

**PRIVATE PLACEMENT MEMORANDUM DATED AUGUST 20, 2019**

**NEW ISSUE BOOK-ENTRY-ONLY**

*On the date of initial delivery of the Bonds (defined below), Issuer Bond Counsel (defined on page 2) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.*

**\$79,500,000**  
**CITY OF ARLINGTON, TEXAS**  
**WATER & WASTEWATER SYSTEM REVENUE BONDS**  
**SERIES 2019D (the “Bonds”)**

**Dated:** August 15, 2019

**Due:** June 1

**Interest Date:** Interest on the Bonds will be payable on June 1 and December 1 each year, commencing December 1, 2019 (each an “Interest Payment Date”). The Bonds will bear interest at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.”

**Record Date:** The close of business on the fifteenth calendar day of the month immediately preceding such interest payment date.

**Date Interest Accrues:** Each Bond shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rates set forth on page (A-1), such interest payable semiannually on June 1 and December 1 of each year until the earliest of maturity or prior redemption, commencing on December 1, 2019.

**Redemption:** The Bonds are subject to redemption prior to maturity as provided herein. See “THE BONDS - Redemption Provisions” herein.

**Authorized Denominations:** The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof.

**Paying Agent/Registrar/Escrow Agent:** The paying agent (“Paying Agent/Registrar/Escrow Agent”) for the Bonds is Bank of New York Mellon Trust Company N.A., Dallas, Texas.

**Book-Entry-Only System** Upon initial issuance, the ownership of the Bonds will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) to which principal, redemption premium, if any, and interest payments on the Bonds will be made. The purchasers of the Bonds will not receive physical delivery of bond certificates. Principal of, interest, and premium, if any, on the Bonds will be payable at the designated office of the Paying Agent/Registrar in Dallas, Texas as the same become due and payable.

**Issuer:** City of Arlington, Texas

**Official Action:** Ordinance passed by the City Council dated August 20, 2019.

**Purpose:** See “APPENDIX B - OFFICIAL ACTION.”

**Security for the Bonds:** See APPENDIX B - OFFICIAL ACTION.”

**Ratings:** See “OTHER INFORMATION - Ratings”

**Delivery Date:** September 19, 2019.

---

**See “APPENDIX A - MATURITY SCHEDULE” for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers**

---

**CITY OF ARLINGTON, TEXAS**

**Elected Officials**

<b>City Council</b>	<b>Length of Service</b>	<b>Term Expires</b>	<b>Occupation</b>
Jeff Williams Mayor	4 years	May, 2021	Engineer
Barbara Odom-Wesley Council Member	Newly Elected	May, 2021	Healthcare Professional, Retired
Victoria Farrar-Myers Council Member	3 years	May, 2020	Professor
Sheri Capehart Council Member	19 years <sup>(1)</sup>	May, 2020	Computer Security Analyst, Retired
Helen Moise Council Member	1 year	May, 2020	Financial and Asset Manager, Retired
Robert Shepard Council Member	11 years	May, 2020	Attorney
Marvin Sutton Council Member	Newly Elected	May, 2021	Air Traffic Controller, Retired
Andrew Piel Council Member	Newly Elected	May, 2021	Attorney
Ignacio Nunez Council Member	Newly Elected	May, 2021	Medical Doctor, Retired

<sup>(1)</sup> Includes service as Council member from May 1999 to May 2003.

**Selected Administrative Staff**

<b>Name</b>	<b>Position</b>	<b>Years of Employment with City</b>
Trey Yelverton	City Manager	26
Gilbert Perales	Deputy City Manager	12
Jennifer Wichmann	Assistant City Manager	15
Jim Parajon	Deputy City Manager	13
Mike Finley	Director of Finance	23
Teris Solis	City Attorney	28
Alex Busken	City Secretary	1

**Consultants, Advisors, and Independent Auditors**

Bracewell LLP, Bond Counsel

West & Associates, L.L.P., Disclosure Counsel

Estrada Hinojosa & Company, Inc., Financial Advisor

Bank of New York Mellon Trust Company N.A., Paying Agent/Registrar

Grant Thornton LLP, Independent Auditor

**TABLE OF CONTENTS**

	<b>Page</b>
INTRODUCTION .....	1
THE BONDS .....	1
General Description .....	1
Purpose .....	1
Authority for Issuance .....	1
Security for the Bonds .....	1
Redemption Provisions .....	2
Notice of Redemption; Selection of Bonds to Be Redeemed .....	2
Book-Entry-Only System.....	2
TAX MATTERS .....	2
Opinion .....	2
OTHER INFORMATION .....	3
Forward Looking Statements .....	3
Ratings .....	3
LITIGATION .....	3
General.....	3
The Issuer.....	3
CONTINUING DISCLOSURE OF INFORMATION.....	4
Compliance with Prior Undertakings.....	4
MISCELLANEOUS .....	4
ADDITIONAL INFORMATION .....	5
APPENDIX A   MATURITY SCHEDULE	
APPENDIX B   FORM OF OFFICIAL ACTION	
APPENDIX C   FORM OF OPINION OF BOND COUNSEL	

**Private Placement Memorandum  
relating to**

**\$79,500,000**

**CITY OF ARLINGTON, TEXAS  
WATER & WASTEWATER SYSTEM REVENUE BONDS  
SERIES 2019D (the “Bonds”)**

**INTRODUCTION**

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the “Bonds” pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See “APPENDIX B – “FORM OF OFFICIAL ACTION” attached hereto.

APPENDIX A contains the maturity schedule for the Bonds. APPENDIX B contains a copy of the City’s Ordinance authorizing the Bonds (the “Official Action”), including a description of the purpose for the proceeds of the Bonds. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Bonds. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

**THE BONDS**

**General Description**

The Bonds are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.”

Interest on the Bonds is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal and the redemption price with respect to the Bonds will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

**Purpose**

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

**Authority for Issuance**

The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, Article XIII Section 1 of the City’s Home Rule Charter, and an ordinance passed by the City Council.

**Security for the Bonds**

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

## **Redemption Provisions**

On June 1, 2029, or on any date thereafter, the Bonds maturing on and after June 1, 2030 may be redeemed prior to their scheduled maturities in inverse order of maturity, upon the written direction of the Issuer, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in Authorized Denominations).

## **Notice of Redemption; Selection of Bonds to Be Redeemed**

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption of the Bonds, notice of proposed amendment to the Ordinance or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC.

## **Book-Entry-Only System**

*The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.*

DTC will act as securities depository for the Bonds. The Bonds 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 Bonds and deposited with DTC. See APPENDIX B - “FORM OF OFFICIAL ACTION.”

DTC 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, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “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 is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated 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, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+”. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

## **TAX MATTERS**

### **Opinion**

Bond Counsel will deliver its opinion on the date of delivery of the Bonds substantially in the form as attached in “APPENDIX C - FORM OF OPINION OF BOND COUNSEL.”

## OTHER INFORMATION

### Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Bonds have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

### Ratings

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Bonds for ratings or municipal bond insurance, respectively.

## LITIGATION

### General

On the date of delivery of the Bonds to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Bonds.

### The Issuer

The City is currently involved in several lawsuits in which some liability is possible. The City intends to defend itself vigorously against the lawsuits; however, no prediction can be made, as of the date hereof, with respect to the potential aggregate liability of the City for the claims or the final outcome of the lawsuits.

The City is currently involved with in an employment lawsuit regarding the termination of employment of a former Arlington police officer. The trial court previously ruled that the employee was subject to back pay award of \$164,471. However, that case was appealed, and a new arbitration was ordered. It is possible, although unlikely, that the City could be required to pay back pay from January 21, 2011 to the time of a final court ruling.

The City is currently involved with litigation with an individual who was held in the Arlington Municipal Jail. The individual was held after attempting to run over an Arlington police officer. The police officer shot the individual in the leg. In addition to claiming excessive use of force, the individual asserts that he did not receive proper medical care. The case has currently been stayed by the federal court pending resolution of the appeal of the individual's state law criminal conviction.

The City is currently involved in litigation with the family of an individual who was fatally shot after he ran over an Arlington police officer during a traffic stop. The plaintiffs assert a civil rights claim alleging excessive use of force.

The City is currently involved in litigation with five plaintiffs who brought a civil rights claim against the City after the execution of a search warrant. The plaintiffs also sued an Arlington police officer. The officer's motion for summary judgment is pending before the federal district court for the Northern District of Texas. Discovery in the case is currently stayed pending a resolution of the officer's motion.

The City, along with more than forty-five other Texas cities, is involved with litigation regarding its prior operation of red light cameras. This lawsuit was dismissed by the trial court for lack of jurisdiction on April 16, 2018. The matter is currently on appeal. Although the lawsuit seeks \$10,908,683.

The City is involved with litigation regarding the implementation of civil service for firefighters working for the City. The 96th Judicial District Court of Tarrant County, Texas previously denied the plaintiff's motion for temporary injunctive relief. The City filed motions for summary judgment on all claims. The plaintiffs seek changes to their employment benefits, seek to enforce promotions under the pre-civil service system, and allege violations of state law civil rights.

The City is involved with litigation with a property owner regarding the alleged flooding of her property by stormwater. The three acre property is valued by the Tarrant Appraisal District at \$1,068,517.

As of April 2, 2019, there are fifteen lawsuits pending against the City seeking monetary damages and/or injunctive relief. Two of the remaining lawsuits are brought in the Justice Courts with a maximum damage cap of \$10,000 each. Four of the cases assert state law tort claims which are subject to the Texas Tort Claims Act (TTCA). The TTCA limits liability for money damages to \$250,000 for each person and \$500,000 for each single occurrence for bodily injury and death. Further, the TTCA limits liability for property damage to \$100,000.00 for each single occurrence. See Texas Civil Practice and Remedies Code, Section 101.023(c). One of the state law tort lawsuits is related to a construction project and is subject to full indemnity by a third party pursuant to a contractual agreement. In addition to the fifteen lawsuits, the City is engaged in three eminent domain lawsuits, in which the City is seeking to acquire property.

Various other claims and lawsuits are pending against the City. In the opinion of City management, the potential losses, in excess of Arlington's Self Insurance & Risk Management Program limitations (see Note 13 of the City's audited basic financial statements) of insurance coverage, if any, on all claims will not have a material adverse effect on the City's financial position as a whole.

#### **CONTINUING DISCLOSURE OF INFORMATION**

In the Official Action, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

#### **Compliance with Prior Undertakings**

In 2013, the City did not timely file notice of the upgrading of its underlying, unenhanced credit rating with respect to its water and wastewater system revenue bonds and general obligation bonds by S&P. The City filed event notices with respect to the upgrades on May 28, 2014. Also for fiscal year 2013, the City filed its required quantitative financial information and operating data, including the City's September 30, 2013 audited financial statements (the "2013 Audit"), with the Municipal Advisory Council of Texas by the required date but due to an administrative error, the 2013 Audit was not timely filed with EMMA. After noticing the error, the City filed the 2013 Audit with EMMA on May 22, 2014, and an event notice with respect to the oversight on June 10, 2014. Additionally, the City did not timely file a notice of defeasance upon the issuance of the City's Water and Wastewater System Revenue Refunding Bonds Series 2013B, which defeased portions of the City's Water and Wastewater System Revenue Refunding Bonds, Series 2003 and Water and Wastewater System Revenue Bonds, Series 2004 (the "Defeasance"). The City filed an event notice with respect to the Defeasance on May 8, 2017. The City has implemented procedures to ensure that event notices are timely filed in the future.

#### **MISCELLANEOUS**

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

#### **ADDITIONAL INFORMATION**

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Bonds and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.



**APPENDIX A**

**MATURITY SCHEDULE**

<u>(June 1)</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Yield</u>	<u>CUSIP</u> <sup>(1)</sup>
2020	\$3,975,000	0.000%	0.000%	04184K XK6
2021	3,975,000	0.000%	0.000%	04184K XL4
2022	3,975,000	0.000%	0.000%	04184K XM2
2023	3,975,000	0.000%	0.000%	04184K XN0
2024	3,975,000	0.000%	0.000%	04184K XP5
2025	3,975,000	0.000%	0.000%	04184K XQ3
2026	3,975,000	0.000%	0.000%	04184K XR1
2027	3,975,000	0.000%	0.000%	04184K XS9
2028	3,975,000	0.000%	0.000%	04184K XT7
2029	3,975,000	0.000%	0.000%	04184K XU4
2030	3,975,000	0.010%	0.010%	04184K XV2
2031	3,975,000	0.060%	0.060%	04184K XW0
2032	3,975,000	0.110%	0.110%	04184K XX8
2033	3,975,000	0.160%	0.160%	04184K XY6
2034	3,975,000	0.210%	0.210%	04184K XZ3
2035	3,975,000	0.250%	0.250%	04184K YA7
2036	3,975,000	0.290%	0.290%	04184K YB5
2037	3,975,000	0.330%	0.330%	04184K YC3
2038	3,975,000	0.370%	0.370%	04184K YD1
2039	3,975,000	0.410%	0.410%	04184K YE9

**(Interest to accrue from date of initial delivery)**

<sup>(1)</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. 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 Financial Advisor, nor the Purchasers are responsible for the selection or correctness of the CUSIP numbers set forth herein.

**APPENDIX B**

**FORM OF OFFICIAL ACTION**

**[ATTACH COPY OF OFFICIAL ACTION]**

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**