MOODY'S RATINGS

Rating Action: Moody's Ratings assigns initial Aa1 to Arlington, TX's sales tax bonds issued by Econ. Dev. Corp.; stable outlook

11 Sep 2025

New York, September 11, 2025 -- Moody's Ratings (Moody's) has assigned an initial Aa1 rating to Arlington (City Of), TX's proposed $70.6 million Sales Tax Revenue Bonds, Taxable Series 2025 issued by the Arlington Economic Development Corporation (EDC). We maintain the city's Aa1 issuer rating and its other outstanding ratings. Post issuance, the city has approximately $1.7 billion of outstanding debt. The outlook is stable.

RATINGS RATIONALE

The sales tax bonds issued by the EDC are rated Aa1, the same level as the city's issuer rating, primarily because sales taxes constitute a broad revenue base and will continue to provide strong coverage. Pledged revenue had been generally improving, though has flattened out in recent years. While fiscal 2024 collections provided maximum annual debt service (MADS) coverage of 4.7x, fiscal 2025 collections are trending about 2% lower, providing strong projected coverage of 4.5x. Coverage is likely to remain strong with no immediate plans for additional debt and sales tax revenue projected to remain stable over the next few years.

RATING OUTLOOK

The stable outlook reflects the outlook of the city.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Upgrade of the city's issuer rating

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Downgrade of the city's issuer rating

- Substantial decline in revenue leading to MADS coverage of less than 2x revenue

PROFILE

Arlington is in the center of the Dallas/Fort Worth metroplex. The city encompasses 99.5 square miles and has a current population of approximately 400,000. The city provides services such as public safety (police and fire), streets, water treatment and distribution, wastewater collection and conveyance (treatment is done by the Trinity River Authority), parks and recreation, and public health services. The Economic Development Corporation was created by the city in 2015 for the purpose of promoting and developing new expanded business enterprises in the city.

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties published in July 2024 and available at https://ratings.moodys.com/rmc-documents/425429. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and

Definitions can be found on https://ratings.moodys.com/rating-definitions.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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