

City of Arlington, Texas

RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

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Financial & Operating Data Disclosure Information

Fiscal Period Covered: FYE 2022

City of Arlington
(Tarrant County, Texas)



Annual Report

Updating Financial Information and

Operating Data

For

Fiscal Year Ending

September 30, 2022

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SECTION ONE: OUTSTANDING ISSUANCES

Permanent Improvement Bonds and Combination Tax and Revenue Certificates of Obligation

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SECTION TWO: CONTINUING DISCLOSURE TABLES

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

TABLE 1 - Current Investments

<u>Type of Investment</u>	<u>% Invested</u>
Federal Agencies	74.23
Statewide Pools ⁽¹⁾	17.01
Treasury Securities	2.46
Municipals	4.17
Cash	2.13
Totals	100.00%

Source: City’s Finance Department

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

As of September 30, 2022, the weighted average maturity of the City’s operating portfolio was 415 days, and the market value of the operating portfolio was 97 percent of its book value.

TABLE 2 – Authorized Permanent Improvement Bonds

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

Election Year	Bond Propositions	Authorized Amount	Previously Issued	Unissued
2018	Fire and Police	\$ 24,500	\$ 6,850	\$ 17,650
2018	City Facilities	8,000	3,200	4,800
2018	Parks and Recreation	19,165	10,345	8,820
2018	Streets and Transportation	137,835	69,255	68,580
	Total	\$ 189,500	\$ 89,650	\$ 99,850

Source: City’s Finance Department

TABLE 3 - Key Debt Ratios

Fiscal Year	Estimated Population ⁽¹⁾	<u>Estimated Taxable</u>	<u>Tax-Supported</u>	<u>Ratio of</u>	
		<u>Valuation</u>	<u>Debt Year Ended</u>	<u>Per Capita</u>	<u>Tax-Supported Debt</u>
		<u>Calendar Year⁽²⁾</u>	<u>Sept. 30⁽³⁾</u>		<u>Taxable Valuation</u>
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%
2022	399,560	31,664,722,384	640,830,000	1,604	2.02%

Source: City's Finance Department

- (1) Estimates from Census American Community Survey (ACS) are from 2018 and 2019. ACS's actual Census Decennial is used for 2020. North Central Texas Council of Governments used for 2021 and 2022.
- (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, subject to change in ensuing years. There is no self-supporting debt after 2019.
- (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	<u>Outstanding General</u>		Total Net Tax Supported Debt Service
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 49,415,000	\$ 21,898,217	\$ 71,313,217
2024	48,455,000	19,407,051	67,862,051
2025	46,670,000	17,635,578	64,305,578
2026	46,830,000	15,947,416	62,777,416
2027	45,040,000	14,295,201	59,335,201
2028	42,050,000	12,618,370	54,668,370
2029	39,565,000	11,206,567	50,771,567
2030	39,240,000	9,909,935	49,149,935
2031	37,685,000	8,646,756	46,331,756
2032	37,080,000	7,422,075	44,502,075
2033	35,755,000	6,240,018	41,995,018
2034	32,805,000	5,105,267	37,910,267
2035	30,835,000	4,091,257	34,926,257
2036	29,440,000	3,144,686	32,584,686
2037	27,145,000	2,326,682	29,471,682
2038	24,450,000	1,585,078	26,035,078
2039	10,625,000	928,100	11,553,100
2040	7,835,000	604,500	8,439,500
2041	5,750,000	364,600	6,114,600
2042	4,160,000	166,400	4,326,400
	\$ 640,830,000	\$ 163,543,753	\$ 804,373,753
Total Average Annual Debt Service			\$ 40,218,688

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 FY2022.

TABLE 6 - Tax Adequacy

The following analysis as of September 30, 2022, assumes 98 percent collection of ad valorem taxes levied against the City's fiscal year 2022 Taxable Valuation as certified by Tarrant Appraisal District in September 2022.

Average Annual Requirement (2023-2042)	\$40,218,688	
A tax rate of \$0.1296 per \$100 assessed valuation produces		\$40,218,688
Average Annual Requirement (10 year) (2023-2032)	57,101,716	
A tax rate of \$0.1840 per \$100 assessed valuation produces		57,101,716
Maximum Annual Requirement (2023)	71,313,217	
A tax rate of \$0.2298 per \$100 assessed valuation produces		71,313,217

Note: Amounts do not include self-supporting debt.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning Fund Balance	\$ 87,268	\$ 70,610	\$ 65,898	\$ 66,306	\$ 62,849
Revenues					
Ad Valorem Taxes	114,568	111,400	115,517	106,287	98,058
Sales Tax	83,733	72,649	63,715	66,983	62,598
Other Taxes	2,782	2,242	2,088	2,715	2,333
Franchise Fees	23,193	21,468	22,048	24,921	25,166
Service Charges	9,734	7,791	7,940	9,743	6,686
Interest	655	1,217	2,356	2,556	2,148
All Other	31,982	29,109	30,858	33,097	34,231
Total Revenues	<u>\$ 266,647</u>	<u>\$ 245,876</u>	<u>\$ 244,522</u>	<u>\$ 246,302</u>	<u>\$ 231,220</u>
Expenditures					
Total Expenditures	<u>\$ 259,336</u>	<u>\$ 225,288</u>	<u>\$ 250,366</u>	<u>\$ 251,338</u>	<u>\$ 237,273</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ 7,311</u>	 <u>\$ 20,588</u>	 <u>\$ (5,844)</u>	 <u>\$ (5,036)</u>	 <u>\$ (6,053)</u>
Other Financing Sources					
Operating Transfers	<u>\$ (12,163)</u>	<u>\$ (3,930)</u>	<u>\$ 10,556</u>	<u>\$ 4,628</u>	<u>\$ 9,510</u>
Ending Fund Balance	<u>\$ 82,416</u>	<u>\$ 87,268</u>	<u>\$ 70,610</u>	<u>\$ 65,898</u>	<u>\$ 66,306</u>

Source: City's Finance Department

TABLE 8 - Debt Service Fund Budget

Fiscal Year 2023

Beginning Fund Balance	\$ 5,135,283
Debt Service Revenues	68,734,396
Transfers In	1,536,324
Total Available for Debt Service	75,406,003
Debt Service Expenditures	(72,174,466)
Estimated Ending Fund Balance	\$ 3,231,537

Source: City’s Finance Department

TABLE 9 – Tax Rate Distribution and Collection Ratios

FY Ending 09/30	Estimated Net Taxable Value ⁽¹⁾	Tax Rate			Calculated Levy	% Collected ⁽²⁾	
		General Fund (M&O) Tax Rate	Debt Service (I&S) Tax Rate	Tax Rate		Current Year	Prior Years
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
2022	31,664,722,384	0.4098	0.2100	0.6198	196,257,949	94.99	94.92

Source: Tarrant Appraisal District and City’s 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	2022	2021	2020	2019	2018
Residential	53.86%	53.08%	51.51%	50.03%	50.17%
Commercial, Industrial, Retail	44.94%	45.74%	47.10%	48.10%	47.78%
Mineral	0.28%	0.27%	0.36%	0.56%	0.50%
Undeveloped	0.93%	0.92%	1.02%	1.31%	1.55%

Source: Tarrant Appraisal District

TABLE 11 - Top Ten Taxpayers

<u>Taxpayer</u>	<u>Total Taxable Value</u>
General Motors LLC/General Motors Corp.	\$ 298,910,750
Oncor Electric Delivery Co LLC	226,403,096
S2 Forest Ridge LP/S2 Machester/Valencia LLC	210,577,808
United Parcel Service Inc/BT-OH LLC	163,335,032
CPT Arlington Highlands Dev LP	162,974,572
BMF IV TX Aspen Court LLC/BMF IV TX Autumwood LLC	157,900,000
Parks at Arlington LP	129,035,750
Arlington Stadium Hotel Owner LLC/Arlington Live LLC	115,280,706
Polk Apartments LLC/East Lamar Apartments LLC	110,400,000
ATMOS Energy/Mid TEX Division	103,125,526
Total	\$ 1,677,943,240
Top ten taxpayers as % of total tax rolls	5.30%
Total tax roll	\$ 31,664,722,384

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>
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	72,648,805	186,978,051	38.9%	393,420	185
2022	83,733,059	196,257,949	42.7%	399,560	210

Source: City's 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 9/30	Principal	Interest	Total	% of Principal Retired
2023	\$ 24,245,000	\$ 8,774,527	\$ 33,019,527	
2024	23,465,000	8,090,746	31,555,746	
2025	22,640,000	7,376,532	30,016,532	
2026	22,630,000	6,698,364	29,328,364	
2027	22,635,000	5,953,280	28,588,280	36.1%
2028	21,465,000	5,228,275	26,693,275	
2029	19,695,000	4,547,975	24,242,975	
2030	19,670,000	3,962,180	23,632,180	
2031	18,550,000	3,413,461	21,963,461	
2032	18,550,000	2,894,602	21,444,602	66.7%
2033	17,715,000	2,426,007	20,141,007	
2034	17,270,000	1,975,430	19,245,430	
2035	16,430,000	1,538,675	17,968,675	
2036	15,515,000	1,149,781	16,664,781	
2037	13,200,000	819,517	14,019,517	91.7%
2038	10,350,000	550,180	10,900,180	
2039	8,715,000	353,485	9,068,485	
2040	3,215,000	212,338	3,427,338	
2041	3,215,000	127,738	3,342,738	
2042	1,015,000	41,869	1,056,869	100.0%
	\$ 320,185,000	\$ 66,134,958	\$ 386,319,958	
Average Annual Debt Service			\$ 19,315,998	

Source: City's Finance Department

TABLE 2 - Water and Wastewater System Statement of Net Position**Fiscal Year Ended September 30
(amounts in thousands)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets					
Cash and cash equivalents	\$ 24,432	\$ 31,862	\$ 33,823	\$ 32,062	\$ 25,453
Receivable (net of allowances for uncollectibles)	29,499	20,545	20,307	21,908	19,450
Inventory of supplies, at cost	4,402	1,923	1,231	1,054	1,846
Restricted assets:					
Bond contingency	30,296	29,730	28,581	28,359	23,044
Capital/Bond construction	232,440	243,646	211,247	237,918	148,506
Meter deposits	8,823	7,933	7,364	6,685	6,051
Property, plant and equipment less accumulated depreciation	826,651	774,659	742,103	725,125	698,422
Net Pension Asset	7,769	1,745	-	-	-
Total Assets	<u>\$ 1,164,312</u>	<u>\$ 1,112,043</u>	<u>\$ 1,044,656</u>	<u>\$ 1,053,111</u>	<u>\$ 922,772</u>
Deferred Outflows of Resources:					
Deferred Outflow and loss on debt refunding	\$ 4,123	\$ 4,891	\$ 16,229	\$ 10,814	\$ 5,991
Total Assets and Deferred Outflows of Resources	<u>\$ 1,168,435</u>	<u>\$ 1,116,934</u>	<u>\$ 1,060,885</u>	<u>\$ 1,063,925</u>	<u>\$ 928,763</u>
Liabilities and Net Position					
Current Liabilities:					
Accounts payable and accrued liabilities	\$ 5,052	\$ 7,883	\$ 4,494	\$ 4,834	\$ 3,414
Accrued compensated absences	86	67	86	93	98
Revenue bonds payable from unrestricted assets	11,393	6,249	9,367	8,496	1,567
Payable from restricted assets	31,800	34,836	26,160	27,363	28,975
Noncurrent Liabilities:					
Rebatable arbitrage payable	125	187	201	169	-
Compensated absences	2,163	2,666	2,409	2,096	1,962
Revenue bonds payable from unrestricted assets	298,741	317,098	291,334	314,873	225,969
Net pension liability	14,016	-	9,138	14,025	7,036
OPEB liability	9,316	9,398	8,174	7,797	7,972
Total Liabilities	<u>\$ 372,692</u>	<u>\$ 378,384</u>	<u>\$ 351,363</u>	<u>\$ 379,746</u>	<u>\$ 276,993</u>
Deferred Inflows of Resources:					
Deferred Inflows of Resources	\$ 9,346	\$ 2,450	\$ 2,677	\$ 2,947	\$ 3,905
Invested in Capital Assets					
Restricted	\$ 80,124	\$ 101,082	\$ 106,207	\$ 117,415	\$ 37,965
Unrestricted	30,376	32,106	41,606	31,450	27,210
Total Net Position	<u>\$ 786,397</u>	<u>\$ 736,100</u>	<u>\$ 706,845</u>	<u>\$ 681,232</u>	<u>\$ 647,865</u>
Total Liabilities and Net Position	<u>\$ 1,168,435</u>	<u>\$ 1,116,934</u>	<u>\$ 1,060,885</u>	<u>\$ 1,063,925</u>	<u>\$ 928,763</u>

Source: City's Finance Department

TABLE 3 - Historical Net Revenues Available for Debt Service**Fiscal Year Ended September 30
(amounts in thousands)**

<u>Revenues</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Water Sales	\$ 95,998	\$ 80,695	\$ 81,555	\$ 75,933	\$ 81,476
Wastewater Service	81,667	74,934	73,241	70,492	67,071
Interest Income/(Loss)	(5,754)	891	1,804	4,073	859
Other Income	15,212	14,272	10,251	8,764	7,411
Total Revenues	<u>\$ 187,123</u>	<u>\$ 170,792</u>	<u>\$ 166,851</u>	<u>\$ 159,262</u>	<u>\$ 156,817</u>
<u>Expenses</u>					
Labor Costs	\$ 15,045	\$ 16,788	\$ 16,962	\$ 16,834	\$ 15,519
Supplies	-	2,727	2,766	3,338	2,046
Maintenance	18,596	3,959	4,235	4,198	3,936
Water Purchase	20,305	24,289	20,406	19,781	22,622
Wastewater Treatment Contracts	38,599	39,310	38,731	36,780	34,550
Utilities	-	2,454	2,461	2,330	2,204
Other Expenses	1,418	10,157	4,449	4,493	4,327
Total Operating Expenses Before Depreciation	<u>\$ 93,963</u>	<u>\$ 99,684</u>	<u>\$ 90,010</u>	<u>\$ 87,754</u>	<u>\$ 85,204</u>
Net Revenues of the System	\$ 93,160	\$ 71,108	\$ 76,841	\$ 71,508	\$ 71,613
Interest During Construction Included Above	-	(3)	-	(1,129)	(786)
Net Revenues Available for Debt Service	<u>\$ 93,160</u>	<u>\$ 71,105</u>	<u>\$ 76,841</u>	<u>\$ 70,379</u>	<u>\$ 70,827</u>
Debt Service Paid ⁽¹⁾	\$ 31,526	\$ 29,243	\$ 30,971	\$ 24,899	\$ 21,823
Debt Service Coverage (times)	2.96 x	2.43 x	2.48 x	2.83 x	3.25 x
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Water Customers	106,516	105,884	105,180	104,140	103,333
Sewer Customers	104,590	104,028	103,328	102,266	101,463

Source: City's Finance Department

⁽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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Gross Operating Revenues	\$ 192,877	\$ 169,901	\$ 165,047	\$ 155,189	\$ 155,958
Interest Revenues (Excluding Interest During construction)	(5,754)	888	1,804	2,944	73
Operating Expenses Before Depreciation	(93,963)	(99,684)	(90,010)	(87,754)	(85,204)
Net Revenues Available for Debt Service	\$ 93,160	\$ 71,105	\$ 76,841	\$ 70,379	\$ 70,827
Average Annual Debt Service	\$ 19,316	\$ 19,401	\$ 18,874	\$ 19,514	\$ 14,744
Average Annual Debt Service Coverage (times)	4.82 x	3.67 x	4.07 x	3.61 x	4.80 x
Accounts Receivable to Gross Operating Revenues (%)	16%	12%	12%	14%	12%
Unrestricted Cash to Unrestricted Current Liabilities (times)	1.48 x	2.24 x	2.43 x	2.39 x	5.01 x
Unrestricted Current Assets to Unrestricted Current Liabilities (times)	3.53 x	3.83 x	3.97 x	4.10 x	9.20 x
Long-term Debt to Capital Assets Net Accumulated Depreciation (%)	36%	41%	39%	43%	32%

Source: City's Finance Department

TABLE 5 - Current Investments

<u>Type of Investment</u>	<u>% Invested</u>
Federal Agencies	74.23
Statewide Pools ⁽¹⁾	17.01
Treasury Securities	2.46
Municipals	4.17
Cash	2.13
Totals	100.00%

Source: City's Finance Department

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

As of September 30, 2022, the weighted average maturity of the City's operating portfolio was 415 days, and the market value of the operating portfolio was 97 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, 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
October 1, 2022	\$ 8.50

Source: City’s 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	\$ 11,578,318	\$ 10,768,801	\$ 10,290,061	\$ 9,507,434	\$ 8,794,458
Commercial	10,722,073	9,757,611	9,248,937	8,424,942	7,589,570
Total	\$ 22,300,391	\$ 20,526,412	\$ 19,538,998	\$ 17,932,376	\$ 16,384,028

<u>Number of Accounts</u>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	98,189	98,494	98,182	96,961	96,361
Commercial	6,402	5,453	5,436	5,395	5,632
Total	104,591	103,947	103,618	102,356	101,993

Source: City’s Public Works & Transportation Department

Note: Fee revenue does not include interest.

TABLE 3 – Debt Service Requirements

Fiscal Year Ending 9/30	Principal	Interest	Total	% of Principal Retired
2023	\$ 3,935,000	\$ 1,842,801	\$ 5,777,801	
2024	3,880,000	1,725,972	5,605,972	
2025	3,830,000	1,601,562	5,431,562	
2026	3,795,000	1,466,622	5,261,622	
2027	3,765,000	1,337,349	5,102,349	34.9%
2028	3,730,000	1,204,774	4,934,774	
2029	3,695,000	1,069,249	4,764,249	
2030	3,660,000	937,579	4,597,579	
2031	3,625,000	810,994	4,435,994	
2032	2,450,000	687,282	3,137,282	66.0%
2033	2,450,000	600,082	3,050,082	
2034	2,450,000	517,438	2,967,438	
2035	2,445,000	434,451	2,879,451	
2036	2,445,000	355,200	2,800,200	
2037	2,445,000	274,701	2,719,701	88.3%
2038	1,995,000	197,788	2,192,788	
2039	1,720,000	134,938	1,854,938	
2040	1,380,000	85,850	1,465,850	
2041	890,000	46,300	936,300	
2042	475,000	19,000	494,000	100.0%
	\$ 55,060,000	\$ 15,349,927	\$70,409,927	
Average Annual Debt Service			\$ 3,520,496	

Source: City's Finance Department

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

	Fiscal Years Ended September 30,				
	2022	2021	2020	2019	2018
Revenues					
Service Charges	\$ 22,072	\$ 20,526	\$ 19,650	\$ 18,014	\$ 16,384
Interest Revenue	339	121	-	365	250
Net Increase (decrease) Fair Value Investments	(1,888)	(35)	68	238	(121)
Other Income	3,512	(990)	(2,631)	(337)	(399)
Total Revenues	24,035.00	19,622.00	17,087.00	18,280.00	16,114.00
Expenses					
Salaries and Wages	2,772	2,699	2,397	2,105	2,028
Employee's Retirement	308	258	355	338	304
Supplies	-	60	53	61	72
Maintenance and Repairs	1,072	485	275	349	365
Utilities	-	19	17	22	21
Miscellaneous Services	441	752	1,193	722	1,113
Total Operating Expenses Before Depreciation	4,593.00	4,273.00	4,290.00	3,597.00	3,903.00
Net Revenues of the System	19,442	15,349	12,797	14,683	12,211
Transfers in/(out)	(2,281)	655	(1,504)	(904)	(1,785)
Net Remaining Revenues Available for Debt Service	\$ 17,161	\$ 16,004	\$ 11,293	\$ 13,779	\$ 10,426
Debt Service Paid	\$ 4,944	\$ 4,337	\$ 3,711	\$ 3,189	\$ 2,748

Source: City's Finance Department

TABLE 5 - Pro Forma Coverage
(amounts in thousands)

Maximum Principal and Interest Requirements, 2023	\$ 5,778
Coverage of Maximum Requirements by Fiscal Year End 2022 Revenues	4.16 x
Average Principal and Interest Requirements, 2023-2042	\$ 3,520
Coverage of Average Requirements by Fiscal Year End 2022 Revenues	6.83 x

Source: City's 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>% of Principal</u>
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> ⁽¹⁾	<u>Retired Principal</u>
<u>Ending 9/30</u>				<u>Retired</u>
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	10.94%
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	34.40%
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	62.77%
2042	19,550,000	8,798,700	28,348,700	
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%
	\$519,515,000	\$ 395,034,698	\$ 914,549,698	

Average Annual Debt Service \$ 35,174,988

Source: City's 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
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%
2022	48,212,638	18.2%	88.6%	3,211,381	35.9%	5.9%	995,860	8.1%	1.8%	2,000,000	0.0%	3.7%	54,419,879	18.1%

Source: City's Finance Department

Pledged Special Taxes – Debt Service Coverage

Fiscal Year	Debt Service	Total Pledged Special Tax Receipts	Debt Service Coverage
2018	\$ 18,614,838	\$ 34,907,209	1.88 x
2019	27,634,903	38,165,392	1.38 x
2020	29,381,593	37,983,926	1.29 x
2021	30,778,656	46,085,133	1.50 x
2022	29,912,199	54,419,879	1.82 x

Source: City's Finance Department

TIRZ Five Bonds – Tables 1 – 6

TABLE 1 – Selected Financial Information for TIRZ Five

	<u>The County</u>	<u>The Hospital District</u>	<u>The College District</u>
2022 Total Certified Taxable Assessed Valuation (a)	\$ 1,280,557,749	\$ 1,280,557,749	\$ 1,280,571,749
Less Tax Increment Base (b)	(704,406,197)	(704,406,197)	(704,420,197)
2022 Captured Appraised Value	\$ 576,151,552	\$ 576,151,552	\$ 576,151,552
Taxing Participants Tax Rate (c)	0.224000	0.224429	0.130170
Participation Rate (d)	70%	70%	50%
Tax Rate Contribution used to produce Tax Increments	0.156800	0.157100	0.065085
Estimated Tax Collection Rate (e)	98.50%	98.50%	98.50%
Projected Pledged Revenues from Tax Increments for Tax Year 2022 (Based on 2022 Captured Appraised Value)	889,855	891,559	369,363
2022 Total Pledged Revenues			<u>2,150,777</u>
Direct Debt Outstanding (including the Bonds)			\$ 9,505,000
Average Annual Debt Service (2023 - 2050)			\$ 594,354
Maximum Annual Debt Service (2038 and 2040)			\$ 614,800
Coverage of Pledged Tax Increment Revenues to Average Annual Debt Service based on: 2022 Captured Appraised Value (f)			3.62 x
Coverage of Pledged Tax Increment Revenues to Maximum Annual Debt Service based on: 2022 Captured Appraised Value (f)			3.50 x
Increment Expiration Date	12/31/2052 (g)	12/31/2031 (h)	12/31/2049 (i)
Year Final Payment to be Received for Expiration Year	2053	2032	2050

Source: City's Finance Department

(a) The 2022 certified taxable value shown is based on data provided by the Tarrant Appraisal District (the "Appraisal District"). The value is net of the tax exemptions provided by the Participants as well as any taxable value attributable to personal property.

(b) Certified appraised values are established annually by the Appraisal District for the current tax year but are subject to change for a number of years thereafter. The Tax Increment Base is the taxable value as of January 1, 2006, the year TIRZ Five was created.

(c) The tax rate shown is the tax rate adopted by each of the Participants for tax year 2022.

(d) Pursuant to the County Participation Agreement, the County agreed to participate in TIRZ Five by contributing 70% of the taxes collected by the County on the Captured Appraised Value in TIRZ Five. Pursuant to the Hospital District Participation Agreement, the Hospital District agreed to participate in TIRZ Five by contributing 70% of the taxes collected by the Hospital District on the Captured Appraised Value in TIRZ Five. Pursuant to the College District Participation Agreement, the College District agreed to participate in TIRZ Five by contributing 50% of the taxes collected by the College District on the Captured Appraised Value in TIRZ Five.

(e) The collection rate shown for TIRZ Five is an estimate based on historic performance; however, the actual collection rate may differ.

(f) Pledged Revenues do not include the City tax increment, which is not pledged as security for the Bonds or otherwise available to pay debt service on the Bonds.

(g) The County's contribution will continue until (i) the year that the total revenue from all of the Participants exceeds \$111,202,453, which is currently expected in 2045, or (ii) December 31, 2052 (final payment to be received in 2053), whichever occurs first.

(h) There is no maximum participation revenue amount for the Hospital District. The Hospital District's contribution will continue until December 31, 2031 (final payment to be received in 2032).

(i) The College District's contribution will continue until December 31, 2049 (final payment to be received in 2050) or until the year after the total revenue received from the College District reaches the Maximum College District Participation. It is not expected that the College District's cap will be reached prior to 2049.

TABLE 2 – Debt Service Requirements

Fiscal Year Ending 9/30	Principal	Interest	Total	% of Principal Retired
2023	\$ -	\$410,500	\$ 410,500	
2024	-	410,500	410,500	
2025	100,000	410,500	510,500	
2026	205,000	405,500	610,500	
2027	215,000	395,250	610,250	
2028	230,000	384,500	614,500	
2029	240,000	373,000	613,000	10.4%
2030	250,000	361,000	611,000	
2031	265,000	348,500	613,500	
2032	275,000	335,250	610,250	
2033	290,000	321,500	611,500	
2034	305,000	307,000	612,000	
2035	320,000	291,750	611,750	
2036	335,000	275,750	610,750	31.9%
2037	355,000	259,000	614,000	
2038	370,000	244,800	614,800	
2039	380,000	230,000	610,000	
2040	400,000	214,800	614,800	
2041	415,000	198,800	613,800	
2042	430,000	182,200	612,200	
2043	445,000	165,000	610,000	61.3%
2044	465,000	147,200	612,200	
2045	485,000	128,600	613,600	
2046	505,000	109,200	614,200	
2047	525,000	89,000	614,000	
2048	545,000	68,000	613,000	
2049	565,000	46,200	611,200	
2050	590,000	23,600	613,600	100.0%
	<u>\$ 9,505,000</u>	<u>\$ 7,136,900</u>	<u>\$ 16,641,900</u>	

Average Annual Debt Service \$ 594,354

Source: City's Finance Department

TABLE 3 – Breakdown of Taxable Assessed Value by Category

	Tax Year				
	2022	2021	2020	2019	2018
Residential Single Family	\$ 62,478,828	\$ 53,708,737	\$ 47,605,553	\$ 41,545,645	\$ 33,589,454
Single Family Interim Use	290,732	98,107	98,107	98,107	60,064
Multi-Family Commercial	120,492,000	103,030,487	92,600,000	87,090,000	81,443,744
Vacant Land Residential	543,353	442,333	603,437	574,463	278,462
Vacant Land Commercial	27,580,831	28,233,409	28,006,138	38,392,257	31,708,153
Commercial Land w/Imp Value	5,025,642	4,055,717	3,978,662	3,453,508	7,359,215
Commercial	1,062,205,704	944,942,439	1,029,787,087	1,099,023,921	837,778,870
Industrial	1,148,070	1,027,960	1,117,620	1,022,880	1,015,392
Comm.Utility Electric Co	566,701	666,708	666,708	666,708	666,708
Comm Utility Phone Co	225,888	481,000	481,000	481,000	257,600
Vacant Right of Way	-	-	-	-	-
Total	\$1,280,557,749	\$1,136,686,897	\$1,204,944,312	\$1,272,348,489	\$994,157,662

Source: Tarrant Appraisal District

TABLE 4 – Principal Taxpayers in TIRZ Five

Taxpayer	Type of Business	Tax Year 2022 Taxable Assessed Valuation	Percent of Total Taxable Value
Live! by Loews Hotel	Hotel	\$ 61,500,000	4.80%
Six Flags Over Texas	Entertainment	57,352,858	4.48%
Texas Live!	Entertainment	52,280,706	4.08%
Lincoln Square	Retail	38,774,760	3.03%
Sheraton Arlington	Hotel	37,268,000	2.91%
Enclave Apts	Apartment	35,700,000	2.79%
Hilton Hotel	Hotel	35,000,000	2.73%
DR Horton	Office/Parking	31,680,000	2.47%
Summit Ridge Apts	Apartment	31,200,000	2.44%
Ballpark Circle Office / Siemens Dematic	Office	27,000,000	2.11%
Total		\$ 407,756,324	31.84%
Total tax roll		\$ 1,280,557,749	

Source: Tarrant Appraisal District

TABLE 5 – Participation Tax Rates

Tax Year	Tarrant County		The Hospital District		The College District	
	Tax Rate	Participation Tax Rate (70%)	Tax Rate	Participation Tax Rate (70%)	Tax Rate	Participation Tax Rate (50%)
2018	0.2340	0.1638	0.2244	0.1571	0.1361	0.0680
2019	0.2340	0.1638	0.2244	0.1571	0.1302	0.0651
2020	0.2340	0.1638	0.2244	0.1571	0.1302	0.0651
2021	0.2290	0.1603	0.2244	0.1571	0.1302	0.0651
2022	0.2240	0.1568	0.2244	0.1571	0.1302	0.0651

Source: Tarrant Appraisal District

TABLE 6 – Tax Increment Collections From Participants

Tax Year	County and Hospital District			The College District			Total Tax Increments Collected	Percent of Total Collections⁽²⁾
	Base Value	Taxable Value	Captured Appraised Value⁽¹⁾	Base Value	Taxable Value	Captured Appraised Value⁽¹⁾		
2018	\$704,406,197	\$ 994,157,662	\$ 289,751,465	\$704,420,197	\$ 994,192,662	\$ 289,737,465	\$ 1,123,054	99.65%
2019	704,406,197	1,272,348,489	567,942,292	704,420,197	1,272,383,489	567,928,292	2,139,069	97.58%
2020	704,406,197	1,204,944,312	500,538,115	704,420,197	1,204,965,312	500,524,115	1,811,080	93.74%
2021	704,406,197	1,136,686,897	432,280,700	704,420,197	1,136,700,897	432,266,700	1,561,301	98.08%
2022	704,406,197	1,280,557,749	576,151,552	704,420,197	1,280,571,749	576,151,552	2,150,777 *	98.50% *

Source: City's Finance Department

- (1) Pledged Revenues do not include the City tax increment, which is not pledged as security for the Bonds or otherwise available to pay debt service on the Bonds.
- (2) The collection rate shown for TIRZ Five is an estimate based on historic performance; however, the actual collection rate may

* Estimates to be collected in June 2023

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 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 home rule charter (the "City 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 three-year terms. Council member positions and the Mayor are term-limited to three three-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 two 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 & Legislative Affairs, and Office of Strategic Initiatives. Prior to becoming the 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 February 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 Parks and Recreation. He received a bachelor's degree in economics from Hampton University and a master's degree in public administration from Texas Southern University.

Chief Equity Officer – Mr. Troy Williams – with the City since July 2022. Mr. Williams leads the Office of Business Diversity. He received a bachelor's degree in marketing from Howard University, a master's degree in public administration from American University, and master's degree in adult education administration from Coppin State University, and Juris Doctor Degree from the university of Maryland School of Law.

Director of Finance, CFO – April Nixon – with the City since November 1992 to 2013 and then October 2022 to present. Ms. Nixon received a bachelor's degree in journalism from the University of Texas at Austin and a master's degree in business administration from Texas Wesleyan University.

City Attorney – Ms. Molly Shortall – with the City since January 2007. Ms. Shortall serves as the City's Attorney. Prior to being the City's Attorney, Ms. Shortall was an Assistant City Attorney. Ms. Shortall received an honors bachelor's degree in political science from Texas Tech University and a Juris Doctor Degree from Texas Tech University School of Law.

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, seven 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
2022	399,560	333,808,633

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

Unemployment Rate

<u>Region</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Arlington	3.9	6.1	6.8	3.4	3.5
Texas	4.3	6.5	6.7	3.5	3.9
United States	3.8	6.0	7.3	3.7	4.0

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	2,755
J.P. Morgan Chase	1,965
Texas Rangers Baseball Club	1,881
Total	39,548

Source: City's Economic Development Department

Building Permits

	2022		2021		2020	
	Permits	Declared Value	Permits	Declared Value	Permits	Declared Value
New Single Family	649	\$ -	761	\$ -	776	\$ 170,004,697
New Multifamily	297	204,163,700	199	538,621,479	33	97,733,876
New Commercial	127	283,105,545	105	117,095,620	77	75,067,470
Other	7,576	577,639,329	8,543	448,887,849	8,637	318,282,249
Total	8,649	\$ 1,064,908,574	9,608	\$ 1,104,604,948	9,523	\$ 661,088,292

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

Source: City's 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 Granular Activated Carbon (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 invested more than \$213 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 1,456 miles of pipe that are public. The City has 112,922 water meters of which 77.57% 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
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
2022	57.61	105.08

Source: Water Utilities Department

Water Supply

The Tarrant Regional Water District (TRWD) 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 TRWD 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 enhancement included substantial completion of the Phase I & II of the Integrated Pipeline Project 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 2021–2022 fiscal year, the budgeted monthly purchase price to be paid by the City under the revised water contract is \$2,092,039, which results in a rate of approximately \$1.25503 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)

<u>Property Type</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	27.28	23.71	25.45	22.16	26.83
Commercial	9.12	8.34	8.18	9.07	9.32
Fire lines, Sprinklers	4.97	3.69	4.27	3.44	5.07
Apartment Units	7.97	7.52	7.55	7.51	7.84
Mobile Homes,	0.43	0.44	0.44	0.43	0.44
Wholesale	1.71	1.10	1.13	0.64	0.40
Total	51.48	44.80	47.02	43.25	49.90

Source: Water Utilities Department

Number of Units Served

<u>Property Type</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	99,340	97,780	98,121	97,099	96,339
Commercial	5,003	4,987	4,932	4,937	4,918
Fire lines, Sprinklers	1,179	1,153	1,164	1,140	1,115
Apartment Units	46,361	46,222	45,901	45,848	45,802
Condominiums,	2,150	2,147	2,144	2,122	2,125
Total	154,033	152,289	152,262	151,146	150,299

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	357,948	\$ 1,295,452
University Texas at Arlington	308,690	1,570,199
Arlington ISD	192,819	1,488,653
City of Arlington	191,002	1,601,007
Six Flags Over Texas	98,873	424,961
Mansfield ISD	87,778	728,839
AT&T Stadium (Cowboys)	64,703	365,862
Hurricane Harbor	63,111	238,746
Globe Life Field (Texas Rangers)	60,323	299,117
Arlington Memorial Hospital	54,501	241,540
Total	1,479,748	\$ 8,254,375

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 MG</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>
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
2022	112,922	21,027	57.61	105.08	510	1.82

Source: Water Utilities Department

Treated Water Sales

The City of 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 respective agreement, 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 1,249 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 189 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
12,576	12,788	13,194	14,473	12,660

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 parts 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, 2022, the volume of contributing flow by the City is estimated to average 36.307 MGD, which amounts to approximately 25.202 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 2023 was \$41,226,313.

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 \$8.50 which went into effect on October 1, 2022. 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 below. 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 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 stadium, 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 motor vehicle parked in the 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 Cowboys 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 stadium 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 Cowboys 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 Cowboys Complex is \$1,109,951,954 with accumulated depreciation of \$312,582,199.54.

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 Cowboys 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 Cowboys 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, 2022, outstanding conduit debt was \$121,245,000.

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 Cowboys Complex for a minimum of 31 years after opening the Cowboys Complex. 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 Cowboys Complex. 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 (MLB). 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 MLB 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 Rangers 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 Rangers Complex. The lease is accounted for as an operating lease. The cost of the Rangers Complex is \$1,284,106,396.00 with accumulated depreciation of \$68,756,451.68.

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, 2022, outstanding conduit debt was \$313,739,000.

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.

TIRZ Five

Description of Tax Increment Reinvestment Zone

The City of Arlington (the “City”) along with other participating entities, which are Tarrant County (the “County”), the Tarrant County Hospital District (the “Hospital District”) and the Tarrant County College District (the “College District”) have established three Tax Increment Reinvestment Zones (the “TIRZ”). The City and County have also created a fourth zone without the Hospital District and the College District.

Each taxing unit participating in a zone is to pay Tax Increments into the TIRZ that are equal to the amount arrived at by multiplying the Captured Appraised Value in the zone by the taxing unit’s contributed tax rate per \$100 of valuation for the tax year and then multiplying that product by the taxing unit’s collection percentage, subject to any aggregate limitation. The collection percentage is determined by comparing the taxes collected from all taxable real property in the zone to the total taxes due to the taxing unit for the tax year from all real property in the zone.

TIRZ Five Project

The City of Arlington, Texas Tax Increment Reinvestment Zone #5 (the “TIRZ Five”) is located approximately 2 miles northeast of Downtown Arlington, Texas. TIRZ Five area encompasses approximately 2,187 acres and is generally defined by Lamar Boulevard to the north, the Union Pacific Railroad to the south, State Highway 360 to the east and Collins Street to the west. In addition to other areas, TIRZ Five encompasses the Arlington Entertainment District.

The participants in TIRZ Five, as it relates to the Bonds, are the County, the Hospital District and the College District (each a “Participant” and together, the “Participants”). The City is also a TIRZ Five participant at 100% through December 31, 2052, but the City’s tax increment is not pledged to the Bonds.

TIRZ Five Debt

On December 21, 2021, the City issued \$9,505,000 Tax Increment Revenue Bonds, Series 2021 (the “Series 2021 Bonds”). The proceeds from the sale of the Bonds are being used to provide funds for projects in TIRZ Five including: water, sanitary sewer, and storm water facilities and improvements; public parking improvements; street and intersection improvements; open space and park improvements; a deposit to the Debt Service Reserve Fund; paying capitalized interest; and paying the costs of issuance of the Bonds.

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 Chapter 2256 of the Texas Government Code, as amended (the "Act"), the City is authorized to invest in the following:

- (1) Obligations of United States Treasuries (Maximum – 100% of portfolio; 100% per issuer).
- (2) Obligations of United States agencies and Instrumentalities, including FHLB, (Maximum – 100% of portfolio; 35% per issuer)
- (3) 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, or 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 (Maximum – 100% of portfolio; 10% per issuer).
- (4) 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 (Maximum – 10% of portfolio; 2% per issuer).
- (5) 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 (Maximum – 10% of portfolio; 2% per issuer).
- (6) 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 (Maximum – 50% of portfolio; 20% per issue).
- (7) 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 (Maximum – 40% of portfolio (excluding flexible repos for bond proceeds); 15% per counterparty (excluding flexible repos for bond proceeds)).
- (8) 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 (Maximum – 20% of portfolio; 5% per issue).
- (9) Guaranteed investment contracts for bond proceeds only in accordance with the conditions prescribed in Section 2256.015 of the Act (Maximum – 100% of bond proceeds).

- (10) 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 (Maximum – 100% of portfolio; 15% per fund).
- (11) 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 (Maximum – 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, 2022, the City’s operating funds were invested in the following categories of investments:

<u>Type of Investment</u>	<u>% Invested</u>
Federal Agencies	74.23
Statewide Pools ⁽¹⁾	17.01
Treasury Securities	2.46
Municipals	4.17
Cash	2.13
Totals	100.00%

Source: City’s Finance Department

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

As of September 30, 2022, the weighted average maturity of the City’s operating portfolio was 415 days, and the market value of the operating portfolio was 97 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. The property tax rate for Fiscal Year 2022 was \$0.6198 per \$100 assessed value and was decreased to \$0.5998 for Fiscal Year 2023.

The following table details the ad valorem tax-supported debt of the City as of September 30, 2022:

Total Outstanding Ad Valorem Tax-Supported Debt	\$ 640,830,000
Less Self-Supporting Debt	-
Ad Valorem Tax-Supported Debt Less Self Supporting Debt	<u>\$ 640,830,000</u>

Source: City's Finance Department

Rapidity of Principal Retirement All Ad Valorem Tax-Supported Debt As of September 30, 2022 (amounts in thousands)

<u>Maturing Within</u>	<u>Amount Maturing</u>	<u>Percent of Total Debt Outstanding</u>
5 years	\$ 236,410,000	37%
10 years	\$ 432,030,000	67%
15 years	\$ 588,010,000	92%
20 years	\$ 640,830,000	100%

Source: City's 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⁾	\$ 640,830,000	9/30/2022	100.00%	\$ 640,830,000
Arlington Independent School District	1,185,949,956	9/30/2022	80.34%	952,792,195
Fort Worth Independent School District	1,318,830,000	9/30/2022	0.29%	3,824,607
Hurst-Euless-Bedford Independent School District	321,965,000	9/30/2022	5.48%	17,643,682
Kennedale Independent School District	19,240,025	9/30/2022	56.64%	10,897,550
Mansfield Independent School District	824,064,839	9/30/2022	29.22%	240,791,746
Tarrant County	404,360,000	9/30/2022	16.39%	66,274,604
Tarrant County College District	610,315,000	9/30/2022	15.85%	96,734,928
Tarrant County Hospital District	12,825,000	9/30/2022	15.85%	2,032,763
Viridian Municipal Management District	209,000,000	9/30/2022	100.00%	209,000,000
Total Direct and Overlapping Debt				\$ 2,240,822,074

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 \$99,850,000 in unissued permanent improvement bonding authority as of September 30, 2022.

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

<u>Department</u>	<u>Proposed 2023</u>	<u>Preliminary 2024</u>	<u>Preliminary 2025</u>	<u>Preliminary 2026</u>	<u>Preliminary 2027</u>
2018 Fire Total	\$ 9,450	\$ 8,200	\$ -	-	-
2018 Asset Management Total	4,800	-	-	-	-
2018 Parks & Recreation Total	20,227	7,515	-	-	-
2018 Public Works & Trans. Total	32,315	24,865	11,400	-	-
Bond Election 2023	-	37,185	48,600	62,500	65,000
Grand Total	\$ 66,792	\$ 77,765	\$ 60,000	\$ 62,500	\$ 65,000

Source: City's Finance Department

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>
2023	\$ 41,770	\$ 7,713	\$ 34,057
2024	62,235	40,434	21,801
2025	63,660	42,458	21,202
2026	41,350	20,348	21,002
2027	42,235	21,733	20,502

Source: City's 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>
2023	\$ 19,325	\$ 5,000	\$ 14,325
2024	24,925	14,000	10,925
2025	30,090	20,000	10,090
2026	23,920	13,000	10,920
2027	24,190	14,000	10,190

Source: City's Finance Department

SECTION FIVE: FINANCIAL INFORMATION

Financial Information Concerning the City

**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
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	72,649	2,242	8,273	29,259	226,081
2022	114,568	83,733	2,782	11,316	32,927	245,326

Source: City's 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
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	26,762,501,226	2.63	3,164,183,370	5.53	109,950,051	(35.25)	30,036,634,647	2.73
2022	28,408,778,755	6.15	3,168,342,834	5.91	87,600,795	(48.41)	31,664,722,384	8.30

Source: Tarrant Appraisal District and City's 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>% Collected</u> ⁽²⁾		
		<u>General Fund</u> <u>(M&O) Tax</u> <u>Rate</u>	<u>Debt Service</u> <u>(I&S) Tax Rate</u>	<u>Tax</u> <u>Rate</u>	<u>Calculated</u> <u>Levy</u>	<u>Current</u> <u>Year</u>	<u>Prior</u> <u>Years</u>
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
2022	31,664,722,384	0.4098	0.2100	0.6198	196,257,949	94.99	94.92

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>
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%
2022	191,434,116	1,396,722	0.73%

Source: City's 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 Rangers Project 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>
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	72,648,805	186,978,051	38.9%	393,420	185
2022	83,733,059	196,257,949	42.7%	399,560	210

Source: City’s 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>
2018	\$ 9,259,526
2019	9,794,763
2020	6,707,237
2021	8,273,049
2022	11,316,494

Source: City’s Finance Department

Tax Incentive Agreement Totals

Tax Abatement	FY22 Tax Year 2021	FY21 Tax Year 2020	FY20 Tax Year 2019	FY19 Tax Year 2018	FY18 Tax Year 2017
Property Tax	\$ 6,298,377	\$ 5,445,385	\$ 5,471,824	\$ 3,109,687	\$ 1,931,077
Sales Tax	11,468,791	8,509,817	4,408,596	1,814,745	157,628
Hotel Occupancy Tax	1,485,938	1,025,538	599,753	124,390	10,000
Mixed Beverage Taxes	347,669	285,019	205,246	9,460	-
Other	1,326,856	166,472	94,502	104,177	2,099,168
Totals	\$ 20,927,631	\$ 15,432,231	\$ 10,779,921	\$ 5,162,459	\$ 4,197,873

Source: City's Finance Department

As of September 30, 2022, the City of Arlington (City) provides for tax abatements and tax rebates through two mechanisms – Tax Abatement Agreements and Chapter 380 Agreements. The City's Tax Abatements are authorized under Chapter 312 of the Texas Tax Code and the City's Policy Statement for Tax Abatement. Under a tax abatement agreement, the taxable value is reduced by a specific percentage, and the amount of the abatement is deducted from the recipient's tax bill. The City's tax abatements are administered by Tarrant Appraisal District. Chapter 380 agreements are authorized under VTCA Local Government Code Chapter 380 and the City's Chapter 380 Economic Development Programs Policies and Procedures. Under a 380 agreement, the recipient pays the total taxes due to the City, and the City rebates a portion of taxes paid based on the terms of the agreement.

For financial reporting purposes, a tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. A transaction's substance, not its form or title, is the key factor in determining whether the transaction meets the definition of a tax abatement for the purpose of this disclosure. Therefore, the City's 380 agreements are being disclosed, as the substance of the rebates meets the definition of a tax abatement for purposes of financial reporting.

The City provides tax abatements for economic development in three categories – (1) Development and Redevelopment, (2) Recruitment, and (3) Retention.

Tax Abatement Program

Program	Property Tax	Sales Tax	Hotel Occupancy Tax	Mixed Beverage Taxes	Other Commitments
Development/Redevelopment	821,918	271,004	1,485,938	347,669	1,145,322
Recruitment	1,027,426	11,197,788			155,733
Retention	4,449,033				25,801
Total Tax Abated	6,298,377	11,468,791	1,485,938	347,669	1,326,856

For the fiscal year ended September 30, 2022, the City's property tax revenues were reduced by \$6,298,377 under active tax abatement and Chapter 380 agreements for Development/Redevelopment, Recruitment, and Retention. Sales tax revenues were reduced by a total of \$11,468,791 for Development/Redevelopment and Recruitment abatements. Hotel occupancy tax revenues were reduced by \$1,485,938 and mixed beverage taxes were reduced by \$347,669 for Development/Redevelopment abatements. In addition to tax abatements/rebatements, recipients qualified for \$1,326,856 in other commitments from the City in the form of fee waivers and hiring grants.

As a result of the City's tax abatement/rebate program, the property tax base increased by more than \$1.6 billion with property value growth of more than 1,000% above the base year value. The projects receiving abatements/rebatements of the City's sales tax, hotel occupancy tax, and mixed beverage taxes generated more than \$28 million in local tax revenue, of which 47% was rebated.

Tax revenues were reduced as a result of the City's tax abatement agreements only; no other governments' tax abatement agreements caused a reduction in the City's tax revenues. However, the City may also act as a conduit for the refunding of state sales, hotel occupancy, and mixed beverage taxes generated by a qualifying project under Sections 151.429 (h), 351.102, and 351.1022 of the Texas Tax Code, Section 2303.5055 of the Texas Government Code, and other applicable laws.

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 October 1, 2022

<u>Meter Size</u>		<u>Water</u>		<u>Wastewater</u>
5/8 x 3/4" (\leq 2,000 gal)	\$	7.46	\$	8.03
5/8 x 3/4" (\geq 3,000 gal)		10.82		13.60
1"		21.96		25.44
1 1/2"		52.57		56.36
2"		91.77		94.88
3"		216.40		293.24
4"		344.43		437.52
6"		802.16		1,190.25
8"		1,254.23		1,568.18
10"		1,885.31		2,268.48

Source: Water Utilities Department

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

RESIDENTIAL

<u>Usage (1,000 gal)</u>		<u>Water</u>		<u>Wastewater</u>
0 - 2	\$	2.12	\$	5.39
3 - 10		2.93		5.39
11 - 15		4.22		5.39
16 - 29		6.09		5.39
≥ 30		7.33		5.39

COMMERCIAL

<u>Usage (1,000 gal)</u>		<u>Water</u>		<u>Wastewater</u>
0 - 15	\$	3.56	\$	5.39
≥ 16		3.76		5.39

IRRIGATION

<u>Usage (1,000 gal)</u>		<u>Rate</u>
0 - 29	\$	6.09
≥ 30		7.33

CONSTRUCTION

<u>Usage (1,000 gal)</u>		<u>Rate</u>
0 - 99	\$	6.57
≥ 100		8.27

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>
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
2022	2.9	3.0	2.9

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, 2022, 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, 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
October 1, 2022	\$ 8.50

Source: City’s 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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	\$ 11,578,318	\$ 10,768,801	\$ 10,290,061	\$ 9,507,434	\$ 8,794,458
Commercial	10,722,073	9,757,611	9,248,937	8,424,942	7,589,570
Total	\$ 22,300,391	\$ 20,526,412	\$ 19,538,998	\$ 17,932,376	\$ 16,384,028

Number of Accounts

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	98,189	98,494	98,182	96,961	96,361
Commercial	6,402	5,453	5,436	5,395	5,632
Total	104,591	103,947	103,618	102,356	101,993

Source: City’s Public Works & Transportation Department