



To the Mayor and Members of the City Council

June 2, 2026

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**SUBJECT: 2026 DEBT FINANCING PLAN OVERVIEW**

The purpose of this report is to provide an overview of the City's planned debt financing activities for Fiscal Year 2026. As the City continues to invest in critical infrastructure and other capital projects, a strategic and well-structured approach to debt issuance is essential to maintaining financial stability and long-term affordability. This report outlines anticipated bond issuances, including their intended purposes, projected timelines, and key financial considerations.

**Credit Rating and Market Update**

The City's Water System has received an upgraded revenue bond rating of AAA from S&P Global Ratings, the highest rating available, reflecting the utility's strong financial management, stable performance and long-term infrastructure planning.

Furthermore, the City maintains strong General Obligation (GO) credit ratings, including:

- Aa3 from Moody's Investors Service
- AA from S&P Global Ratings and Fitch Ratings
- AA+ from Kroll Bond Rating Agency

The City's credit ratings are anchored by a very strong local economy, excellent management practices, strong reserves, and healthy financial performance. Credit challenges remain due to the City's weak debt profile related to pension and OPEB liabilities.

Municipal market interest rates remain elevated relative to the historically low-rate environment experienced during 2020 and 2021. The Financial Management Services Treasury Division and the City's financial advisors continue monitoring market conditions and evaluating financing structures and issuance timing to minimize borrowing costs.

**Debt Management Tools & Initiatives**

- ***Commercial Paper Program Amendment: General Purpose Extendable Commercial Paper Program (ECP)***

The General Purpose Commercial Paper Program supports appropriations to initiate capital projects between annual bond sales. An increase to the capacity of the ECP program, from \$300 million to \$845 million, would facilitate appropriations for the 2026 Bond Program.

- ***Tax Exempt Master Lease Program Approval***

The Master Lease Program would support financing for equipment and vehicles across multiple City departments while providing greater flexibility in evaluating financing options. The program would also give staff added flexibility to respond in emergency situations when the timing of Council action conflicts with bond sale schedules.



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**SUBJECT: 2026 DEBT FINANCING PLAN OVERVIEW****Refinancing and Defeasance Opportunities**

The City's financial advisors and Treasury staff continue monitoring refunding opportunities and have identified opportunities for savings. Based on current market conditions, the following actions are recommended:

- ***Water System—Series 2015A and Series 2016 Water System Revenue Bonds Refunding***  
Current refunding of the City's Water and Sewer System Bonds, Series 2015A and Series 2016 to achieve estimated debt service savings of approximately 3.70% or \$1,358,400.
- ***General Purpose—Cash Defeasance of Outstanding Maturities***  
The proposed cash defeasance strategy would use approximately \$24 million of available General Debt Service Fund balance and \$22 million generated from eligible transportation projects transferred from the Transportation Impact Fee Fund to redeem approximately \$46 million in outstanding maturities in FY 2027 and FY 2028. This cash defeasance would reduce future debt service obligations and increase debt capacity to support issuance of the proposed Certificates of Obligation.

**New Money Bond Issuance**

- ***Series 2026 General Purpose Bonds***  
General Purpose Bonds in the amount of \$105,000,000 are planned to fund propositions under the 2022 Bond Program, including: streets and mobility infrastructure and parks and recreation. Repayment will be funded by ad valorem taxes, generated from the I&S tax rate.
- ***Series 2026 Combination Tax and Revenue Certificates of Obligation***  
Combination Tax and Revenue Certificates of Obligation (CO) in the amount of \$103,000,000 planned to fund various street and mobility infrastructure projects, parks and recreation projects, and facility improvement projects. Repayment will be funded by ad valorem taxes, generated from the I&S tax rate.

Pending Council's approval of the parameters ordinance, the City may price Certificates of Obligation within 90 days of the approval date, in one or more issuances, up to the total authorized amount. If the bonds are not priced within the 90-day window, a new notice of intent to issue Certificates of Obligation would be required.

To properly align use of Certificates of Obligation funding with priority projects, staff will be transferring previously identified general revenues from CO eligible projects. This will provide flexibility in the use of those general revenues on other non-CO eligible programs. This includes freeing funds for the FY2026 operating budget and the Downtown Library Project.



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**SUBJECT: 2026 DEBT FINANCING PLAN OVERVIEW**

- ***Series 2026 Water & Sewer System Revenue Bonds***

Water & Sewer System Revenue Bonds in the amount of \$240,000,000 to fund planned Water and Sewer System capital improvements and a customer billing software system. Repayment will be funded by pledged revenues of the water system.

- ***Series 2026 Special Tax Revenue Bonds***

Special Tax Revenue Bonds in the amount of \$550,000,000 planned to fund Fort Worth Convention Center Phase II - Construction. Repayment will be funded by various pledged revenues of the culture and tourism system.

**Next Steps**

Staff will continue coordinating with the City's financing team regarding the planned fiscal year 2026 financing transactions, including required Council actions, rating agency presentations, market monitoring, and evaluation of refunding opportunities.

Additional details regarding planned financings and anticipated activity dates are included within the attached appendix provided to Council on June 2, 2026.

If you have any questions, please contact Alex Laufer, Assistant Finance Director, at 817-392-2268.

**Jesus "Jay" Chapa  
City Manager**

# 2026 Debt Financing Overview

June 2, 2026



Financial Management Services

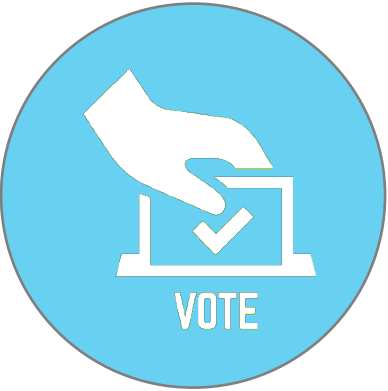
# Agenda

- **2026 FINANCING PLANS**
- **GENERAL OBLIGATION DEBT CAPACITY**
- **MARKET UPDATE**
- **CREDIT RATING INFORMATION**
- **CALENDAR OF ACTIVITIES**

# Fiscal Year Debt Activities to Date



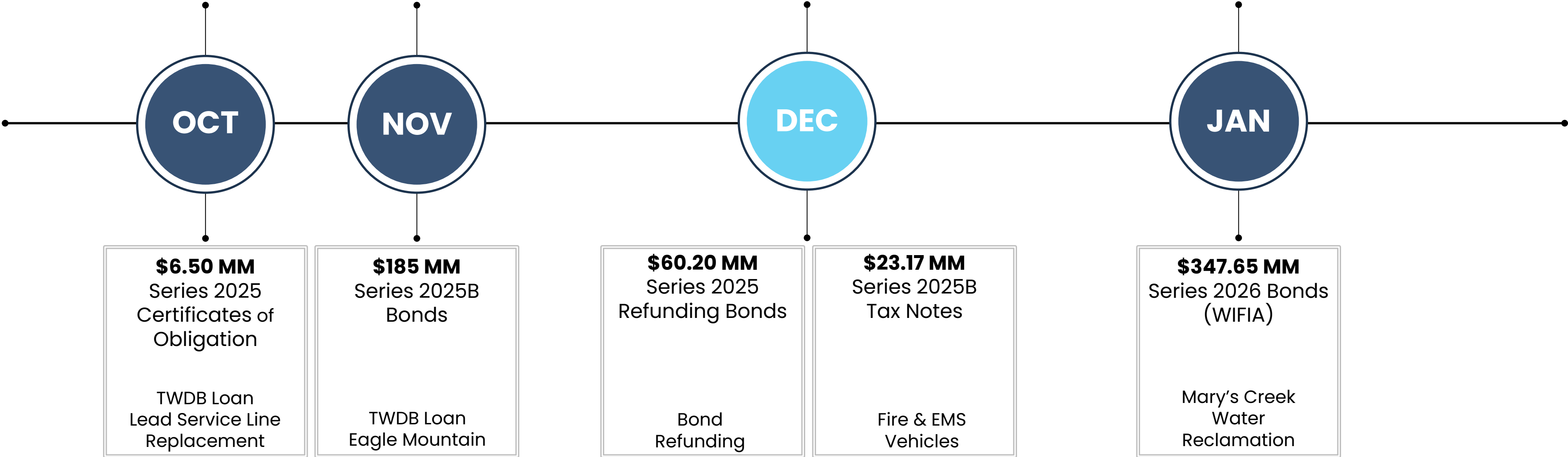
## Water & Sewer



## General Obligation



## Water & Sewer





# 2026 Financing Plans

# Commercial Paper Program

General Purpose				
Closing	Authority (\$)	Issue	Recommendation	Funding Source
Q3	\$300,000,000	General Purpose Commercial Paper Notes, Series ECP	Increase authority to \$845MM	Ad Valorem Tax

Water & Sewer System				
Closing	Authority (\$)	Issue	Recommendation	Funding Source
N/A	\$700,000,000	Water & Sewer System Commercial Paper Notes, Callable CP Series	No Change	Water & Sewer Revenue

Drainage System				
Closing	Authority (\$)	Issue	Recommendation	Funding Source
N/A	\$100,000,000	Drainage Utility System Commercial Paper Notes, Series ECP	No Change	Drainage Revenue

- The General Purpose Commercial Paper program provides necessary appropriation authority to support capital projects within voter-authorized Bond Programs.
- **Increasing the General Purpose program authority will provide the 2026 Bond Program additional flexibility in issuing contracts to support the wide scope of projects,** but does not provide funding to enable expenditures.
- There are no plans to issue commercial paper at this time.

# Tax-Exempt Master Lease Agreement

- Financial Management Services (FMS) and the City's financial advisors issued a Request for Proposals (RFP) to establish a tax-exempt Annual Appropriation Master Lease program for vehicle and equipment financing.

## What It Will Finance

- The Master Lease program will provide financing for the acquisition and reimbursement of vehicles and equipment across City departments, including:
  - Fire Department — Vehicles and firefighting equipment
  - Public Works — Heavy machinery and maintenance vehicles
  - Police Department — Patrol vehicles and specialized equipment
  - Parks and Recreation — Maintenance equipment and golf carts

## Key Benefits

- Provides the City with additional flexibility in financing options for essential vehicles and equipment
- Allows evaluation of the most appropriate financing mechanism for each project
- Provides added flexibility to respond in emergency situations when the timing of Council action conflicts with bond sale schedules

## Funding Source

- Repayment could not be charged against the General Debt Service Fund

# Refunding & Defeasance Opportunities

Refunding Opportunities*	
	Water System
Refunded Par	\$36,715,000
Net Present Value Savings (\$)	\$1,358,400
Net Present Value Savings (%)	3.70%
Average Annual Savings	\$172,721 (FY2026-2035)

Defeasance Opportunities*	
	General Purpose
Principal to Be Redeemed	\$46,287,631
Total Interest Savings	TBD
Average Annual Savings	TBD (FY2027)

Maturities Refunded

Series 2015A – 2028-2035 maturities  
Series 2016 – 2028-2035 maturities

Maturities Redeemed

Series 2015A – 2027 maturity  
Series 2016 – 2027 maturity  
Series 2017 – 2027 maturity  
Series 2018 – 2027/2028 maturities  
Series 2019 – 2027 maturity  
Series 2020 – 2027 maturity  
Series 2021 – 2027 maturity  
Series 2023 – 2027 maturity

\* Preliminary and Subject to Change

- The City’s financial advisors and staff monitor refunding opportunities and at current market rates, the Water System can achieve net present value savings of \$1.35 million or 3.70% savings, executing a refunding of approximately \$36 million of outstanding bonds.
- The cash defeasance strategy would use approximately \$24 million of available General Debt Service Fund balance and \$22 million from eligible transportation projects transferred from the Transportation Impact Fee Fund to redeem approximately \$46 million in outstanding maturities in FY 2027 and FY 2028.
- This cash defeasance would reduce future debt service obligations and increase debt capacity to support issuance of the proposed Certificates of Obligation.



# 2026 Preliminary Debt Financings

Closing*	Par Amount (\$)*	Issue	Project	Funding Source
<b>General Purpose</b>				
Q4	\$105,000,000	General Purpose Improvement	2022 Authorization (Streets & Mobility and Park and Recreation)	Ad Valorem Tax
Q4	\$75,658,000	Certificates of Obligation	Police Central Division Renovations, Bridge and Street Improvements	Ad Valorem Tax
	<b>\$180,658,000</b>			
<b>Waterworks &amp; Sewer System</b>				
Q4	\$240,000,000	W & SS Revenue Bonds	Water & Sewer Projects	Water & Sewer Revenue
<b>Culture &amp; Tourism</b>				
Q4	\$550,000,000	Special Tax Revenue Bonds	FWCC Phase II Construction	Special Tax Revenue
<b>Stormwater System</b>				
Q4	\$71,250,000	FIF Loan (TWDB)	Lebow Flood Mitigation	Stormwater Revenue
<b>Public Improvement District</b>				
Q3	\$23,450,000	Special Assessment	Veale Ranch Public Improvement District	Special Assessment

\* Preliminary and Subject to Change



# 2022 Bond Program – Proposition Summary

Purpose	Authorized	Total Issued	FY2026	FY2027
			Issuance*	Issuance*
Street and Mobility Infrastructure	\$369,218,300	\$178,894,300	\$91,114,000	\$99,210,000
Park and Recreation Improvements	123,955,500	110,069,500	13,886,000	-
Public Library Improvements	12,505,200	12,505,200	-	-
Police and Fire	39,321,000	39,321,000	-	-
Natural Area and Open Space	15,000,000	15,000,000	-	-
	<b>\$560,000,000</b>	<b>\$355,790,000</b>	<b>\$105,000,000</b>	<b>\$99,210,000</b>

\*Amount to be issued based on cash flow forecast and analysis in coordination with FWLab.

# Tax Note Program

Current Projection	2027	2028	2029	2030	2031	2032
Ambulance Purchase <sup>(1)</sup>	6,301,900 \$	6,820,880 \$	7,360,080 \$	7,919,500 \$	8,499,140 \$	8,754,114
Fire Apparatus	14,934,449 \$	15,681,172 \$	16,308,419 \$	16,797,672 \$	17,301,602 \$	17,820,650
<b>Total Projects</b>	<b>21,236,349 \$</b>	<b>22,502,052 \$</b>	<b>23,668,499 \$</b>	<b>24,717,172 \$</b>	<b>25,800,742 \$</b>	<b>26,574,764</b>
<b>Current Tax Notes Issuance Projection<sup>(2)</sup></b>	<b>21,250,000 \$</b>	<b>22,550,000 \$</b>	<b>23,700,000 \$</b>	<b>24,750,000 \$</b>	<b>25,850,000 \$</b>	<b>26,600,000</b>

- FY 2027 Tax Notes sale preliminary set for 1<sup>st</sup> Quarter of FY 2027

<sup>(1)</sup> Preliminary cost estimates representing base vehicle and replacement costs, currently under review by property management. Does not include any other equipment, upgrades or outfitting.  
<sup>(2)</sup> Actual projections through 2031, growing at 3% after 2031





# General Obligation Debt Capacity

# General Purpose Debt Capacity Analysis

Capacity Input	Current Assumption
Net Taxable Assessed Value <sup>(1)</sup>	\$126.4 Billion
Estimated Tax Note Program	\$21.25MM to \$26.6MM in 2027 through 2032, growing 3% thereafter
Bond Issuances	Remaining 2022 Bond Program—2026 (\$105MM), 2027 (\$99.21MM) 2026 Bond Program—2027 (\$245MM), 2028 (\$200MM), 2029 (\$150MM), 2030 (\$150MM), 2031 (\$100MM)
Interest Rate Assumptions	Current market interest rates +50 bps for 2026 issuance and 6.00% subsequent issuances to accommodate potential market volatility

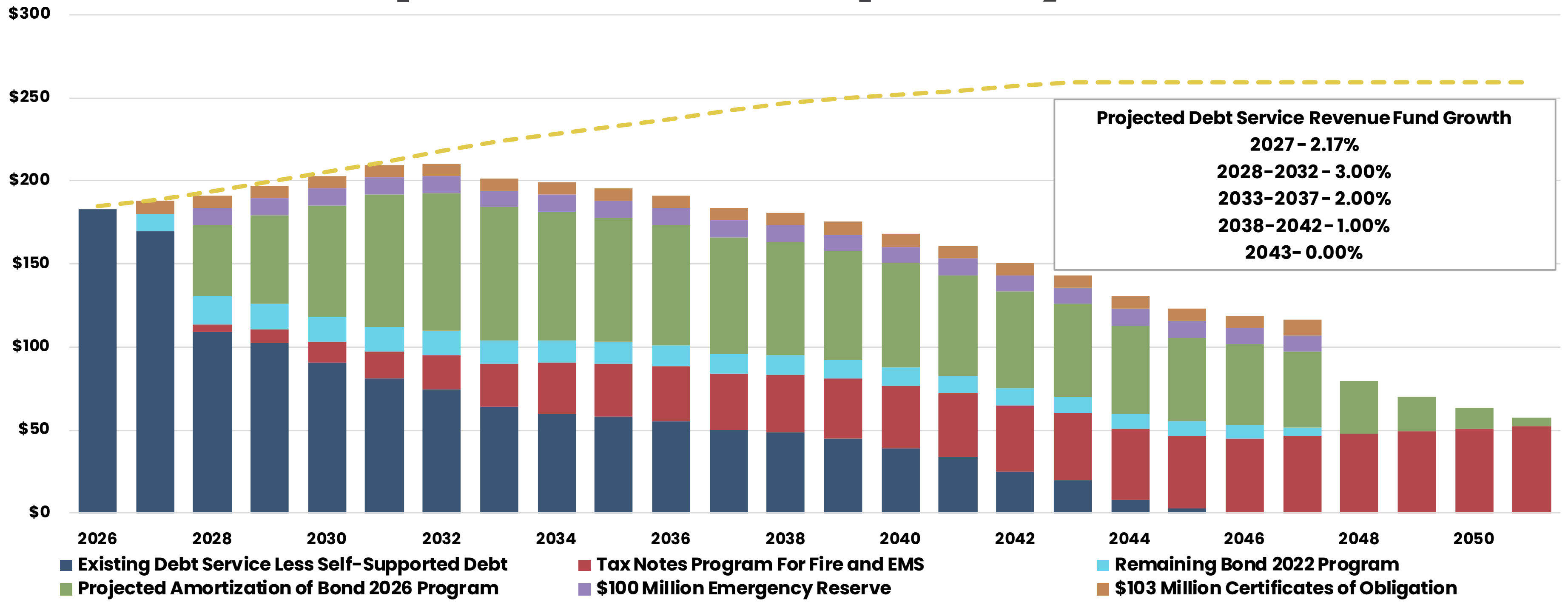
- Model is dynamic and continually updated by staff and FAs as conditions change
- Issuance plan maximizes project capacity based on estimated I&S Levy
- 7-Year Forecast, through FY 2032 issuances
- 2026 Bond Program: \$845 million
- Debt capacity will be updated upon receipt of final property tax valuations

	December 2025 3.00% <sup>(1)</sup> Growth of I&S Levy	March 2026 2.17% <sup>(1)</sup> Growth of I&S Levy
I&S Rate	Flat at \$0.1475	Flat at \$0.1475
Estimated Levy for Tax Year 2026	\$185,401,313	\$183,907,303
Bonding Capacity through 2032 <sup>(2)(4)</sup>	\$1.32 Billion	\$1.402 Billion
2022 Bond Program	\$204 Million	\$204 Million
2026 Bond Program	\$845 Million	\$845 Million
Estimated Tax Note Program	\$145.5 Million	\$150 Million
Certificates of Obligation	-	\$103 Million <sup>(3)</sup>
Reserve Capacity	\$120 Million	\$100 Million

(1) Estimated property tax revenue based on growth rate over FY 2025 provided by FWLab, December 2025-3.00%, March 2026-2.17%  
 (2) Bonding Capacity is based on estimated property tax revenues available for debt service on a 20-year level principal debt financing and municipal market interest rate. Assumptions include estimates for delinquents, penalties, and interest, and that portions of certain obligations paid from self-supporting revenues will continue to be funded. Bonding capacity budget includes sizing consideration of future authorizations based on available revenues.  
 (3) Execution of \$46 million Cash Defeasance, supported by transfer of \$22 million Transportation Impact Fees to debt service fund, provides debt capacity adequate to issue \$103 million of Certificates of Obligation in FY 2026  
 (4) Excludes future bond program bonding capacity



# General Purpose Debt Capacity



- Executing the General Purpose cash defeasance, producing debt service savings in FY 2027, provides additional debt capacity, allowing for the issuance of \$103 million of Certificates of Obligation

# Certificates of Obligation (COs)

- The proposed cash defeasance strategy would use approximately \$24 million of available General Debt Service Fund balance and \$22 million generated from eligible transportation projects transferred from the Transportation Impact Fee Fund to redeem approximately \$46 million in outstanding maturities in FY27 & FY28.
- The first CO sale will fund approximately \$75.6 million of projects outlined in the table to the right.
- The second CO sale could occur within 90 days of approval to fund the projects listed in the table, with the remaining balance of approximately \$27.3 million. A new notice of intent would be required after 90 days.
- To fund priority projects, including the downtown library and other projects previously funded by General Fund interest income and assigned fund balance, several funding swaps are necessary.

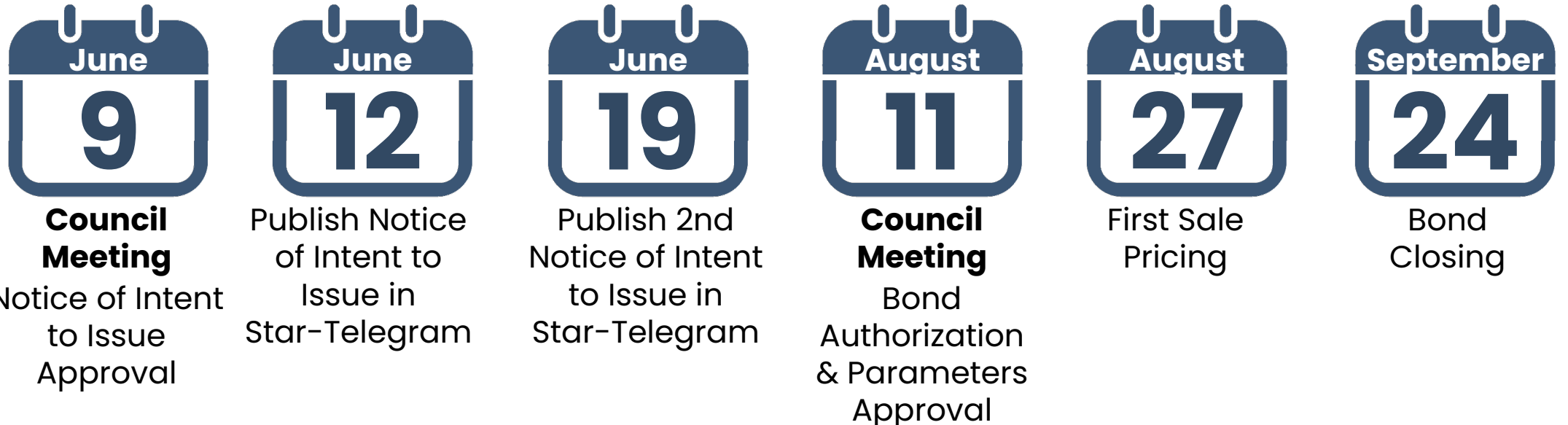
First Sale	
Project Listing	Amount
McCart Ave. & McPherson Blvd	\$10,145,000
Panther Island Projects	\$9,564,245
Horne Street Reconstruction	\$4,100,000
Camp Bowie Blvd at Horne St	\$2,000,000
Adventuress Court Repair	\$2,000,000
Bailey Boswell East	\$1,989,511
NB Sheridan @ Altamesa Blvd Intersection Improvement	\$1,649,756
Las Vegas Trail	\$1,406,654
Wichita Street Widening	\$850,244
512 W. 4th Street Facility Renovations	\$9,000,000
Police Central Division - 200 Texas St. Renovations	\$8,794,015
Municipal Court Maintenance (Electrical, Abatement, Plumbing)	\$7,000,000
IT/Civil Infrastructure - Downtown Library	\$4,085,400
Fire Station Community Center	\$7,170,250
Stop Six Hub Pool	\$4,400,000
Centreport Trail (PARD)	\$1,502,925
<b>Total</b>	<b>\$75,658,000</b>

Second Sale	
Project Listing	Amount
Community Facilities Agreement Road Projects	\$20,000,000
Stop Six HUB*	\$7,342,000
<b>Total</b>	<b>\$27,342,000</b>

**Total Certificate of Obligation Program \$103,000,000**

\* Due to timing of project delivery and pending Federal Grant award, remaining project is planned to be delivered in the second CO issuance.

## Preliminary Schedule—First CO Sale



# Debt Activities FY 2027—FY 2028

Closing*	Par (\$)*	Issue	Project	Funding Source
<b>General Purpose</b>				
1Q2027	\$25,750,000 <sup>(1)</sup>	Tax Notes	Fire Apparatus, EMS Vehicles and VEF	Ad Valorem Tax
1Q2027	\$27,342,000	Certificates of Obligation	Stop Six Hub/Community Facilities Agreement Road Projects	Ad Valorem Tax
4Q2027	\$99,120,000	General Purpose Improvement Bonds	2022 Authorization	Ad Valorem Tax
4Q2027	\$245,000,000	General Purpose Improvement Bonds	2026 Authorization	Ad Valorem Tax
1Q2028	\$22,550,000	Tax Notes	Fire Apparatus and EMS Vehicles	Ad Valorem Tax
4Q2028	\$200,000,000	General Purpose Improvement Bonds	2026 Authorization	Ad Valorem Tax
	<b>\$619,762,000</b>			
<b>Water &amp; Sewer System</b>				
1Q2027	\$60,000,000	TWDB CWSRF Loan	Mary's Creek	W & SS Revenue
2Q2027	\$150,000,000 <sup>(2)</sup>	TWDB DWSRF Loan	Carbon Facility	W & SS Revenue
4Q2027	\$220,000,000	W & SS Revenue Bonds	W&SS and Mary's Creek	W & SS Revenue
1Q2028	\$60,000,000	TWDB CWSRF Loan	Mary's Creek	W & SS Revenue
1Q2028	\$60,000,000 <sup>(2)</sup>	TWDB DWSRF Loan	Transmission Mains	W & SS Revenue
4Q2028	\$220,000,000	W & SS Revenue Bonds	W&SS and Mary's Creek	W & SS Revenue
	<b>\$770,000,000</b>			
<b>Solid Waste</b>				
4Q2028	\$75,000,000	Solid Waste System Revenue Bonds	Land Fill Project	Solid Waste Revenue

\* Preliminary and subject to change  
 (1) FY2027 Tax Notes includes \$4.5 million for Vehicle and Equipment Replacement Fund  
 (2) TWDB DWSRF Loan, if awarded will be 100% forgivable

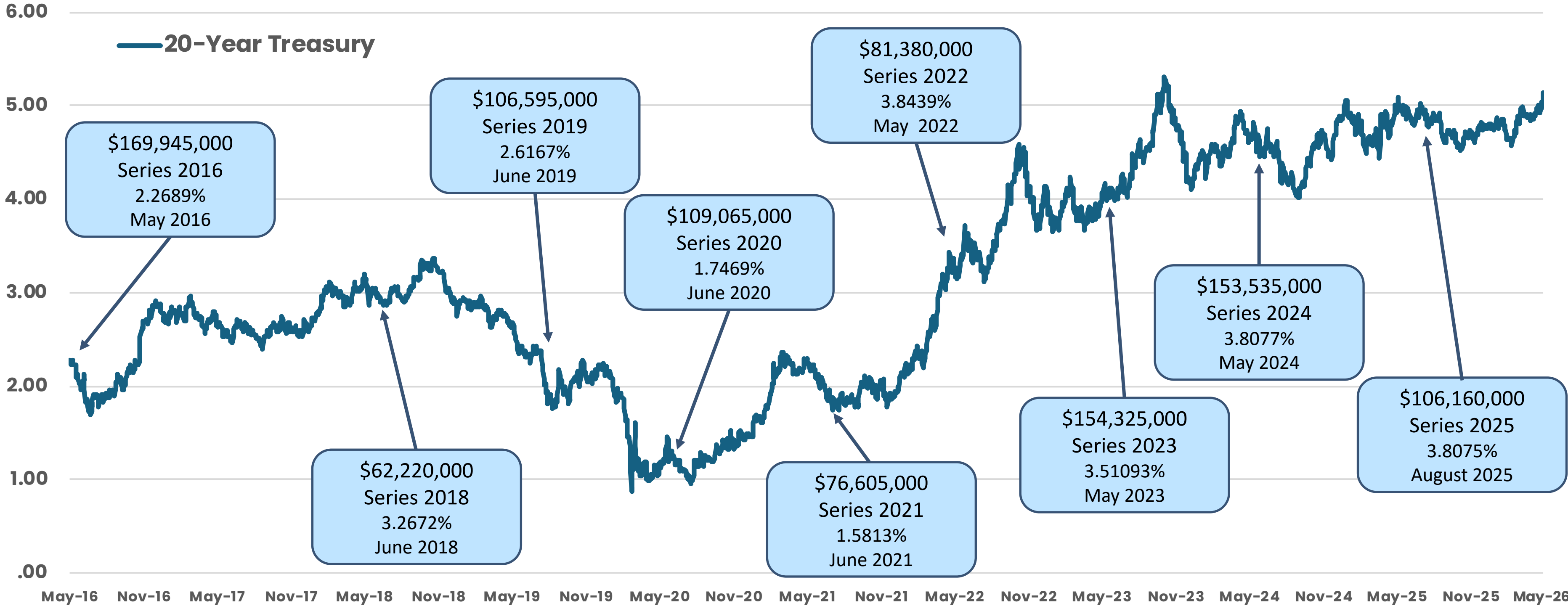




# Market Update

# Historic Market Rates

## General Purpose Bond Issues (2016-2026)





# Credit Rating Information

# Rating Overview

The City Water & Sewer System was recently upgraded to **AAA rating** from S&P, with the rating agency citing the system’s sophisticated fiscal management and proactive response to growth-related capital needs, while maintaining 2.0x debt service coverage.

The City maintains a General Obligation (GO) rating of AA+ rating from Kroll, AA ratings from S&P and Fitch, and a Aa3 from Moody’s.

**Credit strengths:**

- Strength of the local economy
- Very strong management practices
- Strong reserves
- Healthy financial performance

**Credit challenges:**

- Very weak debt profile – predominantly due to the Pension/OPEB liabilities

**External factors:**

- Strong Value per capita (AA)
- Very Strong Diversity of tax base (AAA)
- Adequate Resident Income (A)
- Very Strong Economic Growth (AAA)

Bond Rating Scale				
Moody's	S&P	Fitch	Kroll	Category
Aaa	<b>AAA</b>	AAA	AAA	Highest Possible Rating
<b>Aa1</b>	AA+	AA+	<b>AA+</b>	High Grade / High Quality
Aa2	<b>AA</b>	<b>AA</b>	AA	
<b>Aa3</b>	AA-	AA-	AA-	
A1	A+	A+	A+	Upper Medium Grade
A2	A	A	A	
A3	A-	A-	A-	
Baa1	BBB+	BBB+	BBB+	Minimum Investment Grade
Baa2	BBB	BBB	BBB	
Baa3	BBB-	BBB-	BBB-	

Water & Sewer System
  General Obligation



# Calendar of Activities

# Preliminary Timeline\*

Date	Credit	Action
June 2, 2026		Debt Plan Informal Report to Council – Council Work Session
June 9, 2026	Certificates of Obligation General Obligation	Notice of Intent to Issue – Council Meeting General Purpose Cash Defeasance Approval
June 12, 2026	Certificates of Obligation	Publish Notice of Intent (45 days)
June 19, 2026	Certificates of Obligation	Publish 2nd Notice of Intent (45 days)
June 23, 2026	Water System/Convention Center Veale Ranch PID	Bond Authorization/Parameters Approval – Council Meeting Bond Pricing
July 13, 2026	Water System	Credit Rating Agency Meetings
July 20, 2026	General Obligation/Convention Center	Credit Rating Agency Meetings
July 29, 2026	Water System	Receive Credit Ratings
August 10, 2026	General Obligation/Convention Center	Receive Credit Ratings
August 11, 2026	General Obligation/Certificates of Obligation	Bond Authorization/Parameters Approval – Council Meeting
August 20, 2026	Convention Center	Bond Pricing
August 27, 2026	General Obligation/ Certificates of Obligation Water System	Bond Pricing
September 10, 2026	Convention Center	Bond Closing
September 24, 2026	General Obligation/ Certificates of Obligation Water System	Bond Closing

\* Preliminary and Subject to Change





**QUESTIONS?**