OFFICIAL STATEMENT DATED JUNE 10, 2008

NEW ISSUE – Book-Entry-Only

Ratings: Moody's:	"Aa2"
Standard & Poor's:	"AA+"
Fitch Ratings:	"AA"

In the opinion of Bond Counsel interest on the 2008B Certificates is excludable from gross income for federal income tax purposes under existing law and the 2008B Certificates are not private activity bonds. See "Tax Exemption" for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.

$34,010,000
CITY OF ARLINGTON, TEXAS
(Tarrant County, Texas)
Combination Tax and Tax Increment Reinvestment Zone Revenue Certificates of Obligation, Series 2008B

Dated: June 1, 2008 Due: August 15, as shown below

The $34,010,000 City of Arlington, Texas, Combination Tax and Tax Increment Reinvestment Zone Revenue Certificates of Obligation, Series 2008B (the "2008B Certificates") will be issued in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2008B Certificates. Individual purchases will be made in book-entry form only, in principal amounts of $5,000 or multiples thereof within a maturity. Interest on the 2008B Certificates will be payable on February 15 and August 15 of each year, commencing February 15, 2009 until maturity or prior redemption.

MATURITY SCHEDULE

SERIAL CERTIFICATES

Maturity (August 15)	Amount	Interest Rate	Price or Yield	CUSIP Number (1)	Maturity (August 15)	Amount	Interest Rate	Price or Yield	CUSIP Number (1)
2013	$1,010,000	3.500%	3.170%	0417905V4	2022	$1,485,000	4.500%	4.310% (2)	0417906E1
2014	1,045,000	3.625%	3.310%	0417905W2	2023	1,550,000	5.000%	4.340% (2)	0417906F8
2015	1,085,000	3.750%	3.460%	0417905X0	2024	1,625,000	4.625%	4.490% (2)	0417906G6
2016	1,125,000	4.500%	3.610%	0417905Y8	2025	1,705,000	5.000%	4.470% (2)	0417906H4
2017	1,175,000	4.500%	3.740%	0417905Z5	2026	1,790,000	5.000%	4.520% (2)	0417906J0
2018	1,230,000	5.250%	3.860%	0417906A9	2027	1,875,000	5.000%	4.560% (2)	0417906K7
2019	1,295,000	4.000%	4.030%	0417906B7	2028	1,970,000	4.500%	4.680%	0417906L5
2020	1,345,000	5.000%	4.130% (2)	0417906C5	2029	2,060,000	4.500%	4.710%	0417906M3
2021	1,415,000	5.000%	4.210% (2)	0417906D3					

TERM CERTIFICATES

$9,225,000 4.625% Term Certificates Due August 15, 2033; Price to Yield 4.780% 0417906R2

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the City, the Underwriter nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

(2) Priced to the stated yield to the first optional redemption date, August 15, 2018.

This cover page contains information for quick reference only. It is *not* a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The City is also delivering, simultaneous with the 2008B Certificates, its $39,880,000 Permanent Improvement and Refunding Bonds, Series 2008 (the "Bonds") and $5,920,000 Combination Tax and Revenue Certificates of Obligation, Series 2008A (the "2008A Certificates"). The Bonds and the 2008A Certificates were offered and sold independently pursuant to a separate Official Statement and are distinct and separate securities from the 2008B Certificates.

The City reserves the right, at its option, to redeem 2008B Certificates having stated maturities on and after August 15, 2019, in whole or in part in the principal amounts of $5,000 or any integral multiple thereof, on August 15, 2018, or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption (see "THE 2008B CERTIFICATES – Optional Redemption").

The 2008B Certificates are offered for delivery when, as and if issued, subject to the approving opinions of the Attorney General of the State of Texas and of Vinson & Elkins L.L.P., Bond Counsel. The opinion of Bond Counsel will be printed on or attached to the 2008B Certificates (see APPENDIX C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriter by Fulbright & Jaworski L.L.P., Dallas, Texas.

It is expected that the 2008B Certificates will be delivered through the facilities of DTC on or about July 3, 2008.

PIPER JAFFRAY & CO.

CITY OF ARLINGTON

Elected Officials

		Length of Service	Term Expires	Occupation
Robert Cluck, M.D.	Mayor	8 years (1)	May 2009	Doctor
Ron Wright (3)	Mayor Pro Tem	7 years	May 2008	Congressman's District Director
Mel LeBlanc	Council Member	1 year	May 2010	Account Manager
Sheri Capehart	Council Member	6 years (2)	May 2010	Computer Security Analyst, Retired
Robert Rivera	Council Member	2 years	May 2009	Real Estate Developer
Kathryn Wilemon	Council Member	4 years	May 2009	Community Volunteer
Lana Wolff	Council Member	4 years	May 2009	Community Volunteer
Steve McCollum (3)	Council Member	7 years	May 2008	Small Business Owner
Gene Patrick	Council Member	4 years	May 2009	Small Business Owner

(1) Served as Council member from May 2000 to May 2003 and elected Mayor in May 2004.
(2) Served as Council member from May 1999 to May 2003.
(3) The City will hold a run-off election for these positions on June 14, 2008. The current council members did not run for re-election, but will serve until the council members elected at the June 14, 2008 run-off election take the oath of office. The Council members elected at the June 14, 2008 run-off election will serve terms that expire in May 2010.

Appointed Officials

Name	Position	Years of Employment With City
Jim Holgersson	City Manager	3
Fiona Allen	Deputy City Manager – Capital Investment	17
Gilbert Perales	Deputy City Manager – Neighborhood Services	2
Trey Yelverton	Deputy City Manager – Economic Development	15
Bob Byrd	Deputy City Manager – Strategic Support	23
Anna Mosqueda	Director, Financial Services	3
Jay Doegey	City Attorney	22
Karen Barlar	City Secretary	16

ADVISORS

Independent Public Auditors.. Deloitte & Touché, LLP
Dallas, Texas

Bond Counsel.. Vinson & Elkins L.L.P.
Dallas, Texas

Financial Advisor... Public Financial Management, Inc.
Austin, Texas

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell and is not to be used in an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth in this Official Statement has been furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. The delivery of this Official Statement at any time does not imply that the information herein is correct as to any time subsequent to its date. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

The price and other terms representing the offering and sale of the 2008B Certificates may be changed from time to time by the Underwriter after the 2008B Certificates are released for sale, and the 2008B Certificates may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the 2008B Certificates into investment accounts. In connection with the offering and sale of the 2008B Certificates, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the 2008B Certificates at a level above that which might otherwise prevail in open markets. Such stabilizing, if commenced, may be discontinued at any time.

THE 2008B CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE 2008B CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE 2008B CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED FROM REGISTRATION SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED ANY OF THE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

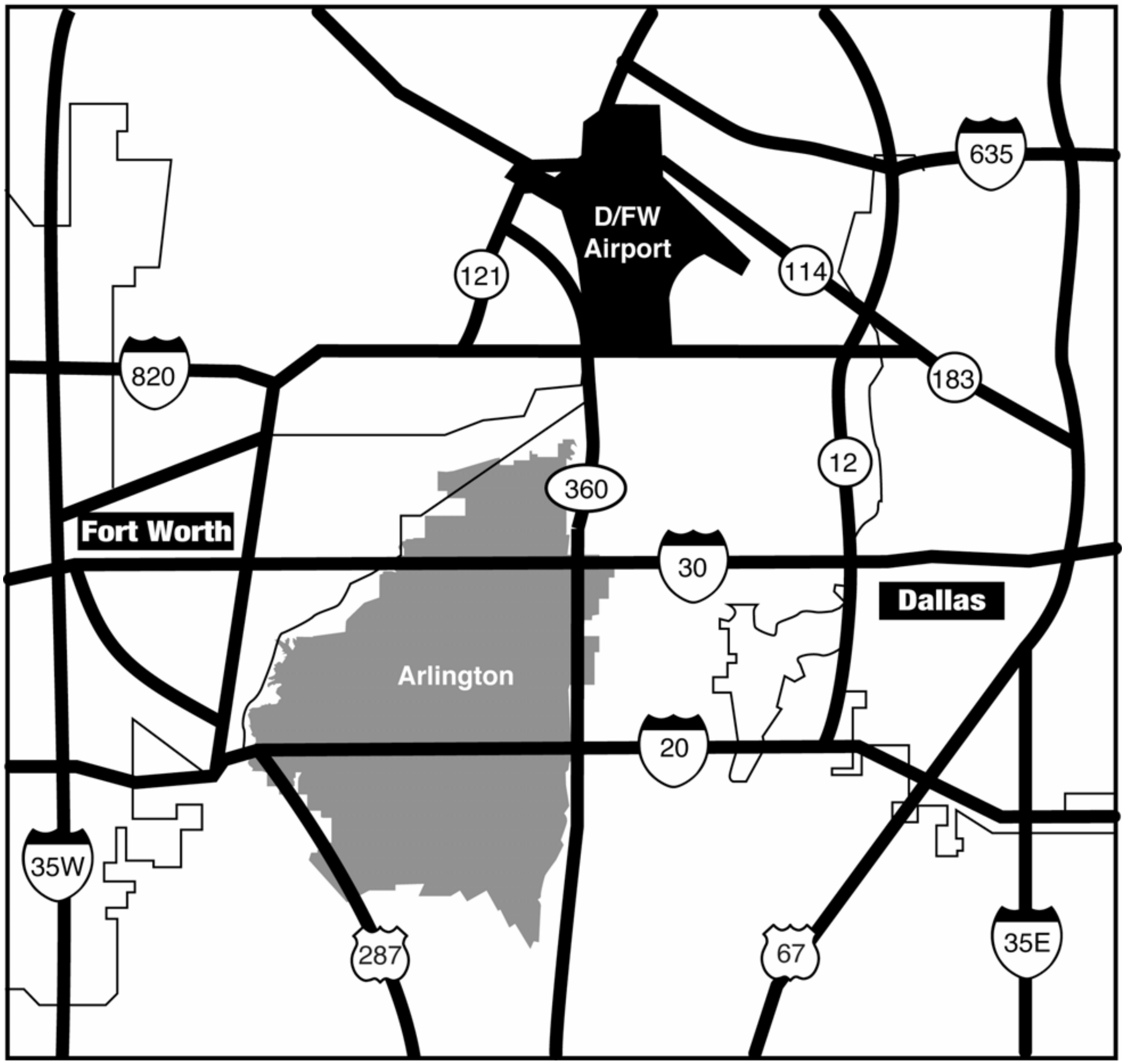
The Underwriter of the 2008B Certificates has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Neither the City, The PFM Group, Financial Advisor to the City, nor the Underwriter makes any representation regarding the information contained in this Official Statement regarding The Depository Trust Company, or its book-entry-only system, as such information has been furnished by the Depository Trust Company.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD–LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. SEE "OTHER RELEVANT INFORMATION – FORWARD-LOOKING STATEMENTS."

TABLE OF CONTENTS

Dallas/Fort Worth/Arlington Metropolitan Area



$34,010,000
CITY OF ARLINGTON, TEXAS
(Tarrant County, Texas)
Combination Tax and Tax Increment Reinvestment Zone Revenue Certificates of Obligation, Series 2008B

INTRODUCTION

The following material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is hereby made for all purposes.

The Issuer

The City of Arlington, Texas (the "City"), is located at the center of the Dallas-Fort Worth Metroplex, between Dallas and Fort Worth and 8 miles south of the Dallas/Fort Worth International Airport. The City, which encompasses 98.7 square miles, had a 2000 census population of 332,969. The Community Development and Planning Department estimated the 2007 population of the City to be 364,300 residents. The City operates under a Council-Manager form of government and provides the following services to the citizens of the City: public safety (police and fire), public works, public welfare, parks and recreation, public health, water and wastewater utilities, and general administrative services. The City operates its water and wastewater system and its sanitary landfill operation (currently outsourced) as self-supporting enterprise funds.

THE 2008B CERTIFICATES

Authority for Issuance

The 2008B Certificates are authorized and issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271 of the Texas Local Government Code, Article XIII of the City's Home Rule Charter and a certificate ordinance passed by the City Council in which the City delegated pricing of the 2008B Certificates and certain other matters to the Director of Financial Services, who approved a "Pricing Certificate" (such certificate ordinance and Pricing Certificate are collectively referred to herein as the "2008B Certificate Ordinance" or the "Ordinance").

General

$34,010,000 City of Arlington, Texas, Combination Tax and Tax Increment Reinvestment Zone Revenue Certificates of Obligation, Series 2008B (the "2008B Certificates"), will be dated June 1, 2008, and will mature on the dates set forth on the cover of this Official Statement. Interest will be paid on February 15, 2009, and on each August 15 and February 15 thereafter until maturity or prior redemption.

Security

The 2008B Certificates, when issued, will be direct obligations of the City, payable from (i) the proceeds of a direct and continuing ad valorem tax levied, within the limits prescribed by law, against all taxable property within the City and (ii) from a pledge of the tax increment revenues on deposit in the Tax Increment Fund (hereinafter defined) established for Tax Increment Reinvestment Zone Number Five, City of Arlington, Texas – Entertainment District (the "Zone") such pledge being subordinated to such obligations, if any, that may be issued by their terms secured by a superior lien on the Tax Increment Fund, and any bonds or other obligations heretofore or hereafter issued by the City or by a participating taxing entity in the Zone secured by a pledge of ad valorem taxes that has been insufficient for the payment thereof. (See "Tax Increment Reinvestment Zone Five – Entertainment District" and "Additional Obligations" herein.)

Use of Proceeds

The proceeds from the sale of the 2008B Certificates are being used to provide funds for; (i) designing, constructing, improving and installing improvements to Johnson Creek, including creek dredging and stream restoration; (ii) designing, developing, constructing, implementing, and acquiring transportation improvements within the City, including the acquisition of rights-of-way for Interstate 30, the implementation of intelligent transportation systems, signage for the City's Entertainment District, and the designing, developing and constructing of improvements to Stadium Drive and Chapman cut-off, including rights-of-way acquisition; (iii) public art, including the relocating of, installing and renovating the City's Caleum Moor artwork; (iv) designing, engineering, constructing, improving, renovating and equipping the Public Safety Center – Entertainment District (items (i) through (iv), collectively, the "Project"; and (v) to pay for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the 2008B Certificates.

Sources and Uses

The estimated sources and uses of funds are as follows.

Sources:	
Par Amount	$34,010,000.00
Accrued Interest	139,358.33
Original Issue Premium	536,772.60
Total	$34,686,130.93
Uses:	
Deposit to Construction Fund	$32,166,217.00
Capitalized Interest Account	1,890,047.40
Deposit to the Interest and Sinking Fund	139,358.33
Cost of Issuance	303,192.89
Underwriter's Discount	187,315.31
Total	$34,686,130.93

Legal Matters

With respect to the 2008B Certificates, the City will furnish a complete transcript of proceedings incident to the authorization and issuance of the 2008B Certificates, including the approving legal opinion of the Attorney General of the State of Texas to the effect that the Initial 2008B Certificate is a valid and binding obligation of the City, and based upon an examination of such transcript of proceedings, the approving legal opinion of Bond Counsel to the effect that the 2008B Certificates issued in compliance with the provisions of the 2008B Certificate Ordinance are valid and legally binding obligations of the City and the interest on such 2008B Certificates is excludable from gross income for federal income tax purposes under existing law and the 2008B Certificates are not private activity bonds, subject to the matters described under "TAX MATTERS" herein. A form of the opinion is attached hereto as APPENDIX C. Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the 2008B Certificates in the Official Statement under the captions "THE 2008B CERTIFICATES" (except for the subcaption "Holders' Remedies", "Sources and Uses" and "Payment Record"), "TAX MATTERS", "ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES", "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance with Prior Undertakings"), "LEGAL HOLDINGS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and the subcaption "Registration and Qualification" under the caption "OTHER RELEVANT INFORMATION" and is of the opinion that the information relating to the 2008B Certificates and the 2008B Certificate Ordinance contained therein fairly and accurately describe the provisions thereof and is correct as to matters of law. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the 2008B Certificates are contingent on the sale and delivery of the 2008B Certificates. The legal opinion will accompany the 2008B Certificates deposited with DTC or will be printed on the 2008B Certificates in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters relating to the 2008B Certificates will be passed upon for the Underwriter by Fulbright & Jaworski L.L.P., counsel to the Underwriter. The legal fee to be paid to such firm is contingent upon the sale and delivery of the 2008B Certificates.

The various legal opinions to be delivered concurrently with the delivery of the 2008B Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment or the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Payment Record

The City has never defaulted on its revenue obligations and has not defaulted on its bonds payable from ad valorem taxation since 1935, when all such bonds were refunded at par with a reduction in interest rate.

Paying Agent/Registrar

Payments of principal and interest on the 2008B Certificates will be payable by Wells Fargo Bank N.A., Austin, Texas (the "Paying Agent/Registrar") to DTC or its nominee, Cede & Co., which will then remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners of the 2008B Certificates, as described herein under "BOOK-ENTRY-ONLY SYSTEM."

Mandatory Redemption

In addition to the optional redemption described above, the 2008B Certificates maturing on August 15, 2033 (the "Term Certificates") are subject to mandatory redemption prior to maturity in part at random, by lot or other customary method selected by the Paying Agent/Registrar, at 100% of the principal amount thereof plus accrued interest to the date of redemption on the dates, in the years and principal amounts as follows:

2008B Certificates due August 15, 2033	
Redemption Date (August 15)	Amount
2030	$2,155,000
2031	2,250,000
2032	2,355,000
2033 (a)	2,465,000

(a) Maturity.

Approximately forty-five (45) days prior to each mandatory redemption date the Term Certificates are to be mandatorily redeemed, the Paying Agent/Registrar shall select by lot the numbers of the Term Certificates within the applicable stated maturity to be redeemed on the next following August 15 from money set aside for that purpose in the interest and sinking fund maintained for the payment of the 2008B Certificates. Any Term Certificates not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of the Term Certificates of a stated maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of Term Certificates of like maturity which, at least 45 days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Optional Redemption

The City has reserved the right and option to redeem the 2008B Certificates scheduled to mature on or after August 15, 2019, prior to their scheduled maturities, in whole or in part, on August 15, 2018, or on any date thereafter, at par plus accrued interest to the date fixed for redemption in principal amount of $5,000 or any integral multiple thereof. If less than all of the 2008B Certificates are to be redeemed the City reserves the right to determine the maturity or maturities and the amounts thereof to be redeemed and if less than a maturity is to be redeemed, the Paying Agent/Registrar (or DTC while the 2008B Certificates are in Book-Entry-Only form) shall determine by lot which of the 2008B Certificates of such maturities, or portions thereof, shall be redeemed. If any 2008B Certificate (or portion of the principal amount thereof) shall have been called for redemption and notice of such redemption shall have been given, such 2008B Certificates (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Notice of Redemption

Not less than 30 days prior to the redemption date, the Paying Agent/Registrar shall send a notice of redemption by United States mail, first class postage prepaid, to each registered owner (the "Owner") of a 2008B Certificate to be redeemed in whole or in part at the address of the Owner as shown on the records of the Paying Agent/Registrar at the time such notice of redemption is mailed, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by an Owner. Notice having been so given, the 2008B Certificates called for redemption shall become due and payable on the specified redemption date and notwithstanding that any 2008B Certificate or portion thereof has not been surrendered for payment, interest on such 2008B Certificate or portion thereof, shall cease to accrue.

Redemption Procedures While 2008B Certificates Held by DTC

If the 2008B Certificates are being held by DTC under the book-entry system and less than all of such 2008B Certificates within a maturity are being redeemed, DTC's current practice is to determine by lot the amount of the interest of each DTC Participant in such maturity to be called for redemption, and each DTC Participant is to then select by lot the ownership interest in each maturity to be redeemed. See "Book-Entry-Only System" herein.

In the event the 2008B Certificates are no longer in the book-entry form at DTC, if less than all the 2008B Certificates are to be redeemed by the City, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot within a maturity the 2008B Certificates or portions thereof to be redeemed.

Holders' Remedies

The Ordinance provides that while any of the 2008B Certificates are outstanding there shall be levied, assessed and collected a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, sufficient to pay principal of and interest on the 2008B Certificates when due and to pay the expenses necessary in collecting such taxes. If the City defaults in the payment of the principal of or interest on the 2008B Certificates when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the 2008B Certificate Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. Such right is in addition to any other rights the registered owners of the 2008B Certificates may be provided by the laws of the State. Under Texas law, there is no right to the acceleration of maturity of the 2008B Certificates upon the failure of the City to observe any covenant under the 2008B Certificate Ordinance. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the City, to assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the 2008B Certificates as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

On June 30, 2006, the Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In Tooke, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." Because it is not clear that the Texas Legislature has effectively waived the City's immunity from suit of money damages, holders of the 2008B Certificates may not be able to bring suit against the City for breach of the 2008B Certificate Ordinance or the 2008B Certificates. The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities. The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by the Act. As noted above, the 2008B Certificate Ordinance provides that holders may exercise the remedy of mandamus to enforce the obligations of the City under the 2008B Certificate Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

The 2008B Certificate Ordinance does not provide for the appointment of a trustee to represent the interest of the holders upon any failure of the City to perform in accordance with the terms of the 2008B Certificate Ordinance, or upon any other condition. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Certificateholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the 2008B Certificate Ordinance and the 2008B Certificates are qualified with respect to the customary rights of debtors relative to their creditors.

Registration

Registration and Payment. The 2008B Certificates will be initially issuable only in the name of Cede & Co., as nominee of DTC which will act as securities depository for the 2008B Certificates. Principal and semiannual interest on the 2008B Certificates will be paid by the Paying Agent/Registrar to Cede & Co., as nominee for DTC, which shall disburse such payments to the DTC Participants who will distribute such payments to the Beneficial Owners as described herein.

For so long as DTC is the securities depository for the 2008B Certificates, then the "Owner" shall refer solely to DTC. In the event that DTC is no longer the securities depository for the 2008B Certificates, the term "Owner" shall refer to a successor securities depository or the Beneficial Owners of the 2008B Certificates which are shown as registered Owners on the registration books of the Paying Agent/Registrar. Principal of the 2008B Certificates will be payable to the Owner at maturity or prior redemption upon presentation to the Paying Agent/Registrar. Interest on the 2008B Certificates will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to the Owner(s) as shown on the records of the Paying Agent/Registrar on the last business day of the month preceding such interest payment date (the "Record Date"), or by such other customary banking arrangements, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Owner. If the date for the payment of the principal of or interest on the 2008B Certificates shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Future Registration. In the event that DTC is no longer the securities depository for the 2008B Certificates and a successor securities depository is not appointed by the City, the 2008B Certificates may be transferred, registered and assigned only on the registration books of the Paying Agent/Registrar and such registration shall be at the expense of the City except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A 2008B Certificate may be assigned by execution of an assignment form on the 2008B Certificates or by other instruments of transfer and assignment acceptable to the Paying Agent/Registrar. A new 2008B Certificate(s) will be delivered by the Paying Agent/Registrar to the last assignee (the new Owner) in exchange for such transferred and assigned 2008B Certificates in accordance with the provisions of the Ordinance. Such new 2008B Certificate(s) must be in the denomination of $5,000 for any one maturity or any integral multiple thereof. The last assignee's claim of title to the 2008B Certificate must be proved to the satisfaction of the Paying Agent/Registrar.

Successor Paying Agent/Registrar. Provision is made in the 2008B Certificate Ordinance for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. The Paying Agent/Registrar selected by the City shall be a commercial bank, a trust company organized under the laws of the State of Texas, or other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the 2008B Certificates. A successor Paying Agent/Registrar, if any, shall be determined by the City. Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any 2008B Certificate or portion thereof, called for redemption prior to maturity, within 45 days prior to the date fixed for redemption.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2008B Certificates. The 2008B Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2008B Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, arid clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com and www.dtc.org**.

Purchases of 2008B Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2008B Certificates on DTC's records. The ownership interest of each actual purchaser of each 2008B Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2008B Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2008B Certificates, except in the event that use of the book-entry system for the 2008B Certificates is discontinued.

To facilitate subsequent transfers, all 2008B Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2008B Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

Beneficial Owners of the 2008B Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2008B Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2008B Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2008B Certificates, such as redemptions, tenders, defaults, and proposed amendments to the 2008B Certificate documents. For example, Beneficial Owners of 2008B Certificates may wish to ascertain that the nominee holding the 2008B Certificates for their benefit has agreed to obtain and transmit notices to Beneficial owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2008B Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2008B Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2008B Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2008B Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct and Indirect Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2008B Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, 2008B Certificate certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2008B Certificate certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City and the Underwriter believe to be reliable, but the City and the Underwriter take no responsibility for the accuracy thereof.

LEGAL HOLDINGS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the 2008B Certificates (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Business and Commerce Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The 2008B Certificates are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government

Code, Chapter 2256), the 2008B Certificates may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the 2008B Certificates are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the 2008B Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the 2008B Certificates for such purposes. The City has made no review of laws in other states to determine whether the 2008B Certificates are legal investments for various institutions in those states.

THE CITY OF ARLINGTON

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 98.7 square miles and approximately three quarters of a square mile are contained within its extra-territorial jurisdiction.

The City was incorporated January 17, 1920, under the provisions of the Home Rule Amendment to the Texas State Constitution. The City operates under a Council-Manager form of government and provides the following services to the citizens of the City: public safety (police and fire), public works, public welfare, parks and recreation, public health, water and wastewater utilities, and general administrative services.

General

The City operates under the Council-Manager form of government as established by its Charter. There is a nine member City Council (the "Council") vested with local legislative power. Three council members and the Mayor are elected "at large" and five council members are elected in five single member districts. All members of the Council are elected for terms of two years, with the elections being held in even/odd years for approximately half the seats. The Council elects a Mayor Pro Tem from among its members.

Mayor and City Council

Policy-making and supervisory functions are the responsibility of and are vested in the Council under provisions of the City Charter. Ordinances, resolutions and zoning decisions are presented at Council meetings at 6:30 p.m. on the second and fourth Tuesday of each month. Council meetings are broadcast on the local cable public access station and are 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 four Deputy City Managers, he coordinates the functions of the various municipal agencies and departments responsible for the delivery of services to residents. The City Manager is appointed by the Council and serves at the pleasure of the Council.

Excluding the positions and offices of the City Attorney, City Auditor and certain others whose appointments are reserved for Council action, the City Manager appoints and removes all City employees. The City Manager exercises control over all City departments and divisions and 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. He is chief legal advisor to the Council, the City Manager, and all City departments and agencies. It is his 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 and its assets, monitors security of electronic data and responds to management requests for analyses, appraisals and recommendations.

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. James Holgersson – with the City since June, 2005, received his bachelor's degree from Augustana College in Illinois and a master's degree in public administration from the University of Arkansas. He is an active member of the International City/County Management Association. Prior to joining the City, he served as a deputy city manager with the City of San Jose, California, and as city manager of the cities of Waco, Texas and Kalamazoo, Michigan. In addition he served as Executive Director of the Rapoport Foundation in Waco.

Deputy City Manager for Economic Development – Mr. Trey Yelverton – with the City since January 1993, most recently as 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 M.P.A. from University of North Texas.

Deputy City Manager for Capital Investment – Ms. Fiona Allen, P.E. – with the City since December 1990, most recently as the Director of the Water Utilities Department since 2003. She received her B.S. in Civil Engineering from Texas A&M University and is a Professional Engineer and Registered Sanitarian.

Deputy City Manager for Neighborhood Services – Mr. Gilbert Perales – with the City since January, 2007. Prior to working for the City, Mr. Perales was the assistant city manager of the City of Irving for over 5 years. He received a Bachelors Degree in Art and a Master's Degree in Public Administration from St. Mary's University.

Deputy City Manager for Strategic Support – Mr. Bob Byrd – with the City since 1985, received his B.S. from the U.S. Naval Academy. He has held management positions in Public Works, Community Development, Neighborhood Services, Municipal Court, and Environmental Services.

Director of Financial Services – Ms. Anna Mosqueda – with the City since November 2006, she received her bachelor's degree in journalism from West Texas State University in Canyon and a master's degree in business administration from Texas Tech University. Prior to joining the City, she served as Director of Finance for the City of Greenville.

Director of Water Utilities – Ms. Julia J. Hunt, P.E. – with the City since September 1984, she received her bachelor's degree in civil engineering from Texas A & M University. She is a licensed professional engineer in Texas. Previously, she was Assistant Director, overseeing operations, and the manager of Water Information Services.

City Attorney – Mr. Jay Doegey – with the City since March 1986, a graduate of Southern Illinois University, he received his law degree from the University of Texas. Prior to joining the City, he was Senior Assistant City Attorney for the City of Corpus Christi, Texas.

Tax Increment Reinvestment Zone #5

Article VIII, Section 1-g of the Texas Constitution and the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended, (the "TIF Act") authorize municipalities in the State to establish one or more tax increment financing reinvestment zones for development or redevelopment of the territory within the zones.

The TIF Act provides that the municipality may appoint a board of directors for a reinvestment zone to develop a project plan and financing plan for the zone and may delegate to the board certain management duties relating to the zone. Project costs, including financing costs, within the zone may be paid from tax increments collected by each of the taxing units in the zone. The amount of a taxing unit's tax increment ("Tax Increment") for a year is the amount of property taxes levied and collected by the unit for that year on the Captured Appraised Value (hereinafter defined) of real property taxable by the unit and located in the zone. The Captured Appraised Value is the total appraised value of the property for a year, less the tax increment base of the unit (the "Captured Appraised Value"). The tax increment base of a taxing unit is the total appraised value of all real property taxable by the unit and located in the zone in the year in which the City created the zone. Participation by a taxing unit in a reinvestment zone is discretionary with such taxing unit, and it may decide to deposit all or none, or a portion, of its tax increments into the fund and retain for its own purposes the remainder. A taxing unit cannot reduce the amount of its participation once the financing plan has been implemented.

On December 19, 2006, the Council adopted an ordinance (the "Zone Ordinance") creating Tax Increment Financing Reinvestment Zone Number 5 – Entertainment District (the "Zone") by designating a contiguous geographic area in the jurisdiction of the City as a reinvestment zone to promote development or redevelopment in the Zone. The Zone Ordinance described the boundaries of the Zone, created a board of directors for the Zone, established a tax increment fund (the "Tax Increment Fund") for the zone and found that public works and improvements to be undertaken in the Zone would enhance the value of all taxable real property in the Zone and would be of general benefit to the City.

The Board of Directors of the Zone (the "Board") is comprised of nine members who serve two year terms. The City appoints 4 members of the Board and the other members of the Board are representatives of the taxing jurisdictions that participate in the Zone. Tarrant County, Tarrant County Community College District and Tarrant County Hospital District all participate in the Zone. The Board serves to implement and undertake projects to facilitate development and redevelopment in the Zone pursuant to a project and financing plan (the "Plan") adopted by both the City and the Board. The Plan shows existing uses and conditions of real property in the Zone and provides a description of proposed improvements to and uses of property within the Zone. The Plan describes the estimated project costs of the Zone and details the proposed public works and improvements within the Zone.

The Zone encompasses approximately 2,187 acres 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 general, an amount of property taxes levied by each participating taxing unit in each future year on the Captured Appraisal Value in the Zone is deposited to the Tax Increment fund for use on projects within the Zone that are authorized by the Plan. The Plan calls for the investment of most of the funds in the Tax Increment Fund in new infrastructure within the boundaries of the Zone in pursuit of a goal of increasing and encouraging new development and higher values of taxable property in the Zone and in the City. Pledged to the payment of the 2008B Certificates are the tax increment revenues generated from within the Zone and on deposit in the Tax Increment Fund established for the Zone, such pledge being subordinated to such obligations, if any, that may be issued by their terms secured by a superior lien on the Tax Increment Fund, and any bonds or other obligations heretofore or hereafter issued by the City or by a participating taxing entity in the Zone and secured by a pledge of ad valorem taxes that has been insufficient for the payment thereof (see "Additional Obligations" below).

Additional Obligations

In addition to the right to issue other obligations of inferior lien payable solely from Tax Increment Revenues, the City reserves the right to issue Additional Obligations (as defined in the 2008B Certificate Ordinance), under and in accordance with the 2008B Certificate Ordinance, for the purpose of undertaking any project authorized under the Act, and for the purpose of refunding, in any lawful manner, any part or all of the 2008B Certificates. The Additional Obligations may be secured by and payable from a first and superior lien on and pledge of the Pledged Revenues (as defined in the 2008B Certificate Ordinance), or may contain a pledge of the Pledged Revenues on a parity with the pledge of the Pledged Revenues made for the benefit of the 2008B Certificates. Additional Obligations may be issued under the 2008B Certificate Ordinance in one or more installments; provided however, that none of the Additional Obligations shall be issued unless and until the following conditions have been met, to wit:

(i) The City is not then in default as to any covenant, condition or obligation prescribed by any ordinance authorizing the issuance of the 2008B Certificates;

(ii) Each of the special funds created for the payment and security of the 2008B Certificates contain the amount of money then required to be on deposit therein;

(iii) The Director of Financial Services of the City has executed a certificate showing that the projected Pledged Revenues available to pay debt service on the 2008B Certificates, taking into account the issuance of the Additional Obligations and the Pledged Revenues pledged thereto, is equal to at least 1.10 times the principal and interest requirements of the outstanding 2008B Certificates in each year until their maturity.

Nothing in the 2008B Certificate Ordinance or this section, prohibits the City from issuing general obligation debt pursuant to its authority under State law or the City's Home Rule Charter.

The Glorypark Development

On December 19, 2006, the Council created the Glorypark Public Improvement District No. 1 (the "PID District"), encompassing a portion of the developable land within the Zone. The City and certain developers intended to develop a portion of the PID District that is currently used for surface parking to encompass office, residential and retail space, such as restaurants and arts attractions, and hotels located around the Rangers Ballpark in Arlington (the "Glorypark Development") and the new stadium for the Dallas Cowboys Football Club, which is currently under construction. As of the date of this Official Statement, the status of the Glorypark Development is uncertain and the developer has announced that the Glorypark Development is on hold and likely will not move forward pursuant to its original plan. The City makes no representations concerning the status of the Glorypark Development, its future viability, its format or components, or its future completion. Neither does the City make any representations concerning the future development of land around and between the Rangers Ballpark and the new Dallas Cowboys Stadium.

FUNCTIONAL GROUPS

Governmental Services and Facilities

The City provides a full range of municipal services including police and fire, health, parks and recreation, public works, planning, and general administrative services. Water and wastewater services are accounted for in the City's Enterprise Fund. The City leased operation of the landfill to a private company beginning in May 2005.

The City's main municipal facilities include two general administrative buildings and a public safety building. There are 16 fire stations, four geographically distributed police stations, a police training center, a fire training center, one main and five branch libraries, 84 city parks, and four municipal golf courses.

Some of the other major facilities provided by the City include a convention center, five recreational centers, two senior citizen centers, and a municipal airport.

The City provides a comprehensive range of public services characteristic of its position as the most populous city in the Mid-Cities area of the Dallas-Fort Worth Metroplex. Presented in the following pages is a description of selected City agencies and departments contained within each of the four functional groups.

Neighborhood Services Group

The Deputy City Manager for Neighborhood Services is responsible for the oversight and management of the Police, Fire, Library, Community Services and the Parks and Recreation Departments. The partnering of these departments provides a strong connection between City resources and neighborhoods.

The Police Department is composed of three major units: Operations, Management Services, and Community Services. More than 745 members of the Arlington Police Department deliver law enforcement services using a neighborhood based policing model. The Police Department responded to 146,408 calls for service in fiscal year 2006. In 1989, the Police Department joined an elite number of police agencies nationwide in achieving the certification standards required by the Commission on Accreditation for Law Enforcement Agencies, Inc. The Department was recertified in 1999.

The City's Fire Department, which is responsible for fire prevention, fire suppression and first response emergency medical services, responded to approximately 48,468 calls for service in fiscal year 2006. The 394 employees of the Fire

Department provide emergency responses from the City's 16 fire stations. The Fire Department has responsibility for 9-1-1 dispatch services. The Emergency Management Office is responsible for coordinating major emergency disaster responses for the City and will also report to the Deputy City Manager.

The Library Department is responsible for the management and operation of the City's central library and five branch libraries. Circulation exceeds 1.5 million items annually.

The Community Services Department is responsible for providing a communication and service link between the residents of and business owners in the City and all City Departments. The Code Enforcement Division is responsible for enforcing city regulations related to the maintenance, sanitation, rehabilitation and conservation of existing housing. The Health Division is responsible for the inspection of food services establishments, public swimming pools and new septic system installations. In conjunction with Tarrant County, it operates the Public Health Center which is responsible for administering immunizations to children and supplying preventive health screening for the elderly. The Housing Division is responsible for administering federal and state grant funds and providing housing assistance to qualified citizens.

The Parks and Recreation Department is responsible for the operation and maintenance of the City's 4,652 acres of parks, including four municipal golf courses and five recreational centers, two senior citizen centers, and the management of the Bob Duncan Center. It conducts a wide range of high quality, year-round leisure time programs that are responsive to the physical, social, cultural and environmental needs of the citizens of the City.

Economic Development Group

The Deputy City Manager for Economic Development is responsible for oversight and management of four departments and three outside organizations. The City functions covered by the Economic Development Group include Economic Development, Community Development and Planning, the Convention Center and Aviation. They also oversee the City contract with the Convention and Visitors Bureau, the Downtown Arlington Management Corporation and the Arlington Chamber of Commerce.

Economic Development is responsible for the airport and expanding its opportunities, downtown development as well as growing neighborhood businesses, and managing special districts.

Community Development and Planning is responsible for maintaining a long-range Comprehensive Plan which optimizes the physical, fiscal and natural resources of the City in its development. The Building Inspection Division enforces City ordinances regarding general construction, zoning, mechanical, electrical and plumbing activities. The planning staff provides coordination services in an effort to effectively facilitate program development and implementation. Additional responsibilities include providing City staff and the general public with current zoning and inventory maps and a wide range of demographic statistics.

The Convention and Event Services Department is responsible for the management of the Arlington Convention Center. The City contracts with the Arlington Convention and Visitors Bureau for the tourism marketing of the City of Arlington.

Capital Investment Group

The Deputy City Manager for Capital Investment is responsible for oversight and management of three departments. The City functions covered by the Capital Investment Group include Environmental Services, the Water Utilities Department, and Public Works and Transportation.

Environmental Services oversees solid waste and fleet services contracts, air and water quality, public health concerns, the natural gas program and stormwater management.

The Water Utilities Department is responsible for assuring a continuous supply of safe high quality drinking water and collection and safe disposal of wastewater. The City's water treatment operations are nationally known and are recognized for their use of advanced technology. Transmission capacity has been designed to anticipate future peak demands well into the century. The department is structured in divisions focusing on Operations, Business Services, and Treatment. The department has received awards from the United States Environmental Protection Agency, Texas

Municipal Utilities Association, and the American Water Works Association.

Public Works and Transportation plans, designs, operates, acquires, constructs and maintains public facilities to ensure the safe and efficient movement of people, goods and storm water. The department is structured in divisions focusing on transportation planning, engineering operations, traffic, signal engineering, streets and storm water drainage. This department is also responsible for facilities maintenance and real estate services.

Strategic Support Group

The Deputy City Manager for Strategic Support is responsible for the oversight and management of five City departments which include Management Resources, Financial Services, Workforces Services, Information Technology, and Municipal Court.

Management Resources oversees the budget division, and the City Secretary's Office which transcribes and maintains official City records, minutes and ordinances, and conducts City elections. It is also responsible for improving legislative and lobbying efforts as well as Public Information. It works with news media, issues publications, and implements programs to educate and inform citizens about City policies and programs. It also includes General Services which provides printing, copying, records management, and mailroom services to the organization.

Financial Services oversees the financial affairs of the City and ensures the financial integrity of City operations. Departmental services include accounts payable, accounting, payroll, purchasing, treasury management, and maintenance of the City's fixed asset inventory.

Workforce Services is responsible for planning, developing, and administering the functions of employment, testing, training, and employee relations. It also administers the salary and benefit program and risk management program.

Information Technology has the responsibility for the processing and electronic storage of information used in the daily business of the City. The Geoprocessing Division is responsible for meeting the automated geographic information and mapping needs of the City.

Municipal Court is responsible for collecting court fines, setting trial dockets, and maintaining the Municipal Court records.

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ECONOMIC AND DEMOGRAPHIC FACTORS

Population

The 2007 estimated population for the City of Arlington is 364,300. The following table presents population figures for selected years.

Population and Rates of Change
Arlington and the United States
Selected Years

Year	Arlington	Annual Rate Of Change	United States	Annual Rate of Change
1950	7,692	-%	150,697,361	-%
1960	44,775	19.3%	178,464,236	1.71%
1970	90,229	7.3%	203,211,926	1.31%
1980	160,113	5.9%	226,545,805	1.09%
1990	261,721	5.0%	248,765,170	0.94%
2000	332,969 (1)	2.4%	281,421,906	1.40%
2003	351,719	1.9%	290,809,777	1.11%
2004	355,630	1.1%	293,655,404	1.01%
2005	361,300	1.6%	296,410,404	0.94%
2006	362,393	0.3%	301,071,787	1.02%
2007	364,300	0.5%	303,241,702	0.72%
2008 (2)	N/A	N/A	N/A	N/A

(1) Actual 2000 Census population.
(2) 2008 information not available.
Source: U.S. Dept. of Commerce, U.S. Census, and the Community Development and Planning Department Estimates.

Per Capita Personal Income

	2006	2005	2004	2003
Tarrant County	$36,642	$34,275	$32,735	$31,565
Texas	35,166	32,460	30,732	29,452
United States	36,714	34,471	33,050	31,484

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Educational Facilities

Public education is provided principally by the Arlington Independent School District ("AISD") and part of the Mansfield Independent School District ("MISD") which overlaps all but a small portion of the City. The AISD public schools feature nine high schools, thirteen junior high schools, fifty-two elementary schools, one pre-kindergarten campus, one immigrant education campus, one alternative school and three discipline-management campuses. AISD's professional staff of 4,229 serves a peak enrollment of 62,157 students. MISD has fifteen schools in the City, including two high schools, four middle schools and nine elementary schools. The fifteen schools serve approximately 14,456 students.

The University of Texas at Arlington, founded in 1895, has an approximate enrollment of 25,000 students and offers 185 degree programs at the bachelor, master, and doctoral levels. The physical plant, located on a 396 acre campus, includes 107 University academic and dormitory buildings.

Tarrant County College opened its Southeast Campus in the City during 1996. The 193-acre site features a current enrollment of approximately 10,000 students and has 750 employees. The college offers Associate degrees in Arts, Applied Sciences, and various Technical certificates.

Summarized below is information concerning AISD's annual peak enrollment and the percentage changes for the last ten fiscal years.

Public School Enrollment

Arlington Independent School District

Fiscal Year	Peak Enrollment	Percentage of Change
1998	54,961	2.24%
1999	56,234	2.32%
2000	57,433	2.13%
2001	59,342	3.32%
2002	60,760	2.39%
2003	62,104	2.21%
2004	62,345	0.39%
2005	62,531	0.30%
2006	62,267	(0.42%)
2007	63,397	1.02%
2008	62,157	(2.38%)

Source: Arlington Independent School District.

Employment

Arlington Major Employers

Name	Type of Business	Number of Employees
Arlington Independent School District	Public Education	8,000
University of Texas at Arlington	Higher Education	5,700
Six Flags Over Texas	Amusement Park	3,200 (1)
General Motors	Automobile Assembly	3,000
City of Arlington	Municipality	2,310
Chase Bank	Banking Services	1,900
Texas Rangers Baseball Club	Sports Entertainment	1,800 (1)
Arlington Memorial Hospital	Medical Center	1,300
Americredit	Finance	1,300
Providian Financial	Financial Services	1,200
Wal-Mart	Retail Store	1,200
National Semiconductor	Semiconductor Manufacturer	1,100

(1) Includes part-time and peak seasonal employees.
Source: Arlington Chamber of Commerce. This information will continue to be disclosed as long as it is available from the Chamber of Commerce or other reliable sources.

As illustrated in the table below, the City has managed to maintain lower unemployment rates than the United States and the State of Texas. For 2008, the City's unemployment rate averaged 4.2 percent compared to the U.S. rate of 5.1% percent and the Texas rate, which was 4.3 percent.

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Unemployment Rate

Annual Average Rates
2004 to 2008

	2008	2007	2006	2005	2004
Arlington	4.2%	4.2%	4.8%	5.1%	5.8%
Texas	4.3%	4.3%	4.9%	5.4%	6.0%
United States	5.1%	4.6%	4.7%	5.2%	5.7%

Source: U.S. Bureau of Labor Statistics.

Financial Institutions

There are fifty-five commercial banks, state banks and savings and loan associations in the City.

Building Permits

During the FY 2007 the City issued 3,235 building permits with a total value of $268,761,000. Presented below is a table covering building permit activity for the last four fiscal years:

	2007		2006		2005		2004	
	Permits	Value (000's)	Permits	Value (000's)	Permits	Value (000's)	Permits	Value (000's)
New Single Family	829	$126,286	1,115	$176,935	1,367	$189,234	1,707	$251,102
New Multifamily	3	19,029	35	11,601	25	12,731	81	38,871
New Commercial	127	55,483	77	161,884	414	75,003	474	60,439
New Institutional	-	-	6	76,073	45	25,149	47	49,089
Other (Additions, fences, etc)	2,276	67,963	2,953	100,402	3,857	31,109	4,509	44,196
GRAND TOTAL	3,235	$268,761	4,186	$526,895	5,708	$333,226	6,818	$443,697

Source: City Building Inspections Division.

INVESTMENTS

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

Legal Investments

Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit (i) issued by a depository institution that has its main office or a branch office in the State of Texas, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (ii) where; (a) the funds are invested by the City through a depository institution that has a main office or branch office in this state and that is selected by the City; (b) the depository institution selected by the City arranges for the deposit of funds in one or more federally insured depository institutions, wherever located; (c) the certificates of deposit are insured by the United States or an instrumentality of the United States; (d) the depository institution acts as a custodian for the City with respect to the certificates of deposit; and (e) at the same time that the certificates of deposit are issued, the depository institution selected by the City receives deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the funds invested by the City through the depository institution selected under clause (ii)(a) above, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-loan money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "Aaa" or "AAAm" or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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 that 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, and yield the highest possible 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 chief financial officer 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 April 1, 2008, the following percentages of the City's operating funds were invested in the following categories of investments:

Type of Investment	% Invested
U.S. Treasury Notes & Bills	8.24%
Federal Agencies	57.85%
Statewide Pool	33.91%
Totals	100.0%

As of April 1, 2008, the weighted average maturity of the City's operating portfolio was 186 days and the market value of the operating portfolio was 99.83 percent of its book value.

DEBT STRUCTURE AND CAPITAL IMPROVEMENT PROGRAM

Debt Statement

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 Taxable Assessed Valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all General Obligation debt service, as calculated at the time of issuance.

The following table details the ad valorem tax-supported debt of the City as of April 1, 2008:

Total Outstanding Tax-Supported Debt	$299,345,000 (1)
The 2008B Certificates	34,010,000
Total Tax-Supported Debt	$333,355,000
Less Self-Supporting Debt	44,351,448 (2)
Net Tax-Supported Debt	$289,003,552

(1) Includes $39,880,000 Permanent Improvement and Refunding Bonds, Series 2008 and $5,920,000 Combination Tax and Revenue Certificates of Obligation, Series 2008A to be delivered simultaneous with the 2008B Certificates.

(2) See "Debt Service Requirements - Net Tax-Supported Debt".

Source: City Financial Services Department.

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Authorized Permanent Improvement Bonds and Use of Proceeds (amounts in thousands)

The following table provides information on the outstanding permanent improvement bond authorizations.

Election Purpose	Authorized Amount (1)	Previously Issued	The Permanent Improvement Bonds, Series 2008, Scheduled to Close July 3, 2008	Outstanding Commercial Paper (1)	Unissued
1993 Library Mobile and Portable Facilities	$ 570	$ -	$ -	$ -	$ 570
1997 Parks and Recreation	37,860	35,860	-	2,000	-
1999 Street and Transportation	85,520	85,520	-	-	-
2003 Fire	4,935	2,505	1,430	1,000 (2)	-
2003 Police	10,935	3,935	7,000	7,000 (2)	-
2003 Library	2,435	1,435	250	500	250
2003 Erosion Control	1,900	-	-	-	1,900
2003 Street Improvements	83,635	12,880	26,000	17,000	27,755
2003 Traffic Management	400	-	-	-	400
2005 Park and Recreation	13,600	1,495	4,200	2,500	5,405
Total	$241,790	$143,630	$39,880 (3)	$30,000	$36,280

(1) See "GENERAL OBLIGATION COMMERCIAL PAPER PROGRAM" for a discussion regarding the commercial paper program. The City has currently issued $30 million in commercial paper notes. The $39,880,000 Permanent Improvement and Refunding Bonds, Series 2008 will refund $8 million of previously issued commercial paper notes.
(2) Amount to be refunded by the $39,880,000 Permanent Improvement and Refunding Bonds, Series 2008.
(3) Includes $8 million in bonds issued to refund $8 million of previously issued commercial paper notes.

DEBT INFORMATION

Information on the City's indebtedness is presented 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.

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Key Debt Ratios
Fiscal Years 1999 - 2008

Fiscal Year	Estimated Population (1)	Taxable Valuation Calendar Year (2)	Net Tax-Supported Debt Year Ended September 30 (3)	Ratio of Net-Tax-Supported Debt Per Capita	Ratio of Net-Tax-Supported Debt Taxable Valuation
1999	309,859	$10,868,585,827	$268,633,000	$867	2.35%
2000	332,969 (4)	11,415,146,297	276,879,000	832	2.23%
2001	339,215	12,435,152,758	286,398,601	844	2.12%
2002	346,197	13,513,378,507	284,539,762	822	1.98%
2003	351,719	14,344,001,305	283,792,540	807	1.89%
2004	355,634	15,018,724,599	280,766,546	789	1.80%
2005	361,300	15,599,320,395	258,483,552	715	1.60%
2006	362,393	16,143,581,172	243,713,552	669	1.45%
2007	364,300	16,793,424,763	217,938,552	598	1.24%
2008	N/A (5)	17,591,230,061	289,003,552	N/A	1.66%

(1) Population estimates are based on percent of occupancy in available residences and census data. The method for estimating occupancy rates was revised beginning in 1999.
(2) Taxable assessed valuation is obtained from the certified value as of September of each year including minimum estimated value of property under protest.
(3) Does not include self-supporting debt.
(4) Actual 2000 Census population.
(5) 2008 not available.
Source: City Financial Services Department.

Rapidity of Principal Retirement (1)
All General Obligation Debt

Maturing Within	Amount Maturing (2)	Percent of Total Debt Outstanding
5 years	$121,145,000	36.34%
10 years	224,560,000	67.32%
15 years	287,365,000	85.98%
20 years	319,385,000	95.34%
25 years	336,410,000	100.00%

(1) As of April 1, 2008.
(2) Includes $37,065,000 Combination Tax and Tax Increment Reinvestment Zone Revenue Certificates of Obligation, Series 2008B which will be delivered simultaneous to the Obligations. It is intended that the Series 2008B Certificates will be entirely self-supported from Tax Increment Reinvestment Zone #5 revenues. Preliminary; subject to change.
Source: City Financial Services Department.

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DEBT SERVICE REQUIREMENTS

The following schedule sets forth the principal and interest requirements on the City's outstanding debt payable from ad valorem taxation pledged thereto.

General Obligation Bonds

Fiscal Year Ending 9/30	Outstanding Debt (2) Principal	Outstanding Debt (2) Interest	Outstanding Commercial Paper (3) Principal	Outstanding Commercial Paper (3) Interest	The 2008B Certificates Principal	The 2008B Certificates Interest	Grand Total Debt Service Requirements	% of Principal Retired
2008	$ 24,825,000	$ 4,015,550	$ 22,000,000	$ 449,167	$ -	$ -	$ 51,289,717	
2009	25,230,000	13,043,517	-	-	-	-	38,273,517	
2010	23,880,000	11,496,283	-	-	-	1,567,781	36,944,064	
2011	23,880,000	10,415,055	-	-	-	1,567,781	35,862,836	
2012	23,330,000	9,316,455	-	-	-	1,567,781	34,214,236	36.34%
2013	22,205,000	8,223,944	-	-	1,010,000	1,567,781	33,006,725	
2014	21,100,000	7,217,106	-	-	1,045,000	1,532,431	30,894,538	
2015	19,560,000	6,238,981	-	-	1,085,000	1,494,550	28,378,531	
2016	18,110,000	5,338,228	-	-	1,125,000	1,453,863	26,027,090	
2017	16,855,000	4,490,903	-	-	1,175,000	1,403,238	23,924,140	67.32%
2018	14,725,000	3,677,451	-	-	1,230,000	1,350,363	20,982,814	
2019	13,445,000	2,996,233	-	-	1,295,000	1,285,788	19,022,020	
2020	10,685,000	2,367,879	-	-	1,345,000	1,233,988	15,631,866	
2021	9,025,000	1,876,468	-	-	1,415,000	1,166,738	13,483,205	
2022	7,565,000	1,468,281	-	-	1,485,000	1,095,988	11,614,269	85.98%
2023	6,375,000	1,123,181	-	-	1,550,000	1,029,163	10,077,344	
2024	5,085,000	834,434	-	-	1,625,000	951,663	8,496,096	
2025	3,875,000	608,296	-	-	1,705,000	876,506	7,064,803	
2026	3,875,000	436,043	-	-	1,790,000	791,256	6,892,299	
2027	3,430,000	261,155	-	-	1,875,000	701,756	6,267,911	95.34%
2028	2,285,000	104,815	-	-	1,970,000	608,006	4,967,821	
2029	-	-	-	-	2,060,000	519,356	2,579,356	
2030	-	-	-	-	2,155,000	426,656	2,581,656	
2031	-	-	-	-	2,250,000	326,988	2,576,988	
2032	-	-	-	-	2,355,000	222,925	2,577,925	
2033	-	-	-	-	2,465,000	114,006	2,579,006	100.00%
2034	-	-	-	-	-	-	-	
2035	-	-	-	-			-	
	$ 299,345,000	$ 95,550,256	$ 22,000,000	$ 449,167	$ 34,010,000	$ 24,856,350	$ 476,210,772	

(1) As of May 1, 2008.

(2) Includes $39,880,000 Permanent Improvement & Refunding Bonds, Series 2008 and $5,920,000 Combination Tax & Revenue Certificates of Obligation, Series 2008A to be delivered simulatneously with the 2008B Certificates.

(3) Excludes $8 million in notes to be refunded by the $39,880,000 Permanent Improvement and Refunding Bonds, Series 2008. Although the current outstanding Commercial Paper Notes mature in September, the principal amount will not be paid at this time. Estimated interest assuming 3.5% for a 7 month period.

NET TAX SUPPORTED DEBT

Fiscal Year Ending 9/30	Outstanding General Obligation Debt (1) Principal	Outstanding General Obligation Debt (1) Interest	Self-Supporting Debt Principal	Self-Supporting Debt Interest	Net Tax Supported Debt Total
2008	$ 46,825,000	$ 4,464,717	$ 670,000	$ 485,265	$ 50,134,452
2009	25,230,000	13,043,517	700,000	457,108	37,116,409
2010	23,880,000	13,064,064	735,000	2,000,129	34,208,935
2011	23,880,000	11,982,836	744,870	1,971,015	33,146,951
2012	23,330,000	10,884,236	782,875	1,937,592	31,493,769
2013	23,215,000	9,791,725	1,835,234	1,901,805	29,269,686
2014	22,145,000	8,749,538	1,915,684	1,827,767	27,151,086
2015	20,645,000	7,733,531	1,997,571	1,746,849	24,634,111
2016	19,235,000	6,792,090	2,081,680	1,660,574	22,284,837
2017	18,030,000	5,894,140	2,178,438	1,561,791	20,183,912
2018	15,955,000	5,027,814	2,278,855	1,457,907	17,246,052
2019	14,740,000	4,282,020	2,386,241	1,340,350	15,295,430
2020	12,030,000	3,601,866	1,345,000	1,233,988	13,052,879
2021	10,440,000	3,043,205	1,415,000	1,166,738	10,901,468
2022	9,050,000	2,564,269	1,485,000	1,095,988	9,033,281
2023	7,925,000	2,152,344	1,550,000	1,029,163	7,498,181
2024	6,710,000	1,786,096	1,625,000	951,663	5,919,434
2025	5,580,000	1,484,803	1,705,000	876,506	4,483,296
2026	5,665,000	1,227,299	1,790,000	791,256	4,311,042
2027	5,305,000	962,911	1,875,000	701,756	3,691,155
2028	4,255,000	712,821	1,970,000	608,006	2,389,815
2029	2,060,000	519,356	2,060,000	519,356	-
2030	2,155,000	426,656	2,155,000	426,656	-
2031	2,250,000	326,988	2,250,000	326,988	-
2032	2,355,000	222,925	2,355,000	222,925	-
2033	2,465,000	114,006	2,465,000	114,006	-
2034	-	-	-	-	-
	$ 355,355,000	$ 120,855,772	$ 44,351,448	$ 28,413,146	$ 403,446,179

(1) Includes the 2008B Certificates, the $39,880,000 Permanent Improvement & Refunding Bonds, Series 2008 and the $5,920,000 Combination Tax & Revenues Certificates of Obligation, Series 2008A, to be delivered simultaneously with the 2008B Certificates.

Computation of Self-Supporting Hotel Occupancy Tax Revenue Debt

Gross Hotel Occupancy Tax Revenues for Fiscal Year ended September 30, 2007 .... $5,400,772

Estimated 2008 Net Hotel Occupancy Tax Revenue Available for Debt Service $1,155,265

Debt Service Requirements for Hotel Occupancy Tax Revenue Debt $1,155,265

Percent of Tax Increment Self-Supporting 100% (1)

(1) Historically the City has paid for a portion of its outstanding Combination Tax and Revenue Certificates of Obligation, Series 1998 and Refunding Bonds, Series 2005 from surplus Hotel Occupancy Tax Revenues. There is no guarantee that the discretionary payments from surplus revenues of the Hotel Occupancy Tax Collections will be made in the future or that such revenue will be sufficient to pay such allocated debt service. If payments are not made from such sources, or are not sufficient, the difference will be paid from ad valorem taxes.

Computation of Self-Supporting Tax Increment Reinvestment Zone Revenue Debt

Beginning Fund Balance, September 30, 2007	$ 0
Estimated 2008 Net Tax Increment Reinvestment Number Five Revenue Available for Debt Service	$470,097
Debt Service Requirements for Tax Increment Reinvestment Zone Number 5 Revenue Certificates	$ 0
Projected Fund Balance	$470,097
Percent of Tax Increment Reinvestment Zone Number Five Certificates Self-Supporting	100%(1)

(1) It is intended that the City will pay the entire debt service on the 2008B Certificates from the revenues derived from the Tax Increment Reinvestment Zone Revenues. If payments are not made from such sources, or are not sufficient, the difference will be paid from ad valorem taxes.

Tax Adequacy

The following analysis as of May 1, 2008, assumes 98 percent collection of ad valorem taxes levied against the City's fiscal year 2008 Net Assessed Valuation, and future Hotel Occupancy Tax collections at a level sufficient to pay debt service on the Combination Tax and Revenue Certificates of Certificates of Obligation, Series 1998, and the allocable portion of the Series 2005 Refunding Bonds.

Average Annual Requirement (2008/2033)	$17,525,709
A tax rate of $0.0997 per $100 assessed valuation produces	17,538,456
Average Annual Requirement (2008/2017)	31,825,627
A tax rate of $0.1810 per $100 assessed valuation produces	31,840,126
Maximum Annual Requirement (2009)	40,163,564
A tax rate of $0.2283 per $100 assessed valuation produces	40,178,369

*The amounts listed above do not include outstanding principal amount of Commercial Paper. The amounts also include $39,880,000 Permanent Improvement Bonds, Series 2008 and the $5,920,000 Certificates of Obligation, Series 2008A which will be delivered simultaneously with the 2008B Certificates. It is intended that the Series 2008B Certificates will be entirely self-supported from TIRZ revenues.

GENERAL OBLIGATION COMMERCIAL PAPER PROGRAM

The City Council authorized the issuance of its General Obligation Commercial Paper Notes, Series A (the "Commercial Paper Notes") on May 24, 2005 in an aggregate principal amount not to exceed $30 million for voter approved capital projects (see "DEBT STRUCTURE AND CAPITAL IMPROVEMENT PROGRAM – Tax-Supported Capital Improvement Program" for a description of the approved capital projects for the Commercial Paper Notes). As of April 1, 2008, the City has issued $30,000,000 in Commercial Paper Notes (see "DEBT STRUCTURE AND CAPITAL IMPROVEMENT PROGRAM – Authorized Permanent Improvement Bonds and Use of Proceeds"). $8 million of the currently outstanding commercial paper notes are being refunded by the issuance of the Permanent Improvement Bonds, Series 2008, to be delivered simultaneously with the 2008B Certificates. The liquidity provider for the principal portion of the Commercial Paper Notes is Bank of America, N.A.

The Commercial Paper Notes may be issued for a period not to exceed 270 days and will bear interest based upon the specified terms of the Commercial Paper Notes, but not to exceed 15%. The principal on the Commercial Paper Notes is payable from ad valorem taxes and other funds that may be provided under the Credit Agreement by and between the City and Bank of America, N.A. The interest on the Commercial Paper Notes is payable from the receipts of ad valorem taxes.

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 of the entities listed may have issued additional obligations payable from ad valorem taxes 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
(amounts in thousands)

Taxing Jurisdiction	Net Amount (1)	Debt as of	Percent (2)	Amount Overlapping
Arlington ISD	$421,113,782	3/31/2008	78.23	$329,437,311
Fort Worth ISD	518,053,573	12/31/2007	0.33	1,709,577
Hurst-Euless-Bedford ISD	216,000,307	8/31/2007	0.35	756,001
Kennedale ISD	51,390,025	3/31/2008	54.36	27,935,617
Mansfield ISD	623,034,741	3/31/2008	33.00	205,601,465
Tarrant Co	264,335,426	7/15/2007	15.34	40,549,054
Tarrant Co College Dist	49,005,000	3/31/2008	15.34	7,517,367
Tarrant Co Hosp Dist	29,585,000	3/31/2008	15.34	4,538,339
Total Net Overlapping Debt				$618,044,731
Arlington, City of				$289,003,552 (3)
Total Direct and Overlapping Debt				$907,048,283
Total Direct and Overlapping Debt % of AV				5.20%
Total Direct and Overlapping Debt % of Capita				$2,489.84

(1) Source: Net debt outstanding per representative of each jurisdiction.
(2) Source: Texas Municipal Reports, compiled and published by Municipal Advisory Council of Texas.
(3) See "Debt Statement". Includes the 2008B Certificates and excludes self-supporting debt.

TAX-SUPPORTED CAPITAL IMPROVEMENT PROGRAM

The City's Capital Improvement Program ("CIP") provides for multi-year improvements to the City's public facilities along with the means of financing these improvements. The City's CIP, prepared annually, is primarily driven by recent bond election results. The City's most recent permanent improvement bond election was held on May 7, 2005. The proposition on the ballot for Parks for $13,600,000 was approved by the voters. Combined with the authorized but unissued bonds from prior elections, and following the issuance of the Permanent Improvement Bonds, Series 2008, being delivered simultaneously with the 2008B Certificates, the City will have $36,280,000 in unissued permanent improvement bonding authority and no unissued commercial paper authority.

The approved CIP is the result of a process that balances the need for public facilities against the fiscal capability of the City to provide for those needs. The projects which will be funded by the Bonds, totaling $39,880,000 include $26,000,000 for Streets and Transportation improvements, $4,200,000 for Park and Recreation improvements, $1,430,000 for Fire facilities, $250,000 for Library improvements and to refund $8 million in currently outstanding commercial paper notes.

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Capital Improvement Program
Bond Elections (1993, 1997, 1999, 2003 and 2005)
And 2008A Certificate Sale
(amounts in thousands)

Sources	Estimated Total Costs	Total Financing to Date	Estimated Issuance	Commercial Paper	Total Amount Remaining	Percent of Total Amount Remaining
General Obligation Bonds/						
Commercial Paper Notes, Series 2005	$241,790	$143,630	$39,880	$30,000	$36,280	15.00%
2008A Certificates of Obligation	5,920	-	5,920	-	-	-
Total	$248,970	$143,630	$45,800	$30,000	$36,280	15.00%
Uses						
Library Mobile and Portable Facilities	$ 570	$ -	$ -	$ -	$ 570	0.23%
Library	2,435	1,435	250	500	250	0.10%
Parks and Recreation	51,460	37,355	4,200	4,500	5,405	2.23%
Streets, Storm Drainage and Transportation	169,155	98,400	26,000	17,000	27,755	11.48%
Police	10,935	3,935	7,000 (1)	7,000 (1)	-	-
Fire	4,935	2,505	2,430 (1)	1,000 (1)	-	-
Erosion Control	1,900	-	-	-	1,900	0.79%
Traffic Management Cameras Certificates	400	-	-	-	400	0.17%
Itinerant Aircraft Parking Apron Certificates	335	-	335	-	-	-
Convention Center Roof Repair Certificates	1,730	-	1,730	-	-	-
Fire Station #3 and #4 Rebuild Certificates	255	-	255	-	-	-
South Arlington Public Safety Center Certificates	1,100	-	1,100	-	-	-
I-30 Bridges Certificates	2,500	-	2,500	-	-	-
Total	$248,970	$143,630	$45,800	$30,000	$36,280	15.00%

(1) Includes currently outstanding commercial paper issued under respective authorizations, to be refunded by the Permanent Improvement Bonds, Series 2008 being delivered simultaneously with the 2008B Certificates.

FINANCIAL INFORMATION

Basis of Accounting and Accounting Structure

The accounting records of the City are maintained on the modified accrual basis of accounting for the General Fund, Special Revenue Funds, Capital Projects Funds and Trust and Agency Funds and on the accrual basis of accounting for the Enterprise Funds, and the Internal Service Funds. In general, under the modified accrual basis of accounting, revenues are recorded as received in cash except for material revenues considered to be both measurable and available to finance current year appropriations, which are recognized as revenue when earned. Expenditures are recorded in the period in which liabilities are incurred. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when liabilities are incurred without regard to receipts or disbursements of cash. See "Notes to Financial Statements" in Appendix B for a more detailed discussion for the City's accounting policies.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Arlington for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2005. The City has been awarded a Certificate of Excellence for its CAFR for the year ended April 30, 1966 and then annually from 1977 to 2006. The City has also received GFOA's Award for Distinguished Budget Presentation for fiscal years 1986 through 2007.

ACCOUNTING STANDARDS

The basic financial statements are prepared in conformity with GASB Statement No. 34 (Statement No. 34) which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities and activities of its discretely presented component units on the statement of net assets and statement of activities. Significantly, the City's statement of net assets includes both noncurrent assets and noncurrent liabilities of the City, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus for governmental funds. The accrual basis of accounting and the economic resources measurement focus is utilized by proprietary fund types and the pension trust fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Accordingly, the accounting and financial reporting of the City's General Fund, Capital Projects Funds and Debt Service Funds is similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by Statement No. 34. The following major funds are used by the City:

Governmental Funds

The following is a description of the Governmental Funds of the City:

General Fund accounts for several of the City's primary services (Public Safety, Public Works, Public Health, Public Welfare, Parks and Recreation, etc.) and is the primary operating unit of the City. Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. Street capital project fund accounts for the financing and acquisition of right of way and construction of streets and related facilities. Funds are provided primarily through bond sales, and interest earnings. Other Governmental Funds is a summarization of all of the nonmajor governmental funds.

Proprietary Fund

The following is a description of the City's Proprietary Fund:

Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Water and Sewer Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Water and Sewer Fund.

Other Fund Types

The City additionally reports for the following Fund types:

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost reimbursement basis. Agency Funds are used to account for assets held by the City in an agency capacity for individuals, local law enforcement agencies or developers. Pension Trust Fund is used to account for the accumulation of resources to be used for the retirement benefit payments to employees of the City.

Component Units

Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component Units discretely presented include the Arlington Sports

Facilities Development Authority, Inc., the Arlington Housing Authority, the Arlington Housing Finance Corporation, the Arlington Convention & Visitors Bureau, Inc., and the Arlington Industrial Development Corporation. The following component units have been blended with those of the City because (i) their governing bodies are substantially the same as the governing body of the City or (ii) the component unit provides services entirely to the City. These are the Arlington Property Finance Authority, Inc., Thrift Savings Plan, Disability Income Plan and Part-Time Deferred Income Trust.

GENERAL FUND REVENUES AND EXPENDITURES

The General Fund is the primary operating Fund maintained by the City to account for revenue derived from City-wide ad valorem taxes, other local taxes, licenses, fees, permits, and certain other miscellaneous revenues. General Fund expenditures are the cost of general City government. The following is a discussion of the General Fund revenue structure and major classifications of General Fund expenditures.

CERTAIN OPERATIONS OF THE GENERAL FUND

The General Fund of the City is that accounting entity which is used to account for all transactions which are not accounted for in another fund and which, specifically, receives all revenues and records all expenditures relating to the ordinary operations of general government. Other major funds of the City are the Special Revenue Funds, the Capital Project Funds, the Enterprise Funds, and the Debt Service Funds.

Summaries for fiscal years 2003 to 2007 have been compiled from the CAFRs of the City, which were examined by the City's independent auditors. These summaries should be read in conjunction with their related financial statements and notes.

Consolidated Financial Statements-General Fund
Fiscal Year Ended September 30
(amounts in thousands)

	2007	2006	2005	2004	2003
Beginning Fund Balance Revenues	$ 66,114	$ 52,057	$ 25,317	$ 20,806	$ 20,707
Ad Valorem Taxes	75,090	68,166	62,701	58,972	51,958
Sales Tax	46,245	43,228	40,072	39,664	38,695
Other Taxes (1)	895	1,452	1,435	4,021	3,718
Franchise Fees	29,145	31,140	28,928	29,371	29,163
Service Charges	5,668	5,198	5,781	4,696	5,388
Interest	4,549	3,365	1,501	380	499
All Other	19,008	26,856	16,742	15,004	14,716
Total Revenues	180,600	179,405	157,160	152,108	144,137
Total Expenditures	179,882	168,327	164,724	152,923	146,946
Net Revenues Over (Under)					
Expenditures	718	11,078	(7,564)	(815)	(2,809)
Other Financing Sources					
Issuance of Capital Leases			1,626		
Operating Transfers (1)(2)	(6,486)	2,979	32,678	5,326	2,908
Ending Fund Balance	$ 60,346	$ 66,114	$ 52,057	$ 25,317	$ 20,806

(1) Prior to FY2005 Payment in Lieu of Taxes was included in Other Taxes. Beginning in FY2005 it is included in Operating Transfers.
(2) Effective May 1, 2005 the City entered into an agreement with Republic Waste Services of Texas, LTD. to lease and operate the City's Landfill. At that time the City's interest in the remaining net assets – amounting to $33.99 million – was transferred to the General Fund. In addition, prior to FY 2005 Payment in Lieu of Taxes was included in Other Taxes. Beginning in FY 2005 it is included in Operating Transfers.

For the fiscal year ended September 30, 2007, the General Fund had revenues, lease issuances and transfers greater than expenditures by $5,768,000, or 3.19 percent of General Fund revenues, leaving a General Fund balance at

September 30, 2007, of $66,346,000. The following table presents a comparison of the City's General Fund balance for fiscal years 2003 to 2007.

General Fund Balance
Fiscal Year Ended September 30
(amounts in thousands)

General Fund Balance:	2007	2006	2005	2004	2003
Reserved for					
Encumbrances	$ 6,351	$ 4,463	$ 3,230	$ 1,786	$ 656
Inventory	574	240	254	113	112
Prepaids	35	5	46	46	67
Infrastructure Maintenance	-	-	-	-	-
Park Acquisition	-	-	-	-	-
Utility Rate Case	500	500	500	500	500
Special Transportation	-	-	-	-	-
Net Increase in Fair Value	-	-	-	-	-
Unreserved – Designated for					
Telecommunications	-	-	274	329	102
Working Capital	16,232	15,964	14,373	13,585	12,981
Subsequent Years' Expenditures	5,843	5,747	5,174	5,018	4,821
Arbitrage	184	33	12	38	320
Compensated absences	1,261	1,280	1,125	1,411	1,247
Other Post Employment Balances	1,718	1,718	1,718	1,718	-
Designated for landfill lease proceeds	21,030	20,573	19,887	-	-
Gas lease proceeds	1,000	5,020	-	-	-
Undesignated	5,618	10,571	5,464	773	-
Total General Fund Balance	$60,346	$66,114	$52,057	$25,317	$20,806
General Fund Balance as a Percent of General Fund Expenditures	33.55%	39.28%	31.60%	16.56%	14.16%

Source: Fiscal Year 2003 to 2007 Comprehensive Annual Financial Reports.

DEBT SERVICE FUND BUDGET
Fiscal Year 2008
(amounts in thousands)

Beginning Fund Balance	$ 3,079
Property Tax and Interest Revenue	34,804
Transfers In (1)	2,246
Debt Service Expenditures	(37,725)
Estimated Ending Fund Balance	$ 2,404

(1) Includes transfers to the Debt Service Fund from the Convention and Event Services Fund, Park Performance Fund, and Water and Wastewater Fund.

Source: Fiscal Year 2008 Budget and Fiscal Year 2007 CAFR.

CURRENT OPERATING BUDGET

On September 18, 2007, the City Council adopted a total Budget for fiscal year 2008 with expenditures of $349,482,000. The adopted General Fund Budget reflects a property tax rate of $0.6480/$100.

The adopted Budget for fiscal year 2008 maintains core services levels and programs within tight financial constraints. Employee pay increases, based on merit, were between 1% and 2% and were included in the adopted budget. The overall value of taxable property in the City increased by 4.9 percent, from $16,793 billion in fiscal year 2007 to $17,612 billion in fiscal year 2008. The adopted Budget authorizes City government personnel of 2,481 full-time positions, an increase of 117 positions from the fiscal year 2007 budget.

The following table shows the City's estimated revenues and budgeted expenditures for fiscal year 2008, as reported in the adopted Budget.

Estimated Revenues and Budgeted Expenditures
Fiscal Year 2008 Budget (1)
(amounts in thousands)

	Budget	Percent
REVENUES		
Property Taxes	$112,828	32%
Sales Tax	46,368	13%
Other Taxes	1,429	0%
Licenses and Permits	4,768	1%
Utility Franchise Fees	31,354	9%
Fines and Forfeitures	9,992	3%
Leases and Rents	4,732	1%
Services Charges	12,077	3%
Miscellaneous Revenues	4,334	1%
Water and Sewer Fund Revenues	102,559	29%
Convention & Event Services Fund Revenues	7,591	2%
Street Maintenance Fund	11,829	3%
Park Performance Fund	8,805	3%
Total Revenues	$358,666	100%
EXPENDITURES		
General Government	$ 9,545	2%
Police	70,095	20%
Fire	42,078	12%
Community Services	6,249	1%
Community Development & Planning	6,330	2%
Parks and Recreation	13,346	4%
Public Works & Transportation	16,912	5%
Library	6,601	2%
Administrative and Support Services	23,626	7%
Water and Sewer Fund	86,169	25%
Convention & Event Services Fund	5,964	2%
Park Performance Fund	11,010	3%
Street Maintenance Fund	13,833	4%
Debt Service	37,724	11%
Total Expenditures	$349,482	100%

(1) All funds combined, excludes interfund transfers.
Source: Fiscal Year 2008 Budget.

TAX DATA

General

A major source of operational revenue and funds for tax-supported debt service payments is the receipts from ad valorem taxation. The following is a recapitulation of (1) the authority for taxation, including methodology, limitations, remedies and procedures; (2) historical analysis of collection and trends of tax receipts and provisions for delinquencies; and (3) an analysis of (a) the base, (b) the principal taxpayers, and (c) other ad valorem taxation that may compete with the City's tax collections. Additionally, sales tax, hotel occupancy tax and short term motor vehicle rental tax authority and collections are described.

Authority for Ad Valorem Taxation

Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 in population, limits the ad valorem tax rate to $2.50 per $100 assessed valuation for all city purposes and makes no allocation of such tax rate between debt service requirements and expenses of general city government. The City operates under a Home Rule Charter that adopts these provisions of the Constitution. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance. For fiscal year 2008, the Council levied a tax rate equal to $0.6480 per $100 assessed valuation of which $0.2013 was allocated to pay debt service on outstanding tax-supported bonds and notes. See "Tax Rate Distribution."

Effective Tax Rate and Rollback Tax Rate

Before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the City, the City Council must adopt a tax rate per $100 taxable value for the current year. If the City Council does not adopt a tax rate by such required date the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the City for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". A tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings have been held on the proposed tax rate following notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's total maintenance and operations tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional sales tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Property Subject to Taxation

All real property and tangible personal property in the City is subject to taxation except for certain mandated and discretionary exemptions granted pursuant to State law and Title I of the Texas Tax Code (the "Property Tax Code"). The Property Tax Code mandates exemption of public property, property exempt by federal law from ad valorem taxes, household goods, personal effects of an individual, and certain property of religious and charitable organizations, schools, and disabled veterans. The Property Tax Code authorizes cities to exempt the residential homestead of those over 65 years of age and the disabled. The Council currently exempts up to $60,000 of the appraised value of such residential homesteads. The FY 2008 tax rolls reflect the Council granting persons 65 years of age and older, disabled persons and disabled veterans exemptions totaling $798,555,685.

Article VIII, Section 1-b of the Texas Constitution provides the City with the authority to exempt a percentage of the market value of residential homesteads. The percentage may not exceed 20 percent in FY 2008 and each subsequent year. Where an ad valorem tax has previously been pledged for the payment of debt, the Council may continue to levy and collect the tax against the value of the exempt homesteads until the debt is discharged if the cessation of the levy would impair the obligation. The Council granted 20 percent residential homestead exemptions on the FY 2008 tax roll, which totaled $1,849,185,776 or 10.4 percent of the FY 2008 taxable assessed valuation. In addition, $71,433,552 of value was reduced from the FY 2008 tax rolls in accordance with State law to reflect value of agricultural land based upon production rather than market value.

Section 23.83 of the Property Tax Code allows taxes to be deferred on property that is restricted to scenic use. Deferrals were first claimed under this section in 1990. The FY 2008 tax roll reveals a value loss increase from $2,662,906 to $9,674,534 due to scenic deferrals.

Chapter 312 of the Texas Tax Code allows the Council to designate reinvestment zones and to enter into tax abatement agreements with property owners within these zones. The abatement value loss on the FY 2008 tax roll is $330,647,067. A schedule of abated values for the FY 2008 by property owners is as follows:

Property Owner	FY 2008 Abatement Value
General Motors	$198,804,266
Americredit	35,802,503
Siemens Dematic	23,716,264
National Semiconductor	11,994,149
Petula/Aetna	10,798,791
JPMorgan Chase Bank	8,969,857
Rooms To Go	8,942,127
Prologis	8,003,144
Primera	5,891,729
Mackie Automotive	5,128,875
For 1031 Arlington, LLC	4,795,700
Lear Corporation	4,312,151
Office Depot	2,678,926
Robinson Steel	606,872
Primeco	201,713
	$330,647,067

With the passage of Proposition 5 on November 7, 1989, the State Constitution was amended to allow for the taxation of temporarily located inventory on a local option basis. To continue taxation of this so called "freeport" property, the governing body of a taxing entity, such as the Council, was required to take action prior to January 1, 1990. The Council adopted an ordinance, which allowed for the continued taxation of "freeport" property for 1990 and subsequent years. On January 13, 1998, the Council repealed the aforementioned ordinance, which has the effect of exempting "freeport" property from taxation effective January 1, 1999. This exemption is irrevocable under current State law. The amount of "freeport" assessed value subject to exemption for the FY 2008 tax roll was $283,889,556.

In addition, under Section 11.253 of the Texas Tax Code, "Goods-in-transit" are exempt from taxation unless a taxing unit opts out of the exemption. Goods-in-transit are defined as tangible personal property that: (i) is acquired in or imported into the state to be forwarded to another location in the state or outside the state; (ii) is detained at a location in the state in which the owner of the property does not have a direct or indirect ownership interest for assembling, storing, manufacturing, processing, or fabricating purposes by the person who acquired or imported the property; (iii) is transported to another location in the state or outside the state not later than 175 days after the date the person acquired the property in or imported the property into the state; and (iv) does not include oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory.

Tax Increment Financing Districts

The City Council adopted an ordinance on November 3, 1998, establishing a tax increment financing district (the "TIF District #1") encompassing approximately 533 acres in the City's downtown area. The TIF District took effect on

January 1, 1999 and will terminate on December 31, 2018. The City Council can terminate the TIF District at an earlier date by subsequent ordinance.

The City Council adopted an ordinance on September 27, 2005, establishing a tax increment financing district (the "TIF District #2") encompassing approximately 2,000 acres in the northeast quadrant of the City. The TIF District took effect on January 1, 2006 and was dissolved by the City Council on March 27, 2007. TIF District #2 was replaced by FID District #6.

The City Council adopted an ordinance on October 11, 2005, establishing a tax increment financing district (the "TIF District #3") encompassing approximately 210 acres on the eastern side of the City. The TIF District took effect on January 1, 2006 and will terminate on December 31, 2020.

The City Council adopted an ordinance on November 8, 2005, establishing a tax increment financing district (the "TIF District #4") encompassing approximately 320 acres in the City's south central area. The TIF District took effect on January 1, 2005 and will terminate on December 31, 2025.

The City Council adopted an ordinance on December 19, 2006, establishing the Zone encompassing 2,187 acres 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. The Zone took effect on January 1, 2007 and will terminate on December 31, 2036. For more information on TIF #5, see "THE CITY OF ARLINGTON - Tax Increment Reinvestment Zone #5" herein.

The City Council adopted an ordinance on December 18, 2007, establishing a tax increment financing district (the "TIF District #6") encompassing approximately 2,000 acres in the northeast quadrant of the City. The TIF District took effect on January 1, 2007 and will terminate on December 31, 2036.

Appraisal of Taxable Property

The Property Tax Code established a county-wide appraisal district in each county of the State. Each appraisal district assumes the responsibility of appraising all taxable property and preparing and certifying the tax rolls for each unit of government that levies ad valorem tax in that county. The appraisal of property within the City is the responsibility of the Tarrant Appraisal District. Under the 1981 amendment to the Property Tax Code, the City is now entitled to vote, in the proportion to its taxes levied in Tarrant County, in selecting the governing board of appraisal district. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed either the lesser of (1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value in the preceding tax year, plus (c) the market value of all new improvements to the property. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. A city, or other taxing unit, may challenge the appraisals assigned to property within its jurisdiction under certain limited circumstances. These entities can also sue the appraisal district to compel it to comply with the Property Tax Code.

The City's FY 2008 appraisal roll was prepared and certified by the Tarrant Appraisal District's Chief Appraiser and Appraisal Review Board. Such appraisal rolls are used by the City in establishing its tax rate. The City Council is responsible for setting the rate, levying and collecting the taxes. All taxable property in the City is presently valued on the City's tax roll at 100 percent of its estimated market value as of January 1, 2007. The rate of taxation was determined and set by the Council based upon the January 1, 2007 valuation. Taxes are due October 1 of the subject year and become delinquent after January 31 of the following year, except for a split payment option. Under the split payment option, adopted by the City beginning with fiscal year 2003, taxpayers can make one-half payment prior to December 1, and the final one-half payment prior to July 1 of the following year without penalty or interest. Since October 1, 2002 ad valorem taxes for the City have been collected by the Tarrant County Tax Assessor-Collector.

City's Rights in the Event of Tax Delinquencies

In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Tax Limitation Election

A City election was approved on February 5, 2005, which adopted a homestead property tax limitation for disabled individuals and individuals 65 years of age or older. This limitation on the residential homesteads of qualifying property owners is defined under the Texas Property Tax Code, section 11.261. The limitation cannot be repealed by any action of the City or through an election of the City under current state law. The homestead property tax ceiling limits the amount of taxes paid to the City based on the taxes paid in the first year that the property qualifies for the disabled exemption or the 65 years of age or older exemption. The limitation is a dollar amount and does not increase unless improvements (other than repairs or improvements required to comply with governmental requirements) are made to the residential homestead. For those property owners who qualified in 2005 for either exemption, the tax ceiling was set based on the taxes levied in September 2005 by the City. The tax ceiling carries forward to a surviving spouse age 55 or older of an individual who is 65 years of age or older.

The City has 66,809 residential homestead properties in FY 2007 and 13,184 (19.7%) of these properties received an exemption for a disabled individual or individual 65 years of age or older.

Tax Revenue

The following table shows the City's principal tax revenues by source for each of the last five fiscal years. Growth in total tax revenues has averaged 4.5 percent per year over the last five years.

Principal Tax Revenue by Source
Fiscal Years 2003 to 2007
(amounts in thousands)

Fiscal Year	General Fund Ad Valorem Taxes	General Fund Sales Tax	Franchise Fees	Hotel Occupancy Tax	Other Taxes (1)	Total
2003	$51,958	$38,695	$29,163	$3,910	$3,718	$127,444
2004	58,972	39,664	29,371	3,981	4,021	136,009
2005	62,701	40,072	28,928	4,530	1,435	137,666
2006	68,166	43,228	31,140	4,774	1,452	148,760
2007	74,589	45,923	29,145	5,400	823	155,880

(1) Prior to FY 2005 Payment in Lieu of Taxes was included in Other Taxes. Beginning in FY 2005 it is included in Operating Transfers.
Source: City Financial Services Department.

The following table sets forth the assessed value of all taxable property less exemptions in the City for each of its five most recent fiscal years. Tax-exempt properties owned by Federal and State governments, churches, and schools, totaling $1,850,607,701 for fiscal year 2008, are not included in the table. The Tarrant Appraisal District certified appraisal of taxable property less exemptions for fiscal year 2008 is $17,591,230,061. This value is obtained from the certified taxable value as of September of each year including minimum estimated value of property under protest.

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Net Historical Taxable Value (1)
Fiscal Years 2004 to 2008

Fiscal Year	Real Property Taxable Value	Percentage Change from Prior Year	Personal Property Taxable Value	Percentage Change from Prior Year	Net Total Taxable Value	Percentage Change from Prior Year
2004	$12,899,757,009	6.61%	$2,118,967,590	(5.58%)	$15,018,724,599	4.70%
2005	13,349,818,463	3.49%	2,249,501,932	6.16%	15,599,320,395	3.87%
2006	13,930,395,955	4.35%	2,213,185,217	(1.61%)	16,143,581,172	3.49%
2007	14,561,490,051	4.53%	2,231,934,712	0.85%	16,793,424,763	4.03%
2008	15,304,029,995	5.10%	2,287,200,066	2.48%	17,591,230,061	4.75%

(1) Real and personal property is assessed at 100 percent of fair market value. Total taxable value excludes abated value. Net Taxable Valuation is the certified roll as of September of each year including minimum estimated value of property under protest.

Source: City Financial Services Department.

Tax Rate Distribution
Fiscal Years 2004 to 2008

	2008	2007	2006	2005	2004
General Fund	$0.4467	$0.4468	$0.4244	$0.4023	$0.3879
Debt Service Fund	0.2013	0.2012	0.2236	0.2457	0.2601
Total	$0.6480	$0.6480	$0.6480	$0.6480	$0.6480

Source: City Financial Services Department.

Collection Ratios
Fiscal Years 2003 to 2008

				% of Collections (2)		
Fiscal Year	Net Taxable Valuation (1)	Tax Rate	Tax Levy	Current Year	Prior Years	Year Ending
2003	$14,344,001,305	$0.6480	$ 90,940,968	98.15%	99.89%	9-30-03
2004	15,018,724,599	0.6480	97,321,335	99.60%	101.26%	9-30-04
2005	15,599,320,395	0.6480	101,083,596	97.85%	100.22%	9-30-05
2006	16,143,581,172	0.6480	104,610,406	97.88%	99.65%	9-30-06
2007	16,793,424,763	0.6480	108,821,392	97.10%	99.82%	9-30-07
2008	17,591,230,061	0.6480	113,991,171	92.47% (3)	93.47% (3)	9-30-08

(1) 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.
(3) Collections for 2008 are through March 31, 2008.

Source: City Financial Services Department.

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Analysis of Delinquent Taxes
as of September 30, 2007

Fiscal Year	Tax Levy	Uncollected	Percentage of Levy
2007	$108,821,392	$1,503,568	1.38%
2006	104,610,406	519,389	0.50%
2005	101,083,596	391,653	0.39%
2004	97,321,335	329,056	0.34%
2003	90,940,968	263,406	0.29%
2002	85,674,820	254,232	0.30%
2001	78,838,868	168,381	0.21%
2000	72,828,633	187,180	0.26%
1999	69,341,578	158,633	0.23%
1998	64,954,721	154,124	0.24%
1997	62,105,100	99,351	0.16%
1996	58,374,990	58,857	0.10%
1995	54,305,297	74,941	0.14%
1994	53,777,666	94,877	0.18%
Prior to 1994	N/A	1,175,227	N/A
		$5,432,872	

Source: City Financial Services Department.

Tax Base Distribution
Fiscal Years 2004 to 2008

	2008	2007	2006	2005	2004
Residential	62.4%	62.3%	62.1%	62.2%	61.8%
Commercial, Industrial, Retail	35.7%	35.7%	35.9%	35.7%	35.9%
Undeveloped	1.9%	2.0%	2.0%	2.1%	2.3%

Source: City Financial Services Department.

Top Ten Taxpayers

Name	Type of Business	Fiscal Year 2008
General Motors Corporation (1)	Auto Assembly	$182,901,104
TXU Electric Delivery	Public Utility	147,804,519
Parks at Arlington LP	Real Estate Holdings	144,693,332
Southwestern Bell Telephone Co.	Public Utility	82,000,414
Lincoln Square, Ltd	Real Estate Holding	60,015,624
Texas Flags/Six Flags of Texas	Amusement Park	59,790,771
National Semiconductor (1)	Computer Chip Manufacturing	58,966,392
USMD Surgical Hospital	Healthcare	51,443,186
Arlington Highland Ltd	Retail	49,023,518
HCA – Arlington Inc.	Healthcare	40,000,000
Total		$876,638,860
Above Ten Taxpayers as % of Total Tax Rolls		4.98%
Total Tax Roll		$17,591,230,061

(1) See Tax Data: Property Subject to Taxation and Assessed Value of Tax Abatement Agreement for 2008 abatement values.
Source: Tarrant County Tax Office.

Tax Abatements

Assessed Value of Tax Abatement Agreements

Fiscal Year	Total Assessed Valuation Abated
1998	$257,260,096
1999	369,707,519
2000	377,017,981
2001	359,001,468
2002	561,859,024
2003	509,488,606
2004	381,607,734
2005	331,596,017
2006	312,216,195
2007	329,173,313
2008	330,647,067

Source: City Financial Services 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. On September 14, 2002, an election to adopt an additional one-quarter cent city sales and use tax for municipal street maintenance as permitted under Chapter 327 of the Texas Tax Code was held and the additional one-quarter cent sales and use tax was approved. The additional one-quarter cent sales and use tax became effective on January 1, 2003. On November 2, 2004, an election to adopt an additional one-half cent sales and use tax for the Dallas Cowboys Complex Development Project (the "Cowboys 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 (see "TAX DATA – Dallas Cowboys Complex Development Project"). The additional one-half cent sales and use tax became effective on April 1, 2005. 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.

Fiscal Year	Sales Tax Receipts	Ad Valorem Tax Levy	Sales Tax as a % of Ad Valorem Tax Levy	Population Estimate	Per Capita Sales Tax Collection
2000	$43,383,927	$ 72,828,633	60%	332,969 (1)	$130.29
2001	44,436,164	78,838,868	56%	339,215	131.00
2002	41,172,479	85,674,820	48%	346,197	118.93
2003	38,695,033	90,940,968	43%	351,719	110.02
2004	39,663,609	97,321,335	41%	355,634	111.53
2005	40,072,031	101,083,596	40%	361,300	110.91
2006	43,228,000	104,610,406	41%	362,393	119.28
2007	46,368,418	108,821,392	43%	364,300	127.28
2008	18,637,379 (2)	113,991,171	16%(2)	N/A	N/A

(1) Actual 2000 Census population.
(2) Collections through April 30, 2008, but only represents five months collections due to two month lag time of receipts from the State.

Source: City Financial Services 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(c) 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 Cowboys Project. The additional two percent can only be used for this purpose and became effective on April 1, 2005. **The additional two percent is not reflected in the table below**.

The Series 2005 Refunding Bonds and the Combination Tax and Revenue Certificates of Obligation, Series 1998 are payable in part from the Hotel Occupancy Tax. Set forth below are the revenues received by the City from the seven percent Hotel Occupancy Tax for the last five years.

Fiscal Year	Hotel Occupancy Tax Receipts
2003	$3,909,501
2004	3,980,814
2005	4,530,102
2006	4,773,828
2007	5,400,772
2008 (1)	2,001,151

(1) Represents collections through April 30, 2008.
Source: City Financial Services Department.

Dallas Cowboys Complex Development Project

On November 2, 2004, a majority of the voters of the City voted in favor of a proposition authorizing the City to provide for the planning, acquisition, establishment, development, construction and financing of the Cowboys Project within the City and (i) to impose a sales and use tax within the City at a rate of one-half of one percent (0.5%), (ii) to 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, (iii) to 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, (iv) to impose an admissions tax on each ticket sold as admission to an event held at the Cowboys Project at a maximum rate not to exceed ten percent (10%) of the price of the ticket, and (v) to impose a tax on each parked motor vehicle parking in a parking facility of the Cowboys Project at a maximum rate not to exceed three dollars ($3.00) per vehicle. On February 8, 2005, the City Council approved the Cowboys Complex Funding and Closing Agreement.

On September 1, 2005, the City issued $297,990,000 Dallas Cowboys Complex Special Obligations (the "Obligations") in three series (Series 2005A, Series 2005B and Series 2005C) for this project. The remainder of the City's $325,000,000 share of project costs, if necessary, will come from excess sales, hotel and short term motor vehicle rental tax as well as interest earned on bond proceeds. The Obligations are limited obligations of the City, secured by a lien on and pledge of certain Pledged Special Taxes (as defined in the ordinances authorizing the issuance of the Obligations). Such Pledged Special Taxes consist of amounts received from the levy and collection of (i) a local sales and use tax of one-half of one percent (0.5%) (the "Sales Tax"); (ii) a five percent (5%) tax on the short-term rental in the City of a motor vehicle (the "Motor Vehicle Rental Tax"); and (iii) a two percent (2%) tax on hotel rooms located within the City (the "Hotel Tax"). The Series 2005C Bonds are additionally secured by and payable from the Pledged Rent (as defined in the Ordinance authorizing the Series 2005C Bonds) which consists of annual rental payments of $2,000,000 received under the Lease and five percent (5%) of certain naming rights proceeds, not to exceed $500,000 annually, derived, if at all, from the sale by the tenant of naming rights for the Cowboys Complex

The Obligations are ***not*** secured by any mortgage or security interest in the Cowboys Complex or any of the revenues thereof or by any property of the Dallas Cowboys, the National Football League, or any of their affiliates, owners or partners, or, except as expressly provided herein, by the City, the State or any agency, political corporation or subdivision thereof and neither the faith and credit of any of them has been pledged to the payment of the Obligations.

The table below displays the revenues from the collection of the 0.5% Sales Tax, 5.0% Motor Vehicle Rental Tax, and the 2.0% Hotel Tax. The taxes were collected for six months during fiscal year 2005 beginning on April 1, 2005.

Dallas Cowboys Complex Project Tax Revenues

Fiscal Year	Sales Tax	Motor Vehicle Rental Tax	Hotel Tax	Total Taxes
2005	$10,199,454	$366,959	$ 730,787	$11,297,200
2006	22,070,968	793,711	1,360,672	24,225,351
2007	22,653,714	781,397	1,459,619	29,894,730
2008 (1)	9,395,978	425,089	907,263	10,731,330

(1) Collections through April 30, 2008.

PENSION FUND

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of 821 currently administered by TMRS, an agent multiple-employer public employee retirement system. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas, 78714.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100 percent, 150 percent, or 200 percent) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years, but he must leave his accumulated contributions in the plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Plan provisions for the City were as follows (as of 4/1/08):

Deposit Rate:	7%
Matching Ratio: (City to Employee)	2 to 1
A member is vested after:	5 years

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year open amortization period. When the City periodically adopts updated service credits and increases annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period. Currently, the unfunded actuarial liability is being amortized over the 25-year period, which began in January 1997. The unit credit actuarial cost method is used for determining the City contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year lag between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

For 2007, the City's annual pension cost of $15,164,348 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2006 actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), (b) no projected salary increases, (c) no cost of living adjustment, and (d) a 3.5% inflation rate adjustment. The actuarial value of assets is adjusted cost for bonds (original cost adjusted for amortization of premium or accrual of discount) and original cost for short-term securities and stocks, which is the same as book value. The City's unfunded actuarial accrued liability is being amortized over a constant 25-year open amortization period as a level percentage of payroll.

The following table discloses three-year historical trend information relating to the TMRS plan.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
9/30/05	$14,671,901	100.00%	-
9/30/06	14,512,396	100.00%	-
9/30/07	15,164,348	100.00%	-

Future Funding Requirements – In early December 2007, the TMRS board of Trustees met and adopted actuarial changes that include a change from the Unit Credit actuarial cost method to the Projected Unit Credit actuarial cost method for all TMRS city plans as well as a closed amortization period of 30 years. The effect of these changes will result in an increase in city contribution rates for most Texas cities. Cities will have the option to increase their contributions over an eight-year phase-in period. All cities will receive their 2009 contribution rate letter in May 2008 that will specify exactly how these changes will affect the future annual required contribution rate upon completion of an actuarial valuation to be performed as of December 31, 2007. These changes are intended to help the TMRS system remain well funded, to preserve member's benefits, and to give cities a more complete picture of the cost of benefits currently adopted. While the impact of TMRS changes is not presently known, the City's contribution rate is expected to increase significantly. Tentative estimates of the City's 2009 contribution rate project a full contribution rate of 20.71%. If the City elects the phase-in option, the estimated rate for 2009 is 15.42%. These estimates are based on the City's 12/31/06 data. The actual rates will be based on 12/31/07 data and will likely be different than these estimates.

For a detailed description of the other employee benefit plans offered by the City (Thrift Savings Plan, Part-Time Deferred Income Trust and IRC 457 Deferred Compensation Plans), see Note IV.5. of the City's Audited Financial Statements for Fiscal Year Ended September 30, 2007 attached hereto as Appendix B.

OTHER POST-EMPLOYMENT BENEFITS

Retiree Health Insurance

The City currently provides postretirement health care benefits to eligible employees who retire from the City with at least 10 years of service with the City, as described in Notes to the Financial Statements, Section IV: Detailed Notes on All Funds – 5., Pension and Employee Benefits Plans, set forth in Appendix B. During Fiscal Year 2007, 508 retirees met the eligibility requirements. Benefits and expenditures of $1,887,352 were recognized for postretirement health care in FY 2007.

The City had an actuarial valuation report prepared for its post-retirement medical plans as of January 1, 2007. This report determined that the City's annual required contribution for fiscal year 2008 is $7.4 million. The City intends to comply with the requirements of GASB No. 45, and will make full financial statement disclosure for the fiscal year ended September 30, 2008.

Disability Income Plan

Effective October 1, 1992, the City began providing active employees with disability insurance through a policy obtained from a commercial carrier. Previously, all City employees had participated in a Disability Income Plan (DIP), a single-employer other postemployment benefit disability plan, which had been funded by actuarially determined contributions. This plan had been accounted for in the DIP fund. Benefits to employees who were disabled while participating under the previous plan will continue to be paid from the remaining assets of the DIP fund.

The following table discloses three-year historical trend information relating to the Disability Income Plan.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
9/30/05	$288,000	100.00%	-
9/30/06	348,000	100.00%	-
9/30/07	323,000	100.00%	-

Plan Description and Contribution Information:

Membership of the plan consisted of the following at July 1, 2006, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	33
Active plan members	1,999
Total	2,032
Number of participating employers	1

Plan Description. DIP is a single-employer defined benefit disability income plan that covers the employees of the City. The plan originally provided in-service death benefits and long term disability benefits commencing upon disablement. The plan was amended to eliminate the in-service death benefit and to start disability payments at age 65. The plan contemplates that long term disability benefits will be provided through a separate LTD insurance contract prior to age 65. The retired life liability for current disabled employees (many of whom are under age 65) is retained under the plan.

Contributions. The retirement committee of the City has the authority to establish and amend contribution requirements of the plan. The City's contribution is determined through an actuarial valuation. Per the most recent valuation, the City is contributing at a rate equivalent to 0.30 percent of covered payroll. For the year ended September 30, 2007, the City contributed $323,000 to the plan. Administrative costs of DIP are financed through investment earnings.

SELF INSURANCE

As of November 1, 1986, the City of Arlington became fully self-insured for General, Auto, Public Officials, and Law Enforcement Liability coverages. The self-insurance plan provides for $1 million per occurrence coverage with a $3 million annual aggregate loss limit. In the absence of commercial liability insurance at reasonable cost, alternative measures for funding liability claims expense had to be developed. Arlington officials created a fully funded self-insurance program by issuing taxable municipal obligations. An actuarial study performed by the Wyatt Company, Dallas, Texas, determined that the City of Arlington would need $9.9 million to cover statistically predictable liability losses incurred between November 1, 1986, and November 1, 1996. Obligations were issued in the principal amount of $9,000,000 and the City contributed $1,000,000 from its General Fund. On January 12, 1999, the City issued $7,000,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 1999. The proceeds of this issue have been used to recapitalize the City's self-insurance program. The annual actuarial study in May 1999 estimated that the $7,000,000 of proceeds would adequately fund the self-insurance program through September 30, 2004. Subsequent actuarial studies and actual fund performance allowed continuation through September 30, 2007. As of September 30, 2007, total current assets less both current and non-current claims payable, was $2,426,980. Beginning in fiscal year 2007, funding for the self-insurance plan is provided by annual transfers from budgeted operating funds.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City made the following agreement for the benefit of the owners and beneficial owners of the 2008B Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the 2008B Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

Annual Reports

The City will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the headings "THE CITY OF ARLINGTON", "DEBT STRUCTURE AND CAPITAL IMPROVEMENT PROGRAM", "DEBT INFORMATION", "DEBT SERVICE REQUIREMENTS", "CERTAIN OPERATIONS OF THE GENERAL FUND" and "TAX DATA". The City will update and provide this information within six months after the end of each fiscal year ending in or after 2008. The City will provide the updated information to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the staff of the United States Securities and Exchange Commission (the "SEC").

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide notice that audited financial statements are not available and will provide unaudited financial statements for the applicable fiscal year to each NRMISR and any SID, and audited financial statements when they become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulations.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify each NRMSIR and any SID of the change.

The Municipal Advisory Council of Texas (the "MAC") has been designated by the State of Texas and approved by the SEC staff as a qualified SID. The address of the Municipal Advisory Council is 600 West 8th Street, P.O. Box 2177, Austin, Texas 78798-2177, and its telephone number is 512/476-6947. The MAC has also received SEC approval to operate, and has begun to operate, a "central post office" for information filings made by municipal issuers, such as the City. A municipal issuer may submit its information filings with the central post office, which then transmits such information to the NRMSIRs and the appropriate SID for filing. This central post office can be accessed and utilized at www.DisclosureUSA.com ("DisclosureUSA"). The City may utilize DisclosureUSA for the filing of information related to the 2008B Certificates.

Material Event Notices

The City will also provide timely notices of certain events to certain information vendors. The City will provide notice of any of the following events with respect to the 2008B Certificates, if such event is material to a decision to purchase or sell 2008B Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the 2008B Certificates; (7) modifications to rights of owners of the 2008B Certificates; (8) 2008B Certificate calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the 2008B Certificates; and (11) rating changes. (Neither the 2008B Certificates nor the 2008B Certificate Ordinance make any provision for debt service reserves, credit enhancement, or liquidity enhancement.) In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports." The City will provide each notice described in this paragraph to any SID and to either each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB").

Availability of Information from NRMSIRs and SID

The City has agreed to provide the foregoing information only to NRMSIRs and any SID. The information will be available to owners of 2008B Certificates only if the owners comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so.

Limitations and Amendments

The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell 2008B Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although owners of 2008B Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell the 2008B Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the owners of a majority in aggregate principal amount of the outstanding 2008B Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the owners and Beneficial Owners of the 2008B Certificates. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The City has previously made continuing disclosure agreements in connection with the issuance of its bonds and obligations. The City is in compliance with its prior undertakings. The City is in compliance with its prior undertakings for the last five years.

ADDITIONAL INFORMATION

For additional information regarding this document please contact Ms. Anna Mosqueda, Director, Financial Services, City of Arlington, Texas, at (817) 459-6315.

TAX MATTERS

Tax Exemption

In the opinion of Vinson & Elkins L.L.P., Bond Counsel, (i) interest on the 2008B Certificates is excludable from gross income for federal income tax purposes under existing law and (ii) the 2008B Certificates are not "private activity bonds" under the Code, and interest on the 2008B Certificates will not be subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the 2008B Certificates, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of the proceeds of the 2008B Certificates and source of repayment thereof, limitations on the investment of proceeds of the 2008B Certificates prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds of the 2008B Certificates be paid periodically to the Unites States and a requirement that the City file an information report with the Internal Revenue Service. The City has covenanted in the Ordinance authorizing the issuance of the 2008B Certificates that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants in the Ordinance pertaining to those sections of the Code that affect the exclusion from gross income of interest on the 2008B Certificates for federal income tax purposes and, in addition, will rely on representations by the City and the respective initial purchasers with respect to matters solely within the knowledge of the City and the respective initial purchasers, which Bond Counsel has not independently verified. If the City should fail to comply with the covenants contained in the Ordinance or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the respective 2008B Certificates could become taxable from the date of initial delivery thereof, regardless of the date on which the event causing such taxability occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax-exempt obligations, such as the 2008B Certificates, is included in a corporation's "adjusted current earnings," ownership of the 2008B Certificates could subject a corporation to alternative minimum tax consequences.

Except as stated above, and as stated below in "Tax Accounting Treatment of Original Issue Discount 2008B Certificates," Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the 2008B Certificates.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather such opinions represent Bond Counsel's legal judgment based on its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations in includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the 2008B Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the 2008B Certificates could adversely affect the value and liquidity of the 2008B Certificates during the pendency of the audit regardless of the outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

Collateral Tax Consequences

Prospective purchasers of the 2008B Certificates should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax exempt interest such as interest on the 2008B Certificates. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the 2008B Certificates should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the 2008B Certificates, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the 2008B Certificates may exceed the stated redemption price payable at maturity of such 2008B Certificates. Such 2008B Certificates (the "Premium 2008B Certificates ") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium 2008B Certificate in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium 2008B Certificate in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium 2008B Certificate by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium 2008B Certificate that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium 2008B Certificate) is determined using the yield to maturity on the Premium 2008B Certificate based on the initial offering price of such 2008B Certificate.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium 2008B Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium 2008B Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium 2008B Certificate and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium 2008B Certificates.

Tax Accounting Treatment of Original Issue Discount 2008B Certificates

The issue price of all or a portion of the 2008B Certificates may be less than the stated redemption price payable at maturity of such 2008B Certificates (the "Original Issue Discount 2008B Certificates "). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount 2008B Certificate, and (ii) the initial offering price to the public of such Original Issue Discount 2008B Certificate constitutes original issue discount with respect to such Original Issue Discount 2008B Certificate in the hands of any owner who has purchased such Original Issue Discount 2008B Certificate in the initial public offering of the 2008B Certificates. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount 2008B Certificate equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount 2008B Certificate continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the 2008B Certificates under the caption " Collateral Tax Consequences " generally applies, and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount obligation prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount 2008B Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount 2008B Certificate was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (a) the Purchaser has purchased the 2008B Certificates for contemporaneous sale to the public and (b) all of the Original Issue Discount 2008B Certificates have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the cover page of this Official Statement. Neither the Issuer nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount 2008B Certificates will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount 2008B Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the 2008B Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount 2008B Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such 2008B Certificate.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount 2008B Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount 2008B Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount 2008B Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount 2008B Certificates.

OTHER RELEVANT INFORMATION

Ratings

The 2008B Certificates are rated "AA" by Fitch Ratings, Inc. ("Fitch"), One State Street Plaza, New York, New York 10004, "Aa2" by Moody's Investors Service, Inc. ("Moody's"), 99 Church Street, New York, New York 10007, and "AA+" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), 55 Water Street, New York, New York 10041. The City also has issues outstanding that are rated "AAA" by Fitch, "Aaa" by Moody's and "AAA" by S&P through insurance from various commercial insurance companies. An explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. The City furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the City. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by either or both of such rating agencies if, in the judgment of either or both, circumstances so warrant. Such circumstances may include, without limitation, changes in or unavailability of information relating to the City. Any such downward revision or withdrawal of either of such ratings may have an adverse effect on the market price of the 2008B Certificates.

Litigation

The City is currently involved in an employment lawsuit, *Lubke v. City of Arlington*, in which the plaintiff alleges that his termination violated the Family Medical Leave Act. He was terminated from his employment as a Battalion Chief with the City of Arlington Fire Department when he did not show up for work during the "Y2K" weekend in December 1999. The City contends that the plaintiff had inadequate substantiation for his absence. Such substantiation was required under the policies of the Fire Department. The case was tried to a jury in April 2004. Judgment in the amount of $1.1 million was rendered against the City. The case was appealed and remanded by the 5th Circuit. The case is currently before the trial court on issues of damages and the effect of the plaintiff's failure to disclose the judgment in a bankruptcy he filed during the appeal. Settlement negotiations with the bankruptcy trustee, who now owns the Judgment, were unsuccessful. The case is now styled *Reed v. City of Arlington.* The trial court ruled that the original plaintiff Lubke is estopped from receiving any benefit from his judgment against the City of Arlington. However, the trial court held that the bankruptcy estate should not be estopped from collecting on the judgment for the benefit of Lubke's creditors. At the present time, the estimated value of the bankruptcy estate including debts and costs is about $624,770.00. The trial court will also recalculate the damage award based on offsets for retirement benefits paid that were not permitted at the trial court level. The City believes that the recalculated damage award will be approximately $431,123.

The City still strongly believes that judicial estoppel should apply to the bankruptcy trustee and will eventually appeal to the 5th circuit. The probability of an unfavorable outcome cannot be made at this time, but the range of exposure in the event of an unfavorable outcome is now $400,000 to $650,000. Accordingly, no accrual has been made.

The City is currently involved in an American with Disabilities Act discrimination lawsuit (*Frame, et al. v. City of Arlington*), in which the plaintiffs allege that they are discriminated against because of the condition of curb ramps and sidewalks in the public rights of way in the City of Arlington. The City contends that the City is in compliance with the ADA. The City is vigorously contesting this case which is still in the early pleading stages of litigation. A motion to dismiss is pending. The range of exposure to the City in the event of a jury verdict is inestimable. The probability of an unfavorable outcome cannot be determined at this time.

The Americans with Disability Act claim against the City of Arlington was dismissed by the trial court on March 31, 2008. It is anticipated that the plaintiffs' will appeal. If the case were allowed to continue, under the ADA, plaintiffs are limited to the recovery of attorney's fees, there is no compensatory damage provision. However, the plaintiffs are seeking to have the City of Arlington rebuild almost its entire sidewalk system. The range of exposure to the City in the event of an unfavorable outcome cannot be determined at this time.

Various other claims and lawsuits are pending against the City. In the opinion of City management, the potential losses, in excess of APFA limitations (see "Self Insurance") or insurance coverage, if any, on all such claims will not have a materially adverse effect on the City's financial position, as a whole.

Registration and Qualification

The sale of the 2008B Certificates has not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon exemptions provided therein; the 2008B Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the 2008B Certificates been registered or qualified under the securities act of any jurisdiction. The City assumes no responsibility for registration or qualification of the 2008B Certificates under the securities laws of any jurisdiction in which the 2008B Certificates may be offered, sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the 2008B Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemptions from securities registration or qualification provisions.

No Litigation Certificate

The City will furnish to the respective initial purchaser of the 2008B Certificates a certificate, dated as of the date of delivery of the 2008B Certificates, to the effect that no litigation of any nature has been filed or is pending, as of such date, to restrain or enjoin the issuance and delivery of the 2008B Certificates, or which affects the provisions made for their payment or security, or in any manner questions the validity of the 2008B Certificates.

Financial Advisor

The PFM Group ("PFM"), Austin, Texas is employed as Financial Advisor to the City in connection with the issuance of the 2008B Certificates. PFM's fee for services rendered with respect to the sale of the 2008B Certificates is contingent upon the issuance and delivery of the 2008B Certificates. PFM, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in this Official Statement.

Underwriting of the 2008B Certificates

The Underwriter has agreed, subject to certain customary conditions to delivery, to purchase the 2008B Certificates from the City at a price equal to the initial public offering prices, as shown on respective cover page of this Official Statement, less an underwriting discount of $187,315.31. The Underwriter will be obligated to purchase all the 2008B Certificates if any 2008B Certificates are purchased. The 2008B Certificates may be offered and sold to certain dealers (including the Underwriter and other dealers depositing 2008B Certificates into investment trusts) and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Forward - Looking Statements

The statements contained in this Official Statement and in any other information provided by the City that are not purely historical are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligations to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Miscellaneous

The financial date and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in the Official Statement are made subject to all of the provisions of such statutes, documents and resolution. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Ordinance authorizing the issuance of the 2008B Certificates approves the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorizes its further use in the reoffering of the 2008B Certificates by the Underwriter.

/s/ Robert N. Cluck
Mayor
City of Arlington, Texas

ATTEST:
/s/ Karen Barlar
City Secretary
City of Arlington, Texas

APPENDIX A

CITY OF ARLINGTON ORGANIZATIONAL CHART

APPENDIX B

AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF THE CITY OF ARLINGTON
FISCAL YEAR 2007

APPENDIX C

FORM OF BOND COUNSEL OPINION