MASTER AGREEMENT FOR A BALLPARK COMPLEX

ARLINGTON

PROJECT OVERVIEW

08.12.2016

HISTORY

55 YEARS

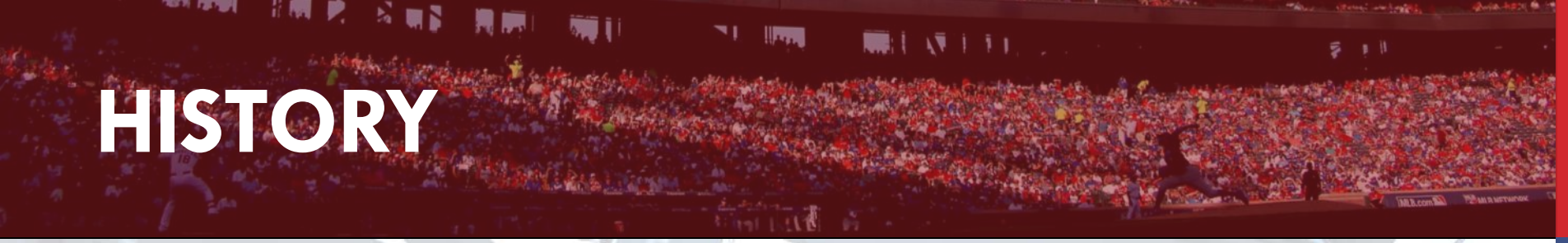
OF ENTERTAINMENT AND TOURISM
HISTORY IN ARLINGTON

HISTORY

45 YEARS

ARLINGTON

TEXAS RANGERS



HISTORY

1961: Six Flags Over Texas opens

1972: Texas Rangers come to town

1985: Hurricane Harbor opens

1985: Arlington Convention Center opens

1994: Globe Life Park opens

1999: Arlington Convention Center expansion

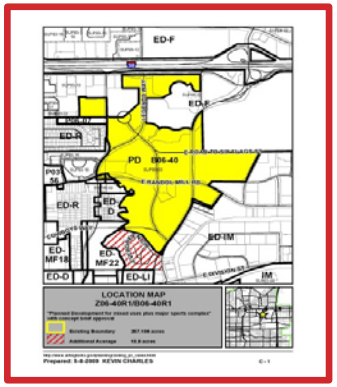
2009: AT&T Stadium opens

2015: Texas Live! announced

POLICY FOUNDATION

POLICY FOUNDATION

2006



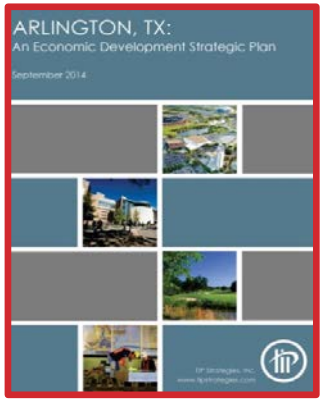
2007

2008

HVS

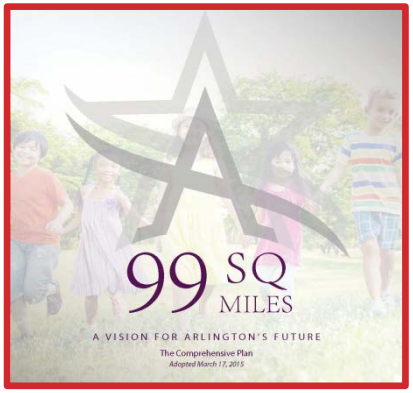
Convention Center Feasibility Study

2014

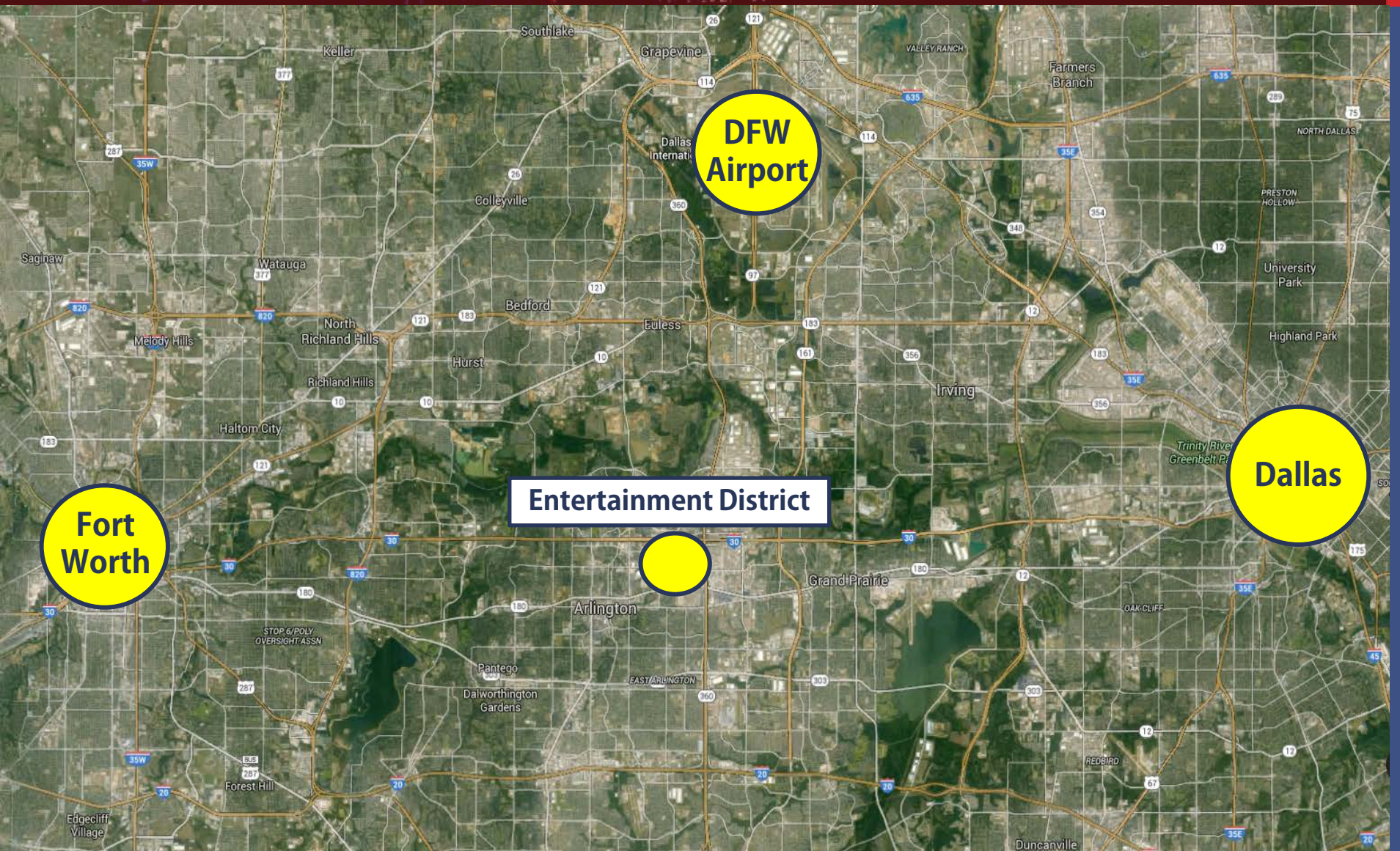


2015

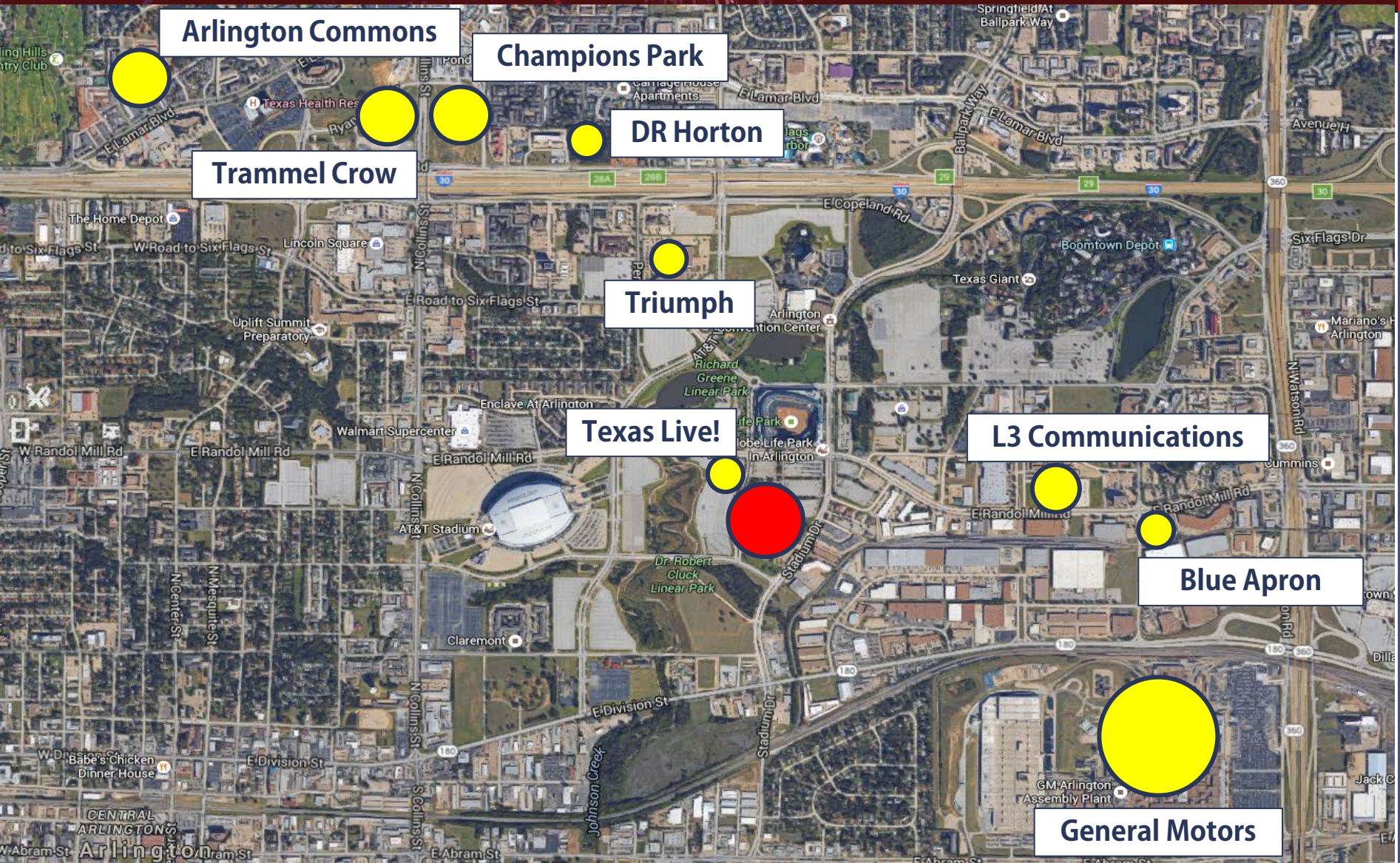
Invest In Our Economy



VISION


DFW Airport
Entertainment District
Fort Worth
Dallas
Southlake
Keller
Grapevine
Colleyville
Saginaw
Watauga
Bedford
North Richland Hills
Euless
Hurst
Richland Hills
Melody Hills
Haltom City
Irving
Farmers Branch
VALLEY RANCH
NORTH DALLAS
PRESTON HOLLOW
University Park
Highland Park
Grand Prairie
Arlington
OAK CLIFF
STOP 6/POLY OVERSIGHT ASSN
Pantego
Dalworthington Gardens
EAST ARLINGTON
REDBIRD
Forest Hill
Edgecliff Village
Duncanville

VISION



Arlington Commons
Champions Park
DR Horton
Trammel Crow
Triumph
Texas Live!
L3 Communications
Blue Apron
General Motors

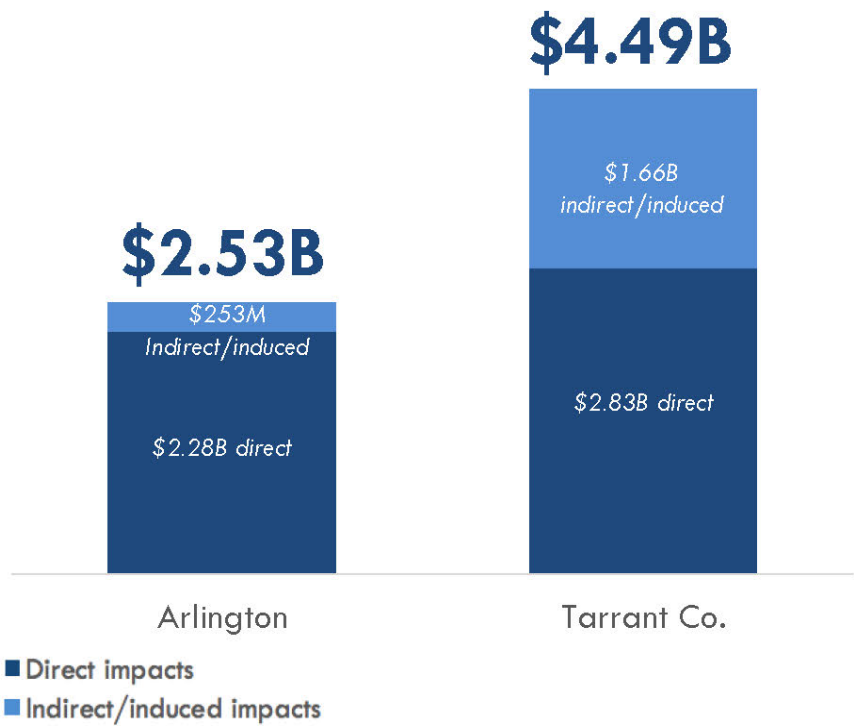
ECONOMIC IMPACT

Annual economic impacts

$77.5M
in the City of Arlington
$69.4M direct | **$8.1M** indirect/ induced

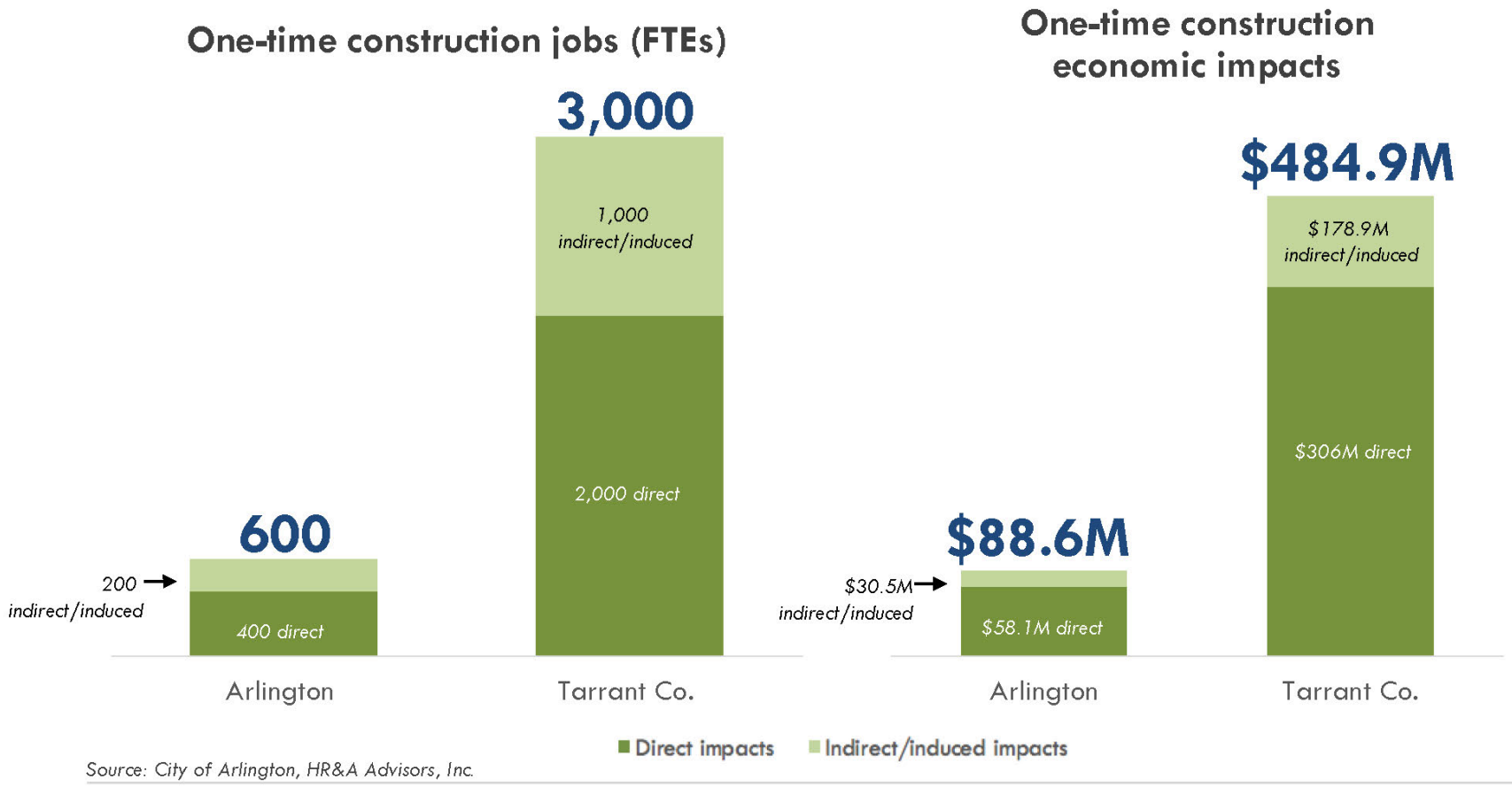
$137.6M
in Tarrant County
$86.9M direct | **$50.7M** indirect/ induced

Net present value of economic output*
(2016-2054)



Source: Texas Rangers, City of Arlington, HR&A Advisors, Inc.
** Present value calculation assumes a 4% discount rate and 3% inflation.*

ECONOMIC IMPACT



Source: City of Arlington, HR&A Advisors, Inc.

STATUS OF EXISTING VENUES

- Globe Life Park completed in 1994
  - Original debt issue of $135M
  - Paid off in 2001
  - 10 years ahead of schedule

- AT&T Stadium completed in 2009
  - Original debt issue of $298M
  - At current rate of debt service, planned payoff in 2021
  - 14 years ahead of schedule

CONTEXT OF TRANSACTION

- Current Ballpark lease expires April 2024
- Rangers have expressed desire for facility with a retractable roof
- Adding retractable roof to Globe Life Park is not a viable option for the Rangers
- Value to both entities to begin new ballpark sooner rather than later

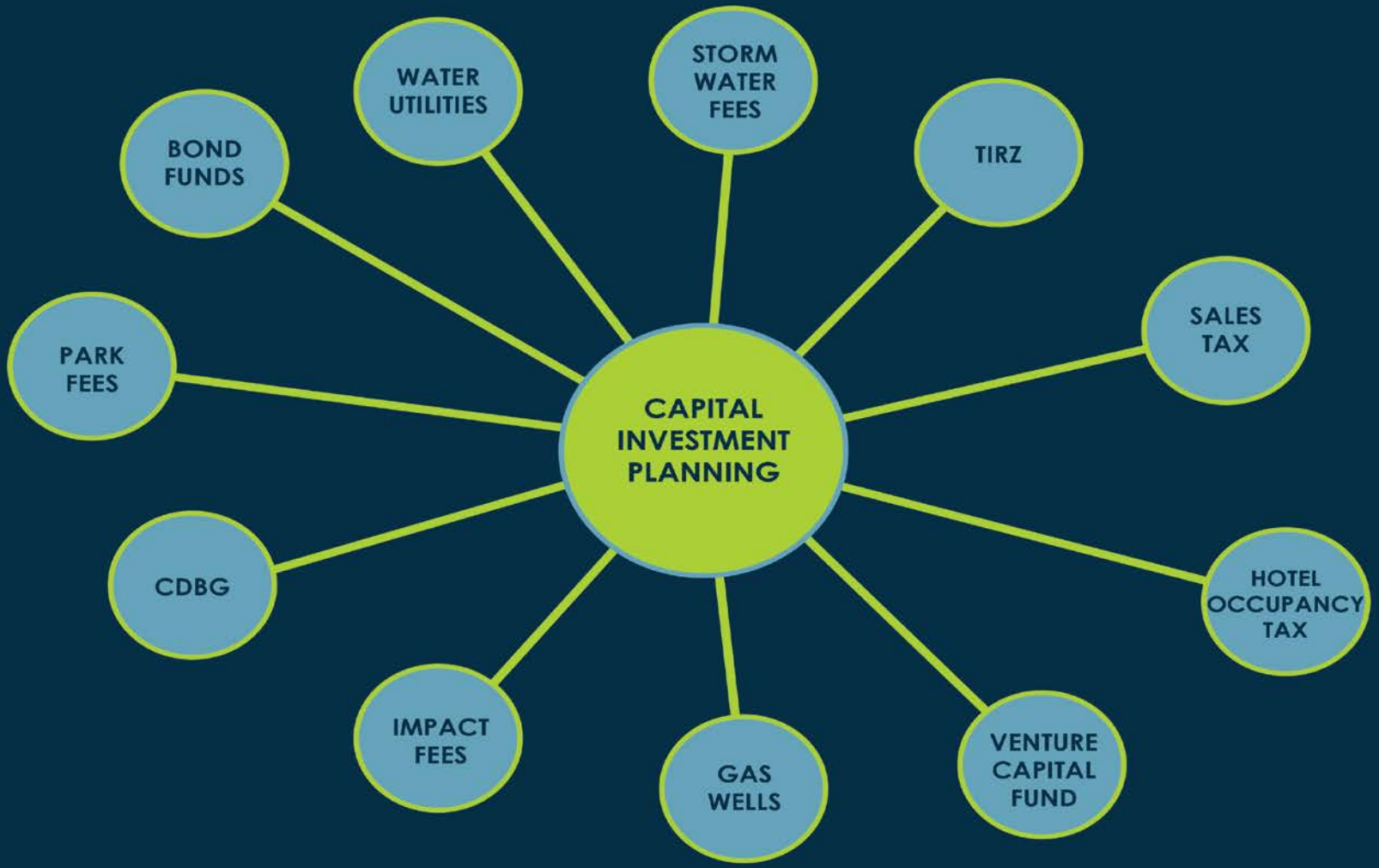
SPORTS AND COMMUNITY VENUES STATUTE

- State of Texas adopted Chapter 334 of the Local Government Code: Sports and Community Venues in 1997
- Delineates clear path for governmental entities to ask voter approval for dedicated funding streams for venue projects
- Only specific funding mechanisms are allowed:
  - Up to ½ cent Sales Tax
  - 2% Hotel Occupancy Tax
  - 5% Car Rental Tax
  - Parking and Admissions Taxes for Venue Events
- Majority of these revenue streams are tourism-based
- Property Taxes will not be used to fund a proposed ballpark complex
- All land necessary for the project is assembled

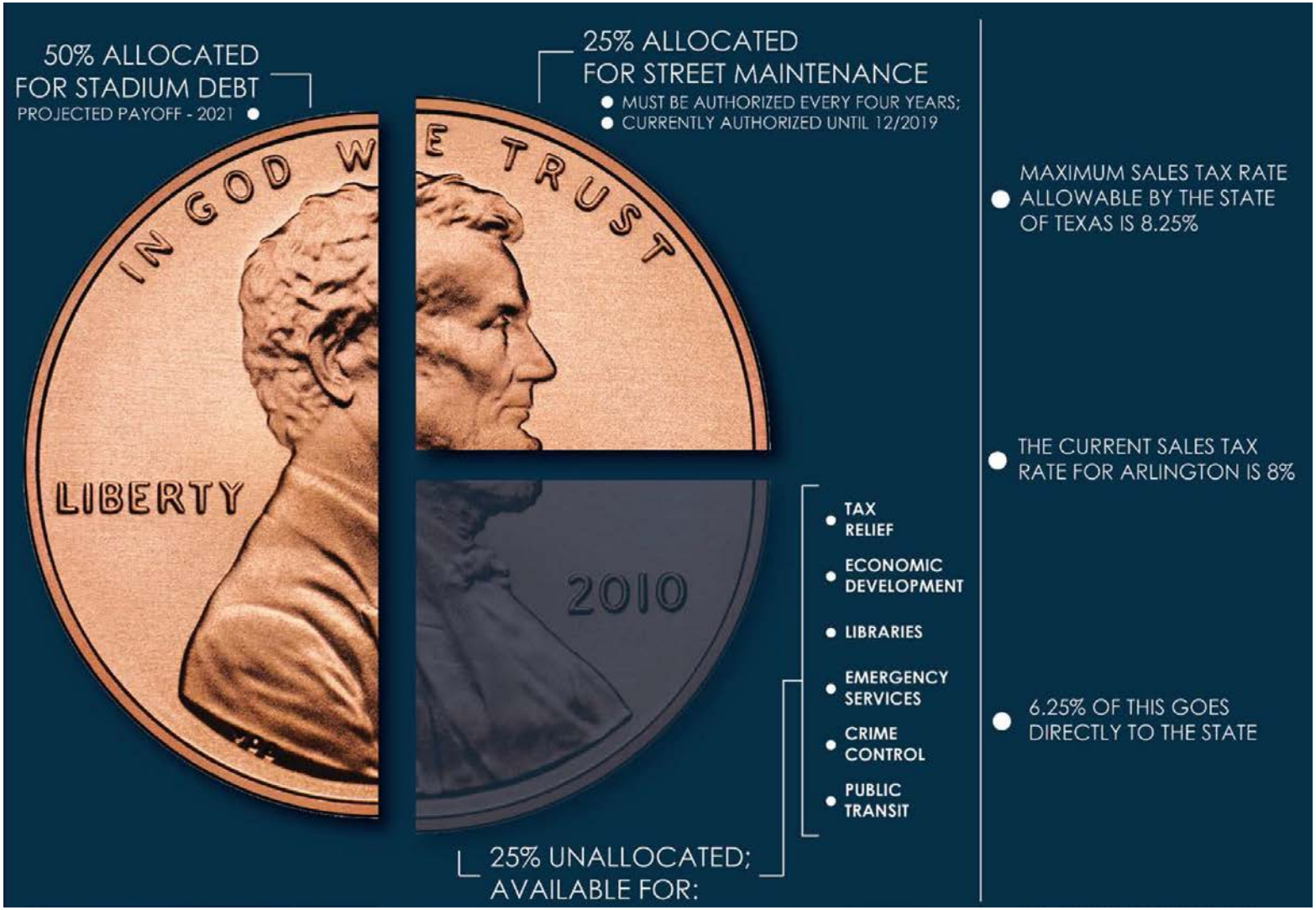
ELECTION QUESTION

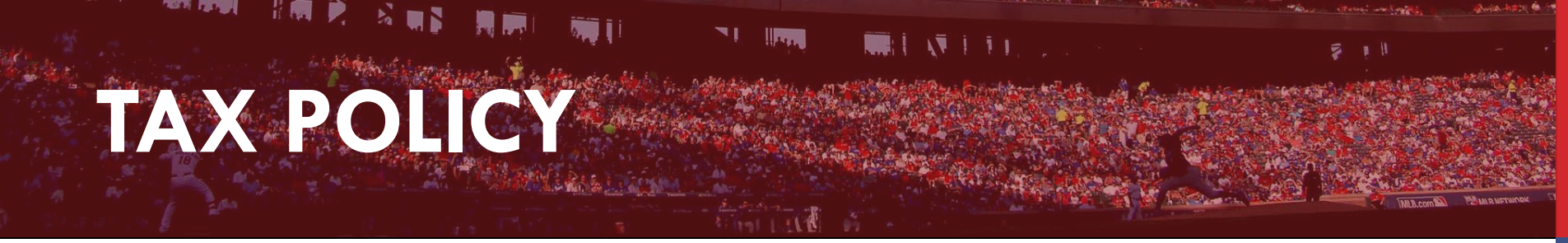
- November 8, 2016 Arlington residents will vote on the proposed venue project
    - If approved by voters, existing venue taxes approved in 2004 for AT&T Stadium- a half cent sales tax, 5% car rental tax and 2% hotel occupancy tax- would be extended to help publicly finance a new ballpark for the Texas Rangers.
    - A tax on vehicles parked for events at the new ballpark and a tax on tickets for patrons attending events at the new ballpark could be levied in the same way parking and ticket taxes were handled for AT&T Stadium. In accordance with the terms of the Master Agreement, these taxes would only be levied if requested by the Rangers, and would be utilized for the Rangers' debt.
- Data on VISA cardholder transactions in Arlington shows that 52% of sales to Arlington merchants are from visitors to Arlington
- Venue taxes are largely tourism-based taxes; our visitors pay for a large share of the venues they come to visit

CITY REVENUE SOURCES AND USES



VOTER AUTHORIZED SALES TAX





TAX POLICY

- Competitive Property Tax Rate

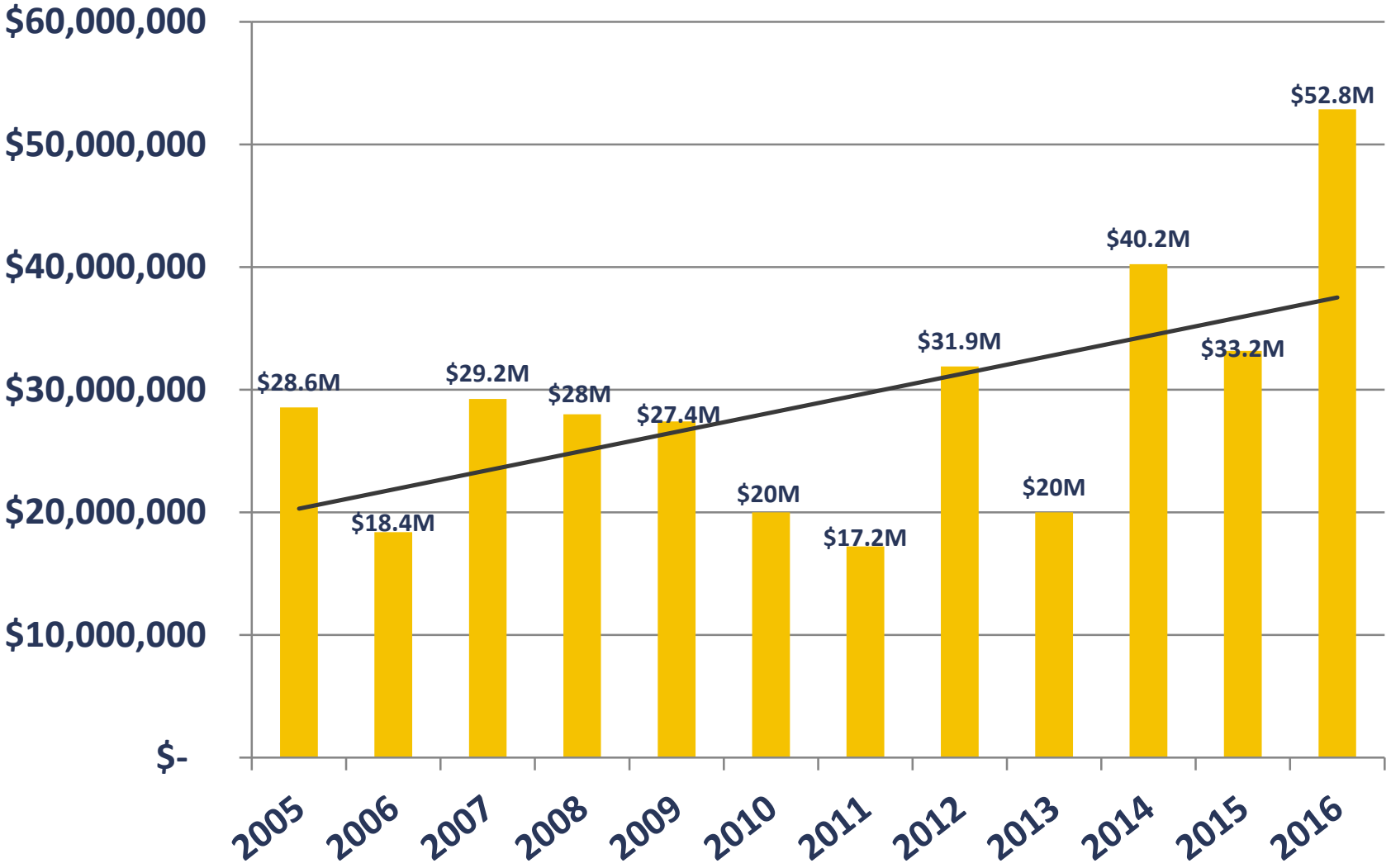
- Homeowner Exemptions:

  - 20% General Homestead Exemption
  - $60,000 Over-65 Exemption
  - Over-65 Tax Ceiling
  - $60,000 Disabled Persons Exemption
  - Disabled Veteran Exemptions

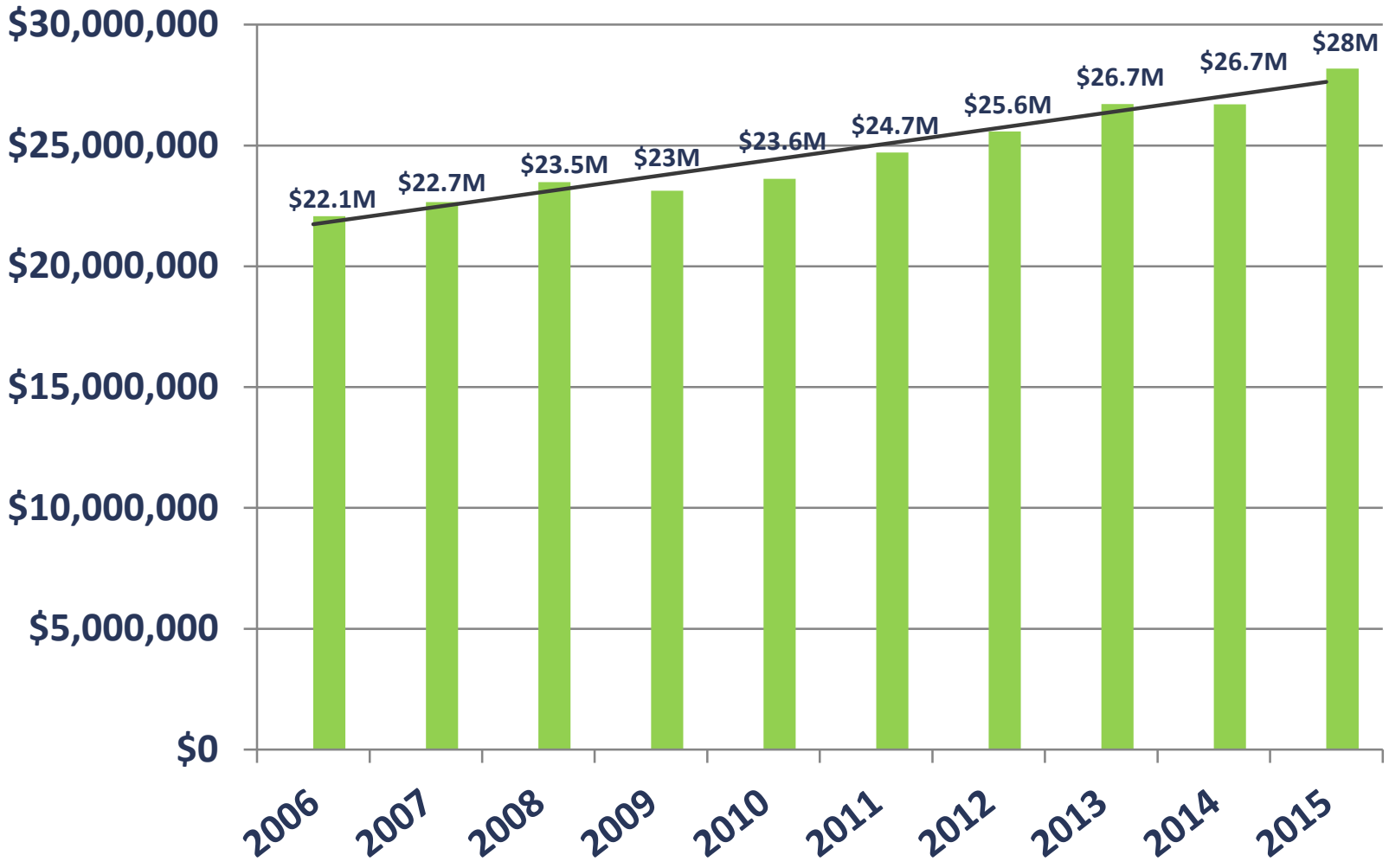
- Business Exemptions:

  - Triple Freeport Exemption

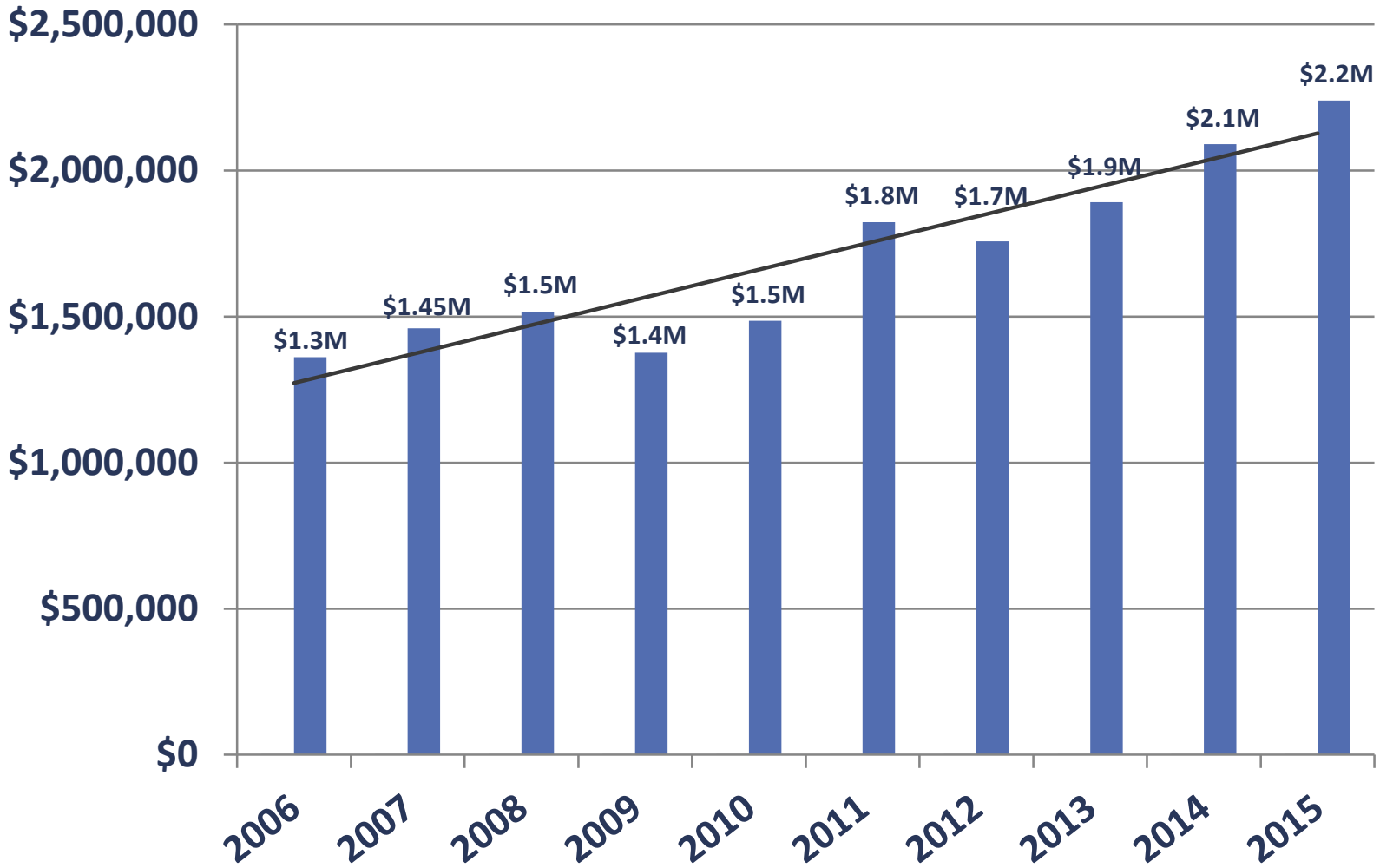
HISTORIC INVESTMENT IN CAPITAL INFRASTRUCTURE



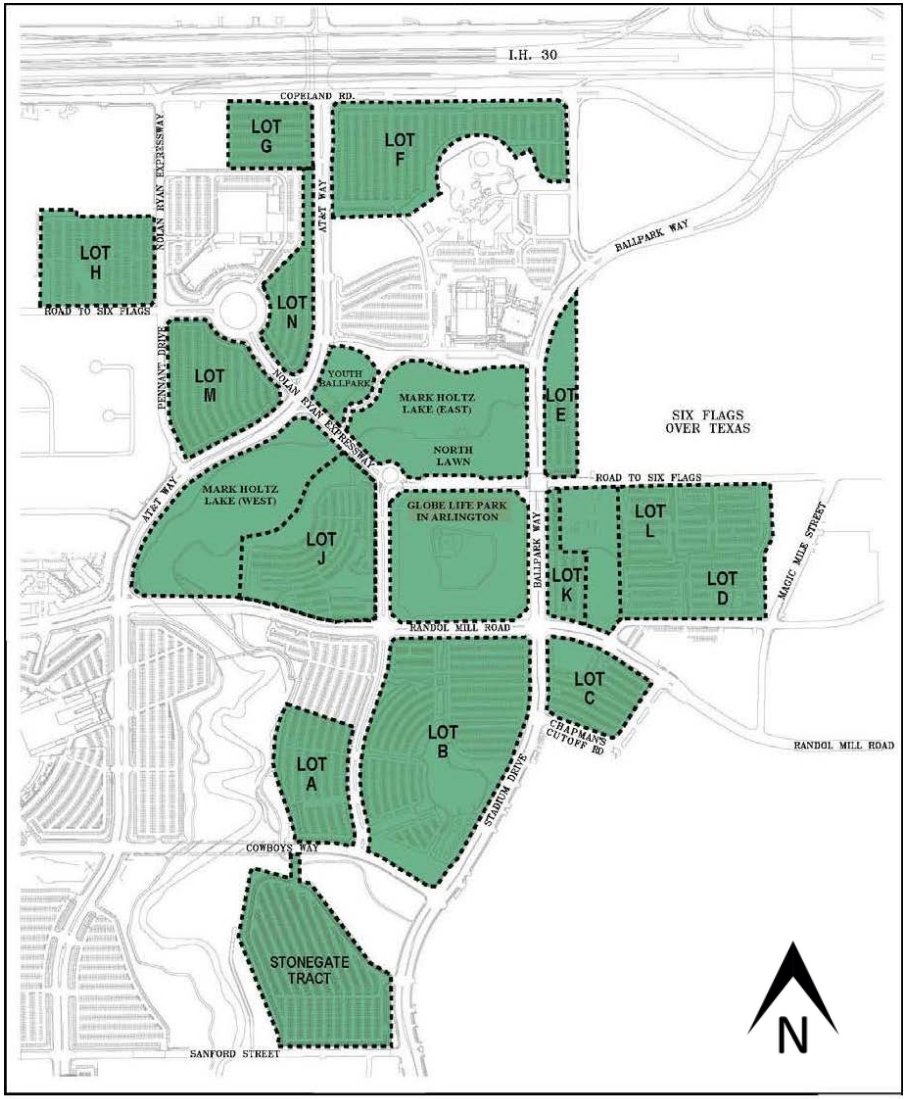
SALES TAX REVENUE TREND



HOTEL OCCUPANCY TAX REVENUE TREND



PRELIMINARY SITE MAP



THE BALLPARK COMPLEX

- Multi-use, indoor/outdoor, retractable-roof facility seating at least 38,000
- Team will execute Non-Relocation Agreement through Jan.1, 2054
- City will call election under Ch. 334 for voters to approve project/funding
- Estimated budget of $1B
- City will contribute no more than $500M through bond proceeds, if approved

THE BALLPARK COMPLEX

- Team and City will execute necessary project documents if voters authorize
- City shall own Ballpark Complex, Team will design and build
- Team shall refer to Arlington in TV and radio broadcasts, marketing materials
- Team shall include “Arlington” in a prominent feature of Complex

LEASE

- Initial Lease term of 33 years, plus 2 renewal periods of 5 years each
- Lease will be triple net; Team responsible for operations and maintenance
- Rent: $2M annually
- Team anticipates starting the 2020 season in the new Complex

CITY AND TEAM CONTRIBUTION

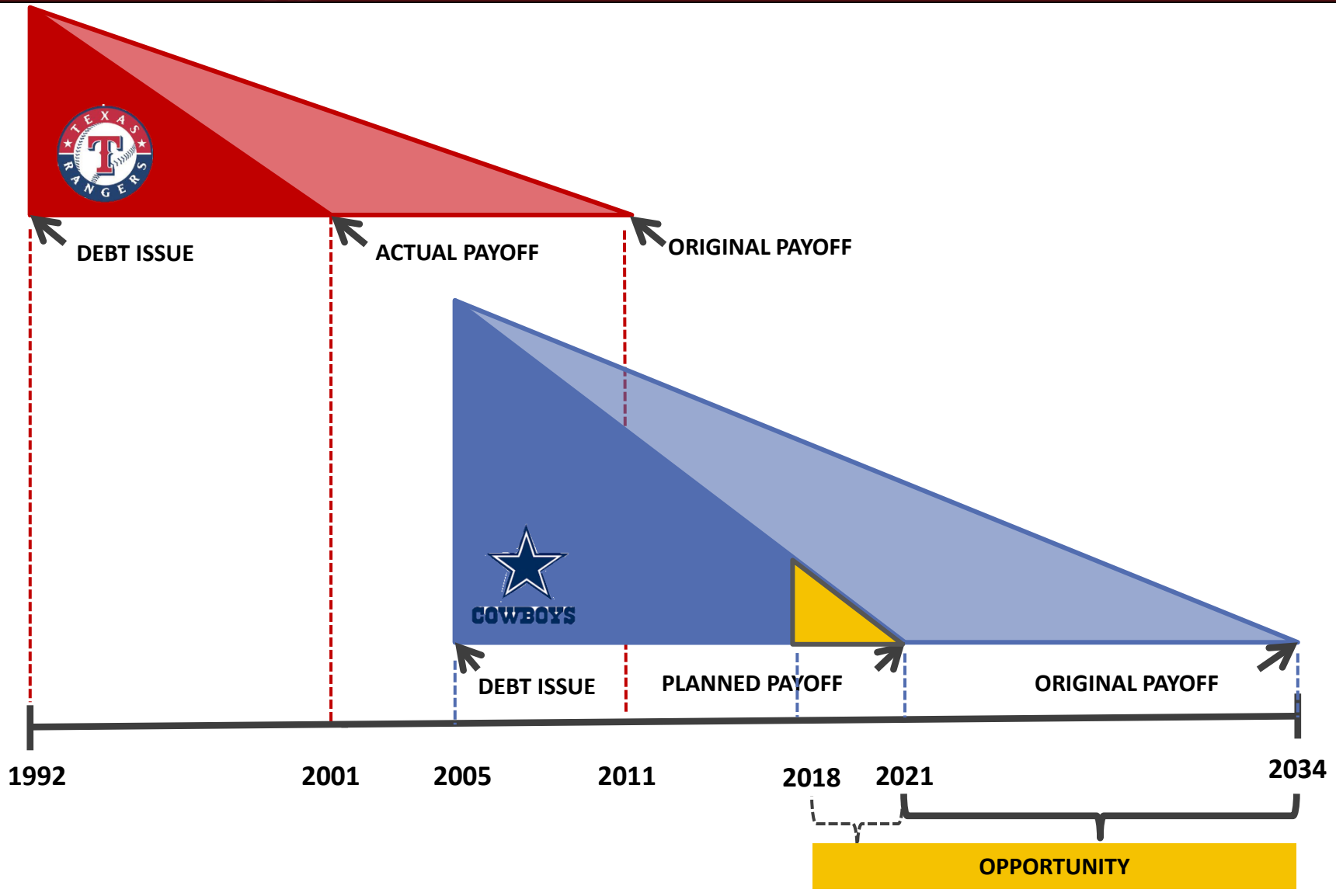
$500M City Contribution Funded By:

- ½ Cent Sales Tax
- 2% Hotel Occupancy Tax
- 5% Car Rental Tax
- $2M Annual Rent

$500M Team Contribution Funded By:

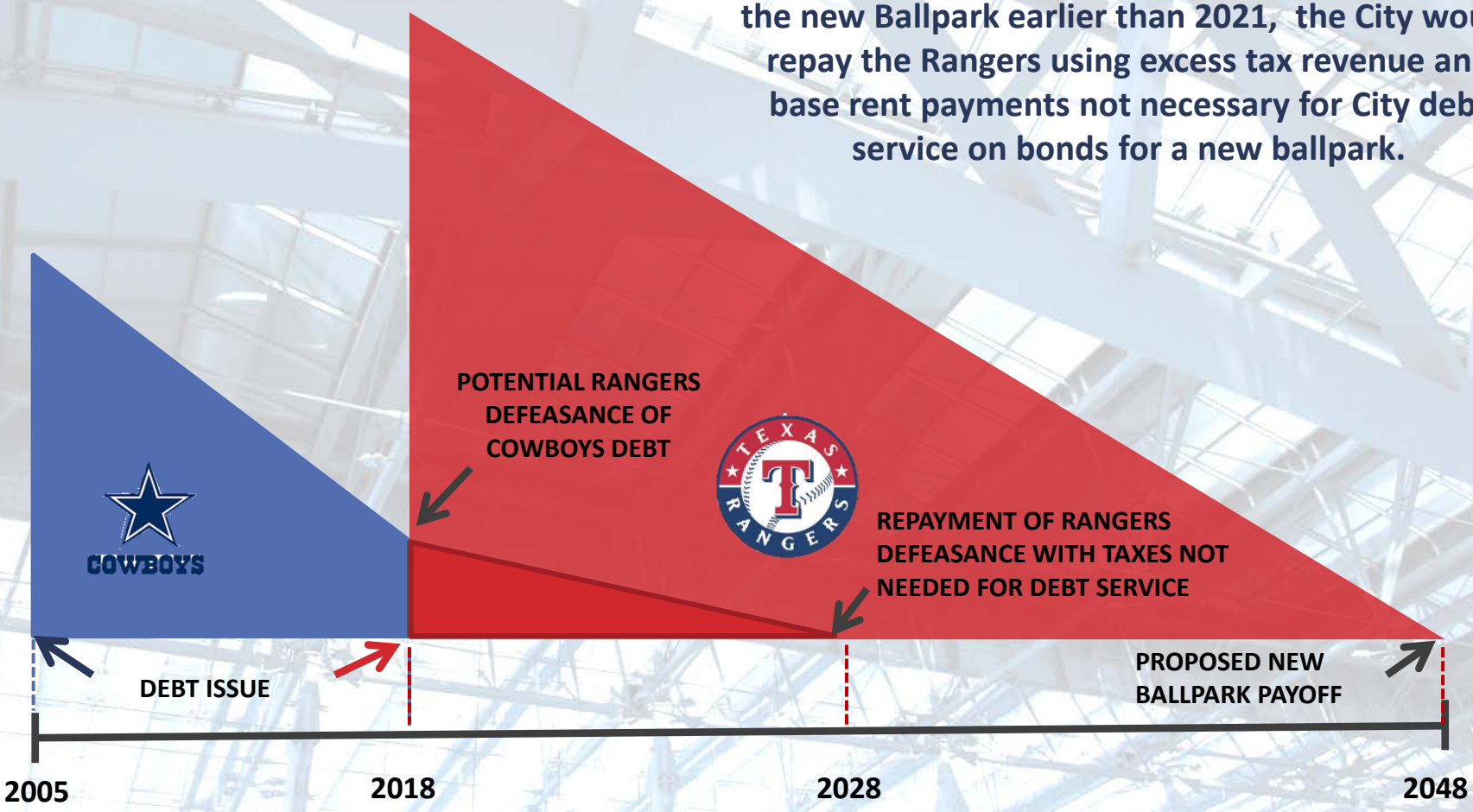
- Private Loans
- Cash/Equity
- Parking and Ticket Tax
- Fee from agreement with City to sell Stadium Builder Licenses

TIMING


DEBT ISSUE
ACTUAL PAYOFF
ORIGINAL PAYOFF
DEBT ISSUE
PLANNED PAYOFF
ORIGINAL PAYOFF
1992
2001
2005
2011
2018
2021
2034
OPPORTUNITY

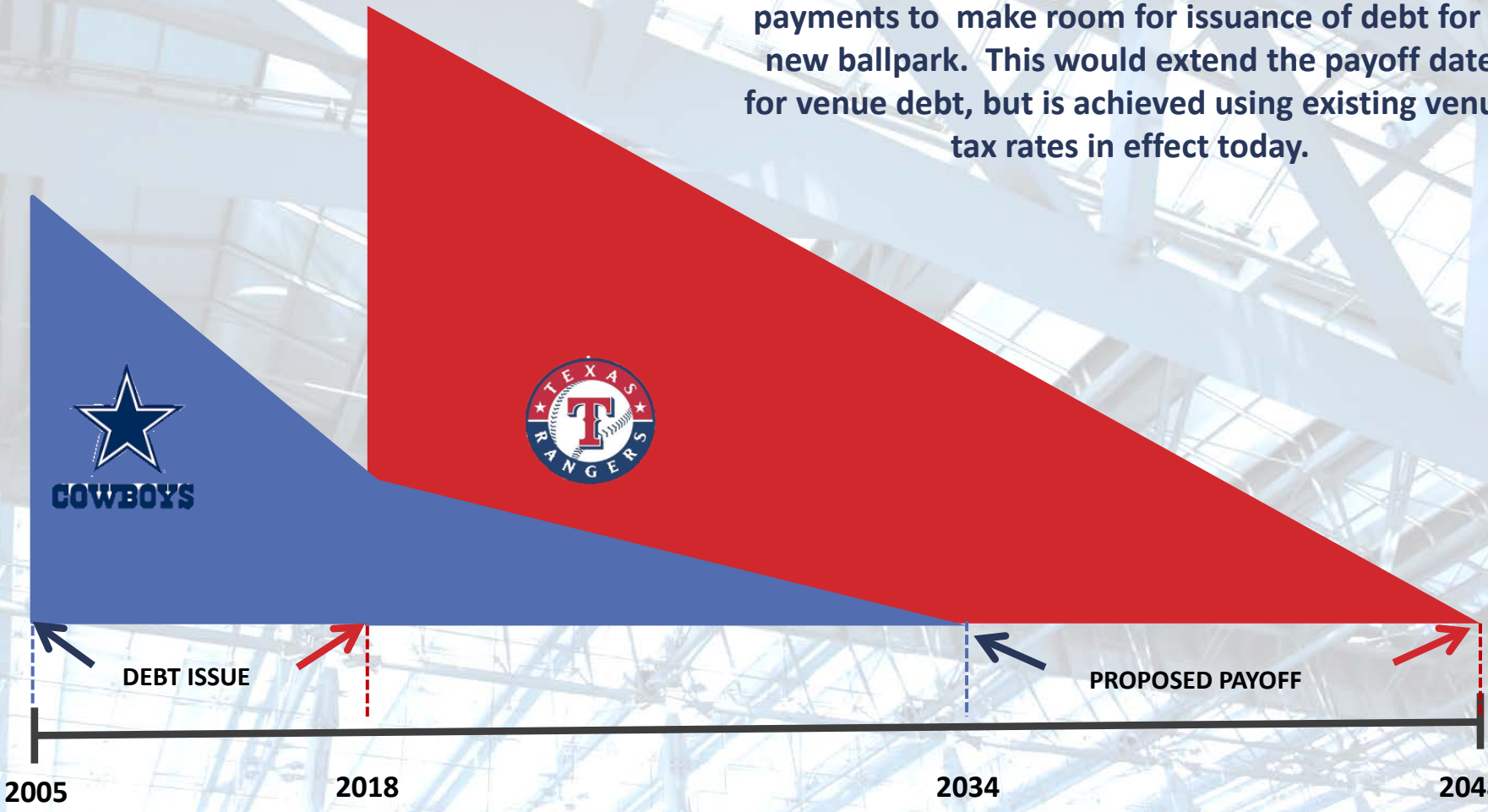
FUNDING PATH 1

If Rangers defease existing venue debt to advance the new Ballpark earlier than 2021, the City would repay the Rangers using excess tax revenue and base rent payments not necessary for City debt service on bonds for a new ballpark.



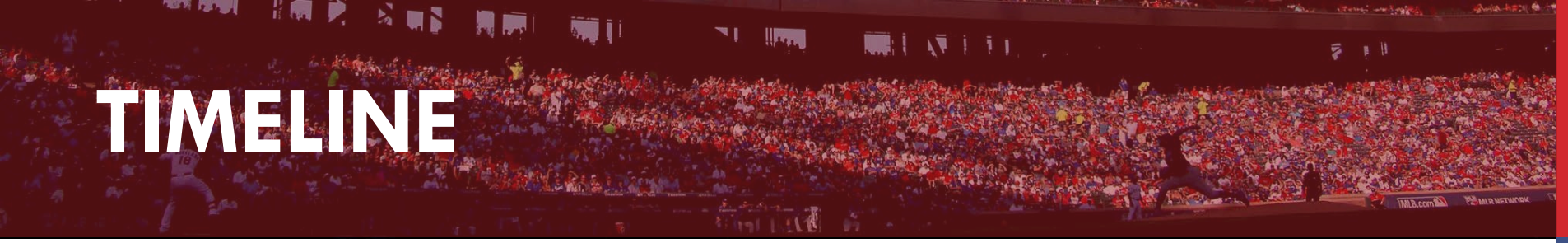
FUNDING PATH 2

Alternatively, the City can decelerate venue debt payments to make room for issuance of debt for a new ballpark. This would extend the payoff date for venue debt, but is achieved using existing venue tax rates in effect today.



OTHER KEY POINTS

- If cost of Complex is less than $1B, Team will contribute to Entertainment District development to ensure their total investment matches the City contribution
- Team will host, sponsor, and participate in community events in Arlington
- Team will participate in Major Event Trust Fund event bids
- Team Headquarters will be in Arlington
- MWBE goal of 25% with Community Advisory Committee and Benefits Plan
- Team will incorporate elements into Complex to recognize contributions of former leaders
- Team and City will explore opportunities for repurposing portions of Globe Life Park; Team has final determination on future of structure



TIMELINE

Near Term:

- **May 24, 2016: Designate Venue and Approve Master Agreement**
- **August 9, 2016: Call Venue Tax Election**
- **November 8, 2016: Election Held**

If Voters Authorize Project:

- **Early 2017: Project Documents Executed**
- **2017: Team initiates site preparation and Complex design**
- **2018: City sells bonds to fund City contribution, Team initiates construction**
- **2019: Construction Phase**
- **As early as 2020: Rangers begin season in new Complex**

ACTIONS

May 24, 2016:

- **Approve resolution designating the Texas Rangers Development Complex project as a sports and community venue project under Chapter 334 of the Texas Local Government Code**

- **Approve execution of a Master Agreement with Rangers Baseball, LLC**

August 9, 2016:

- **Order November 8, 2016 Special Election**

ARLINGTON