

Mayor and Council Communication

DATE: 06/09/26

M&C FILE NUMBER: M&C 26-0445

LOG NAME: 13CASH DEFEASANCE GENERAL OBLIGATIONS BONDS

SUBJECT

(ALL) Adopt Resolution Authorizing Cash Defeasance of General Purpose Refunding and Improvement Bonds, Series 2015A, General Purpose Refunding and Improvement Bonds, Series 2016, General Purpose Bonds, Series 2018, General Purpose Bonds, Series 2019, General Purpose Refunding and Improvement Bonds, Series 2020, General Purpose Refunding and Improvement Bonds, Series 2021 and General Purpose Bonds, Series 2023 to Achieve Savings; Adopt Appropriation Ordinance; and Amend the Fiscal Year 2026 Adopted Budget

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached resolution authorizing cash defeasance of City of Fort Worth, Texas General Purpose Refunding and Improvement Bonds, Series 2015A, General Purpose Refunding and Improvement Bonds, Series 2016, General Purpose Bonds, Series 2018, General Purpose Bonds, Series 2019, General Purpose Refunding and Improvement Bonds, Series 2020, General Purpose Refunding and Improvement Bonds, Series 2021 and General Purpose Bonds, Series 2023, including principal, accrued interest, and transaction costs, to achieve projected net present value savings in the estimated amount of \$1,336,221.00 or 2.93 percent;
2. Adopt the attached ordinance increasing estimated receipts and appropriations in the General Debt Service Fund by \$45,360,000.00 from available fund balance, for the purpose of funding defeasance of outstanding general debt service obligations, with such amount subject to reduction to conform to final figures at the time of defeasance;
3. Adopt the attached ordinance increasing estimated receipts and appropriations in the Municipal Parking Debt Service Fund by \$1,140,000.00 from available fund balance, for the purpose of funding defeasance of outstanding municipal parking debt service obligations, with such amount subject to reduction to conform to final figures at the time of defeasance; and
4. Amend the Fiscal Year 2026 Adopted Budget.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions associated with defeasance of outstanding general debt service obligations in order to achieve savings.

Each year, the Financial Management Services Department, in conjunction with the City's financial advisors, PFM Financial Advisors LLC, and Tijerina Financial Consultants LLC, evaluate the City's financial position and its debt portfolio to identify opportunities to refund (refinance) and/or defease outstanding debt obligations to achieve net savings and/or free up capacity for future debt-funded projects. This strategy supports the City's initiative of being good stewards of taxpayers' money.

The attached resolution authorizes the recommended cash defeasance further described below:

City of Fort Worth, Texas, General Purpose Refunding and Improvement Bonds, Series 2015A, General Purpose Refunding and Improvement Bonds, Series 2016, General Purpose Bonds, Series 2018, General Purpose Bonds, Series 2019, General Purpose Refunding and Improvement Bonds, Series 2020, General Purpose Refunding and Improvement Bonds, Series 2021 and General Purpose Bonds, Series 2023.

Series 2015A was issued for an initial principal amount of \$127,725,000.00 for the purpose of funding Bond 2014 capital projects, including transportation, parks and recreation, fire safety, municipal court improvements and service facilities projects, and refinancing a portion of the City's debt for debt service savings. Series 2015A was callable on or after March 1, 2025, at a price of par plus accrued interest to the redemption date.

Series 2016 was issued for an initial principal amount of \$164,945,000.00 for the purpose of funding Bond 2014 capital projects, including projects for transportation, parks and recreation, library, fire safety, municipal court improvements, service facilities and animal care, and refinancing a portion of the City's debt for debt service savings. Series 2016 is callable on or after March 1, 2026, at a price of par plus accrued interest to the redemption date.

Series 2018 was issued for an initial principal amount of \$62,220,000.00 for the purpose of funding Bond 2014 capital projects, including constructing permanent street and transportation improvements, parks, recreation and community center improvements, library system improvements, fire safety improvements, and animal care and control improvements. Series 2018 is callable on or after March 1, 2027, at a price of par plus accrued interest to the redemption date.

Series 2019 was issued for an initial principal amount of \$106,595,000.00 for the purpose of funding Bond 2014 and Bond 2018 capital projects, including constructing street and stormwater improvements, and refinancing a portion of the City's debt for debt service savings. Series 2019 is callable on or after March 1, 2028, at a price of par plus accrued interest to the redemption date.

Series 2020 was issued for an initial principal amount of \$151,390,000.00 for the purpose of funding Bond 2018 capital projects, including constructing street and mobility infrastructure and parks and recreation improvements, and refinancing a portion of the City's debt for debt service

savings. Series 2020 is callable on or after March 1, 2029, at a price of par plus accrued interest to the redemption date.

Series 2021 was issued for an initial principal amount of \$152,105,000.00 for the purpose of funding Bond 2018 capital projects, including constructing street and mobility infrastructure, parks and recreation, and animal care and shelter facility improvements, and refinancing a portion of the City's debt for debt service savings. Series 2021 is callable on or after March 1, 2030, at a price of par plus accrued interest to the redemption date.

Series 2023 was issued for an initial principal amount of \$154,325,000.00 for the purpose of funding Bond 2018 and Bond 2022 capital projects, including constructing street and mobility infrastructure, parks and recreation, library and fire and police improvements. Series 2023 is callable on or after March 1, 2032, at a price of par plus accrued interest to the redemption date.

The cash defeasance would be for the approximate amount of \$46,500,000.00, which represents \$9,970,000.00 of remaining principal of the Series 2015A Bonds maturing March 1, 2027; \$9,205,000.00 of remaining principal of the Series 2016 Bonds maturing March 1, 2027; \$4,500,000.00 of remaining principal of the Series 2018 Bonds maturing March 1, 2027 and March 1, 2028; \$4,530,000.00 of remaining principal of the Series 2019 Bonds maturing March 1, 2027; \$7,050,000.00 of remaining principal of the Series 2020 Bonds maturing March 1, 2027; \$4,115,000.00 of remaining principal of the Series 2021 Bonds maturing March 1, 2027; \$7,130,000.00 of remaining principal of the Series 2023 Bonds maturing March 1, 2027; and accrued interest and transaction costs.

Defeasance of the identified maturities will achieve projected net present value savings in the estimated amount of \$1,336,221.00 or 2.93 percent. As a result of the cash defeasance, the general debt service fund will have two remaining maturities for the Series 2016 Bonds due March 1, 2035 and March 1, 2036, ten remaining maturities outstanding for the Series 2018 Bonds due March 1, 2029 through March 1, 2038, ten remaining maturities outstanding for the Series 2019 Bonds due March 1, 2028 through March 1, 2039, thirteen remaining maturities outstanding for the Series 2020 Bonds due March 1, 2028 through March 1, 2040, fourteen remaining maturities outstanding for the Series 2021 Bonds due March 1, 2028 through March 1, 2041, and fifteen remaining maturities outstanding for the Series 2023 Bonds due March 1, 2028 through March 1, 2043.

Adoption of this M&C will increase appropriations in the total amount of \$46,500,000.00, which includes \$45,360,000.00 from use of the General Debt Service Fund balance and \$1,140,000.00 from use of the Municipal Parking Debt Service Fund balance. Funding is available for appropriation in the available fund balance of the General Debt Service Fund and Parking Debt Service Fund above required reserve amounts. The current beginning fund balance in the General Debt Service Fund is \$101,618,351.03 and after this M&C the new balance will be \$56,258,351.03. The current beginning fund balance in the Municipal Parking Debt Service Fund is \$1,325,455.21 and after this M&C the new balance will be \$185,455.21. This new appropriation will be coupled with existing available appropriations in the Debt Service Fund to defease callable debt. If approved, defeasance of the identified maturities would occur on or about July 1, 2026.

The action in this M&C will amend the Fiscal Year 2026 Adopted Budget as approved in connection with Ordinance 27979-09-2025, Section 3. Debt Service Funds, as listed on page 11.

NOTE ON APPROPRIATIONS - The attached appropriation ordinance reflects the maximum additional appropriation amount for this defeasance. The structure accommodates variables in costs that are associated with the transaction date being a month away. To the extent numbers at the time of defeasance are less than those reflected in the ordinance, the available appropriation amount will be reduced as needed to reflect final figures to ensure appropriations do not exceed actuals.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon adoption of the attached resolution and appropriation ordinance, funds for principal, accrued interest, and transaction costs will be available in the General Debt Service Fund and Municipal Parking Debt Service Fund, as appropriated, to legally defease the above referenced obligations.

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