹⁾	As of	Percent	Amount
City of Arlington ⁽²⁾	\$ 603,925,000	9/30/2021	100.00%	\$ 603,925,000
Arlington Independent School District	1,081,249,956	9/30/2021	78.86%	852,673,715
Fort Worth Independent School District	1,249,965,000	9/30/2021	0.33%	4,124,885
Hurst-Eules-Bedford Independent School District	343,375,000	9/30/2021	5.22%	17,924,175
Kennedale Independent School District	23,305,025	9/30/2021	54.07%	12,601,027
Mansfield Independent School District	853,614,839	9/30/2021	26.48%	226,037,209
Tarrant County	213,675,000	9/30/2021	15.69%	33,525,608
Tarrant County College District	255,995,000	9/30/2021	15.69%	40,165,616
Tarrant County Hospital District	14,495,000	9/30/2021	15.69%	2,274,266
Viridian Municipal Management District	168,295,000	9/30/2021	100.00%	168,295,000
Total Direct and Overlapping Debt				\$ 1,961,546,500

Sources: Municipal Advisory Council of Texas

⁽¹⁾ Net debt outstanding per representative of each jurisdiction.

⁽²⁾ Debt includes City General Obligation Bonds, Certificates of Obligations, and Pension Obligation Bonds.

Capital Improvement Programs

Ad Valorem Tax-Supported Capital Improvement Program

The City's Capital Improvement Program provides for multi-year improvements to the City's public facilities along with the means of financing these improvements. The City's Capital Improvement Program is prepared annually and primarily enabled by recent bond election results. The City's most recent permanent improvement bond election, totaling \$189,500,000, was held on November 6, 2018. Combined with the authorized but unissued bonds from prior elections, the City has \$187,754,000 in unissued permanent improvement bonding authority as of September 30, 2021.

**Capital Improvement Plan and Proposed Capital Budget
(amounts in thousands)**

<u>Department</u>	<u>Preliminary 2022</u>	<u>Preliminary 2023</u>	<u>Preliminary 2024</u>	<u>Preliminary 2025</u>	<u>Preliminary 2026*</u>
Fire Total	\$ 850	\$ 8,650	\$ 800	\$ 8,200	\$ -
Asset Management Total	1,600	1,600	1,600	1,600	-
Police Total	2,500	-	-	-	-
Airport Total	1,820	6,300	1,270	1,270	1,270
Parks & Recreation Total	48,454	1,105	4,715	3,000	-
Public Works & Transportation Total	38,000	32,315	24,865	11,400	-
Grand Total	\$ 93,224	\$ 49,970	\$ 33,250	\$ 25,470	\$ 1,270

Source: City Finance Department

*Preliminary 2026 values are to be determined later.

Water & Wastewater System Capital Improvement Program

The City's Water Utilities Department maintains a program of annually updating its estimate of foreseeable system capital improvements. This is accomplished through the joint efforts of the Operations, Treatment and Business Services Divisions of the Water Utilities Department and independent consulting engineers. The Water Utilities Department annually reviews its proposed Capital Improvement Program with the City Council.

The following table represents the estimated amount of financing needed to meet the proposed Capital Improvement Program for the fiscal years shown.

Water Proposed Capital Improvement Program (amount in thousands)			
<u>Fiscal Year</u>	<u>Planned Capital Expenditures</u>	<u>Planned Bond Sale</u>	<u>Other Financing Sources</u>
2022	\$ 47,340	\$ 21,300	\$ 26,040
2023	30,110	10,750	19,360
2024	35,460	19,550	15,910
2025	35,190	15,350	19,840
2026	31,140	13,550	17,590

Source: City Finance Department

Stormwater Capital Improvement Program

The City's Public Works and Transportation Department maintains a Stormwater program of annually updating its estimate of foreseeable system capital improvements. This is accomplished through the joint efforts of the Stormwater Division and independent consulting engineers. The Public Works and Transportation Department annually reviews its proposed Capital Improvement Program with the City Council.

The following table represents the estimated amount of financing needed to meet the proposed Capital Improvement Program for the fiscal years shown.

Stormwater Proposed Capital Improvement Program (amount in thousands)				
<u>Fiscal Year</u>	<u>Planned Capital Expenditures</u>	<u>Planned Bond Sale</u>	<u>Other Financing Sources</u>	
2022	\$ 19,865	\$ 10,000	\$ 9,865	
2023	20,000	10,000	10,000	
2024	29,825	15,000	14,825	
2025	24,340	12,000	12,340	
2026	15,560	8,000	7,560	

Source: City Finance Department

SECTION FIVE: FINANCIAL INFORMATION

Financial Information Concerning the City

Tax Abatement Totals

Tax Abatement	FY21 Tax Year 2020	FY20 Tax Year 2019	FY19 Tax Year 2018	FY18 Tax Year 2017	FY17 Tax Year 2016
Property Tax	\$ 5,445,385	\$ 5,471,824	\$ 3,109,687	\$ 1,931,077	\$ 2,175,517
Sales Tax	8,509,817	4,408,596	1,814,745	157,628	333,780
Hotel Occupancy Tax	1,025,538	599,753	124,390	10,000	10,000
Mixed Beverage Taxes	285,019	205,246	9,460	-	-
Other	166,472	94,502	104,177	2,099,168	24,000
Totals	\$ 15,432,231	\$ 10,779,921	\$ 5,162,459	\$ 4,197,873	\$ 2,543,297

Source: City Finance Department

**Principal Tax Revenue by Source
(amounts in thousands)**

FY Ending Sept. 30	General Fund Ad Valorem Taxes	General Fund Sales Tax	Other Taxes	Hotel⁽¹⁾ Occupancy Tax	Franchise Fees and Service Charges	Total
2017	\$ 91,164	\$ 59,946	\$ 2,353	\$ 8,994	\$ 30,539	\$ 192,996
2018	98,058	62,598	2,333	9,260	31,852	204,101
2019	106,287	66,983	2,715	9,795	34,664	220,444
2020	115,517	63,715	2,088	6,707	29,988	218,015
2021	111,400	73,907	2,819	8,273	29,682	226,081

Source: City Finance Department

⁽¹⁾ 7% for City Portion Only

Historical Estimated Taxable Value

FY Ending 09/30	Taxable Value Real Property	% Change from Prior Year	Taxable Value Personal Property	% Change from Prior Year	Taxable Value Mineral Property	% Change from Prior Year	Total Estimated Taxable Value	% Change from Prior Year
2017	\$ 18,575,012,852	12.03	\$ 2,669,235,852	0.80	\$ 134,832,010	(63.85)	\$ 21,379,080,714	9.07
2018	20,651,783,291	11.18	2,731,731,857	2.34	119,676,860	(11.24)	23,503,192,007	9.94
2019	23,037,575,320	11.55	2,737,900,000	0.23	146,406,971	22.34	25,921,882,291	10.29
2020	26,076,602,357	13.19	2,991,596,820	9.27	169,810,360	15.99	29,238,009,537	12.79
2021	26,769,744,487	2.66	3,156,940,109	5.53	109,950,051	(35.25)	30,036,634,647	2.73

Source: Tarrant Appraisal District and City Finance Department

Collection Ratios

<u>FY Ending</u> <u>09/30</u>	<u>Estimated Net</u> <u>Taxable Value</u> ⁽¹⁾	<u>Tax Rate</u>		<u>Tax Rate</u>	<u>Calculated</u> <u>Levy</u>	<u>% Collected</u> ⁽²⁾	
		<u>General Fund</u> <u>(M&O) Tax</u> <u>Rate</u>	<u>Debt Service</u> <u>(I&S) Tax</u> <u>Rate</u>			<u>Current</u> <u>Year</u>	<u>Prior</u> <u>Years</u>
2017	\$ 21,379,080,714	0.4538	0.1910	0.6448	\$ 137,852,312	96.61	97.07
2018	23,503,192,007	0.4409	0.1989	0.6398	150,373,422	96.76	97.44
2019	25,921,882,291	0.4428	0.1920	0.6348	164,552,109	95.90	96.13
2020	29,238,009,537	0.4467	0.1773	0.6240	182,445,180	94.08	94.01
2021	30,036,634,647	0.4085	0.2140	0.6225	186,978,051	95.81	95.79

Source: Tarrant Appraisal District and City Finance Department

⁽¹⁾ Estimated Net Taxable Valuation is the certified roll as of September of each year including minimum estimated value of property under protest.

⁽²⁾ Prior year's collections include current year collections, prior year delinquent collections and all penalty and interest collections.

Analysis of Delinquent Taxes

<u>FY Ending</u> <u>9/30</u>	<u>Appraised</u> <u>Tax Levy</u>	<u>Uncollected</u>	<u>Percentage of</u> <u>Levy</u>
2012	\$ 112,255,917	\$ 970,330	0.86%
2013	114,551,118	917,054	0.80%
2014	117,212,877	946,728	0.81%
2015	122,509,363	967,976	0.79%
2016	127,016,834	840,621	0.66%
2017	137,852,312	1,002,281	0.73%
2018	150,373,422	1,177,653	0.78%
2019	164,552,109	1,206,456	0.73%
2020	182,445,180	1,482,578	0.81%
2021	185,667,278	1,394,960	0.75%

Source: City Finance Department

Municipal Sales Tax

The City has adopted the provisions of Sections 321.101 and 321.103 of the Texas Tax Code, which grants the City the power to impose and levy a one percent sales tax for general purposes of the City. It was reapproved in May 2018.

In November of 2004, voters approved an additional one-half cent sales and use tax for the Dallas Cowboys Complex Development Project as permitted by Chapter 334 of the Texas Local Government Code was held and the additional one-half cent sales and use tax was approved.

Sixty percent of residents voted November 8, 2016, to help publicly finance the new ballpark by extending existing venue taxes approved in 2004 to build AT&T Stadium for the Dallas Cowboys. These taxes – a half-cent sales tax, 2 percent hotel occupancy tax and 5 percent car rental tax – will pay off the City’s contribution to the Arlington Venue Projects.

On November 3, 2020, residents voted to increase the City’s sales and use tax rate one quarter of a cent. The additional one quarter cent sales and use tax became effective on April 1, 2021. The City’s portion of the total 8.25 cent sales tax rate is 2.00 cents. Six and one-quarter cents is retained by the state, the General Fund receives one cent, one-half cent provides funding to repay the City’s portion of the debt on sports venues, one quarter cent provides funding for street maintenance, and one-quarter cent supports the activities of the Arlington Economic Development Corporation.

The Comptroller of Public Accounts of the State of Texas, after the deduction of a two percent service fee, currently remits monthly the City’s portion of sales tax collections to the City. The statute provides the Comptroller must remit at least twice annually. Revenue from sales tax levied for general purposes of the City may not be pledged, under the applicable statutes, to the payment of debt service of the City’s debt obligations.

Per Capita Sales Tax Collection

<u>Fiscal Year</u>	<u>Sales Tax Receipts</u>	<u>Ad Valorem Tax Levy</u>	<u>Sales Tax as a % of Tax Levy</u>	<u>Population Estimate</u>	<u>Per Capita Sales Tax Collection</u>
2017	\$ 60,447,625	\$ 137,852,312	43.8%	388,225	\$ 156
2018	62,875,224	150,373,422	41.8%	392,462	160
2019	66,983,242	164,552,109	40.7%	395,477	169
2020	63,714,803	182,445,180	34.9%	394,266	162
2021	73,907,416	186,978,051	39.5%	393,420	188

Source: City Finance Department

Hotel Occupancy Tax Receipts

Under the provisions of Section 351.002 and 351.003 of the Texas Tax Code, the City is authorized to levy and collect a hotel occupancy tax not to exceed seven percent of the price paid for a room in a hotel in the City which costs \$2 or more per day and is ordinarily used for sleeping (the “Hotel Occupancy Tax”) to pay for or finance a variety of public improvements, including, specifically, convention center facilities. Section 351.103(b) of the Texas Tax Code states that the Hotel Occupancy Tax revenue allocated by the municipality cannot exceed 15 percent for the encouragement, promotion and application of the arts and cannot exceed 15 percent for historical preservation projects or activities. The City has levied a Hotel Occupancy Tax of seven percent since 1983. On November 2, 2004, an election was approved under Chapter 334 of the Texas Local Government Code to increase the Hotel Occupancy Tax by two percent for the Dallas Cowboys Complex Development Project. The additional two percent can only be used for this purpose and became effective on April 1, 2005. On November 8, 2016, the two percent was approved to be extended for the Rangers Complex Development Project. The additional two percent is not reflected in the table below.

<u>Fiscal Year</u>	<u>Hotel Occupancy Tax Receipts</u>
2017	\$ 8,994,163
2018	9,259,526
2019	9,794,763
2020	6,707,237
2021	8,273,049

Source: City Finance Department

Financial Information Concerning the Water and Wastewater System

Water and Wastewater Rates

The Council is authorized by its home rule charter and by laws of the State of Texas to establish and to amend rates charged for water and wastewater service. Rates fixed by the Council for domestic application are not subject to review by any other regulatory agency.

The two components of the rate structure are a fixed monthly charge based upon meter size and a volumetric charge per 1,000 gallons used. A separate fixed monthly fee was established for residential class customers with 5/8 x 3/4-inch meters whose water and wastewater use is less than 2,000 gallons per month. The fixed charge, for meter sizes other than 5/8 x 3/4-inch, increases with meter size to recognize the additional demands that large meter installations can place on the system.

The water volumetric charge is designed to encourage customers to efficiently use water. The volumetric charge increases with higher volumes of water usage for both residential and commercial class customers. Unlike the variable water volumetric rate, the wastewater volumetric rate per 1,000 gallons is a flat rate for all account classifications that will not change based on usage.

City of Arlington Water Utilities Fixed Monthly Fee Effective January 1, 2022

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8 x 3/4" (\leq 2,000 gal) \$	7.31	\$ 7.87
5/8 x 3/4" (\geq 3,000 gal)	10.61	13.33
1"	20.91	24.23
1 1/2"	47.79	53.68
2"	83.43	90.36
3"	196.73	279.26
4"	313.12	416.69
6"	729.24	1,133.57
8"	1,140.21	1,493.50
10"	1,713.92	2,177.52

Source: Water Utilities Department

**City of Arlington Water Utilities
Conservation Rates Block Structure
Effective January 1, 2022**

RESIDENTIAL

<u>Usage (1,000 gal)</u>	<u>Water</u>	<u>Wastewater</u>
0 - 2	\$ 2.08	\$ 5.28
3 - 10	2.87	5.28
11 - 15	4.14	5.28
16 - 29	5.80	5.28
≥ 30	6.98	5.28

COMMERCIAL

<u>Usage (1,000 gal)</u>	<u>Water</u>	<u>Wastewater</u>
0 - 15	\$ 3.30	\$ 5.28
≥ 16	3.48	5.28

IRRIGATION

<u>Usage (1,000 gal)</u>	<u>Rate</u>
0 - 29	\$ 5.80
≥ 30	6.98

CONSTRUCTION

<u>Usage (1,000 gal)</u>	<u>Rate</u>
0 - 99	\$ 6.08
≥ 100	7.66

Source: Water Utilities Department

Historical Rate Adjustments

Changes in revenue requirements during the past twenty years have resulted in the following changes in rates for the average residential customer. The overall system average residential customer usage is 7,000 gallons of water. Until December 1988, residential customers were also billed for up to 12,000 gallons of wastewater flows. At that time, the wastewater maximum for residential customers was reduced to 9,000 gallons. Since March 1990, wastewater flows have been based on average winter water consumption. Each residential customer's average winter wastewater flows are calculated according to their water use during the billing periods of December through March. The overall system winter average for a residential customer is approximately 4,000 gallons of wastewater flow.

**Water Rate Changes by Percent
Last Ten Fiscal Years
Average Residential Customer
Using 10,000 Gallons Water and 6,000 Gallons Wastewater**

<u>Fiscal Year</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
2012	0.1	1.8	0.9
2013	0	2.4	1.2
2014	9.7	8	8.8
2015	6.6	2.8	4.7
2016	9.7	1.5	5.7
2017	0	10.8	5.4
2018	3.7	8.7	6.2
2019	0.0	9.0	4.6
2020	0.0	5.5	2.9
2021	0.0	0.0	0.0

Source: Water Utilities Department

Operating Reserve

The current policy, authorized by the City Council, requires the operating reserve to equal a minimum of 60 days of the proposed operating and maintenance expense budget, excluding debt service (Resolution No. 11-363). Additionally, the reserve can be increased to a 60-day level using excess unbudgeted revenues, if available. The reserve fund balance as of September 30, 2021 was \$19,524,294 which equals 60 days of operating and maintenance expense.

Financial Information Concerning the Municipal Drainage Utility System (Stormwater)

Residential Monthly Drainage Utility Fee Rates

<u>Date of Rate Change</u>	<u>Flat Rate</u>
October 1, 2010	\$ 4.25
October 1, 2011	\$ 4.25
October 1, 2012	\$ 4.25
October 1, 2013	\$ 4.25
November 1, 2014	\$ 4.75
October 1, 2015	\$ 5.25
October 1, 2016	\$ 5.75
October 1, 2017	\$ 6.25
October 1, 2018	\$ 6.75
October 1, 2019	\$ 7.25
October 1, 2020	\$ 7.50
October 1, 2021	\$ 8.00

Source: Public Works & Transportation Department

Other Drainage Utility Fee Information

Failure to pay drainage utility fees promptly when due may subject users to discontinuance of any utility services provided by the City. Apartments are considered non-residential for the purpose of the calculation of the stormwater fee. Any non-residential property on which mitigation measures have been taken may be eligible for a credit to the stormwater fee. The Director of Public Works and Transportation shall adjust the fee for such properties according to the actual mitigative effect of the measures taken. Best Management Practices that were required as part of development plan approval will not be eligible for such credits.

Drainage Fee Revenue History⁽¹⁾

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Residential	\$ 10,768,801	\$ 10,290,061	\$ 9,507,434	\$ 8,794,458	\$ 7,990,445
Commercial	9,757,611	9,248,937	8,424,942	7,589,570	6,901,797
Total	\$20,526,412	\$19,538,998	\$17,932,376	\$16,384,028	\$14,892,242

Number of Accounts

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Residential	98,494	98,182	96,961	96,361	95,981
Commercial	5,453	5,436	5,395	5,632	5,348
Total	103,947	103,618	102,356	101,993	101,329

Source: Public Works & Transportation Department