

Mayor and Council Communication

DATE: 05/12/26

M&C FILE NUMBER: M&C 26-0394

LOG NAME: 13COMMERCIAL PAPER REFUNDING BOND ORDINANCES 2026

SUBJECT

(ALL) Adopt Updated Ordinances to Extend Period of Delegated Authority for Issuance and Sale of Refunding Bonds in Support of the Commercial Paper Programs for the Water and Sewer System, Drainage Utility, and General Obligation Debt Programs (Annual Action Aligned with Debt Plan)

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached amended and restated thirty-second supplemental ordinance, which mirrors the prior thirty-second supplement in (i) authorizing issuance and sale of City of Fort Worth, Texas Water and Sewer System Revenue Refunding Bonds in an aggregate principal amount not to exceed \$700,000,000.00 at any one time to allow outstanding commercial paper to be refunded/refinanced, if needed; (ii) approving the sale of the bonds subject to certain parameters being met, (iii) authorizing instruments related to the issuance of the bonds; (iv) providing for the establishment of rates and collection of revenues sufficient to pay the principal and interest on said bonds; and (v) extending the delegated authority to effect the sale of refunding bonds through May 11, 2027 (one year from expiration of current parameters authority);
2. Adopt the attached ordinance, (i) authorizing issuance and sale of City of Fort Worth, Texas Drainage Utility System Revenue Refunding Bonds in an aggregate principal amount not to exceed \$100,000,000.00 at any one time to allow outstanding commercial paper to be refunded/refinanced, if needed; (ii) approving the sale of the bonds subject to certain parameters being met; (iii) authorizing instruments related to the issuance of the bonds; (iv) providing for the establishment of rates and collection of revenues sufficient to pay the principal and interest on said bonds; and (v) extending the delegated authority to effect the sale of refunding bonds through May 11, 2027 (one year from expiration of current parameters authority); and
3. Adopt the attached ordinance, (i) authorizing issuance and sale of City of Fort Worth, Texas General Purpose Refunding Bonds, in an aggregate principal amount not to exceed \$300,000,000.00 at any one time to allow outstanding commercial paper to be refunded/refinanced, if needed; (ii) approving the sale of the bonds subject to certain parameters being met; (iii) authorizing instruments related to the issuance of the bonds; (iv) providing for levy, assessment, and collection of property tax sufficient to pay the principal and interest on said bonds; and (v) extending delegated authority to effect the sale of refunding bonds through May 11, 2027 (one year from expiration of current parameters authority).

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to extend the delegated parameters-based standby authority for issuing refunding bonds in support of the City's various Commercial Paper (CP) programs by one year.

The City maintains CP programs to provide appropriation authority for initial contracts and short-term financing flexibility for capital projects that will ultimately be financed with long-term debt. The City has three CP programs - one for the City's Water and Sewer System, another for the Drainage Utility System, and a third for the General Obligation Debt program.

Under state law and the program structure, commercial paper may not mature later than the 270th day after issuance. Each CP program is supported by a corresponding ordinance that provides standby parameters-based authority to issue refunding bonds if commercial paper were to be issued and could not otherwise be retired or remarketed by the 270 day mark.

Each ordinance included in this Mayor & Council Communication (M&C) authorizes issuance of refunding bonds subject to specified parameters, including a net effective interest rate not to exceed 15.00 percent, as defined in Chapter 1204 of the Texas Government Code, and extends delegated authority for bond issuance through May 11, 2027 (one year past the expiration of the current authority). Because delegated authority for bond sales is time-limited under state law practice, the City periodically adopts updated ordinances to extend this authority as part of the annual debt issuance process.

Water and Sewer System Commercial Paper Program

Recommendation 1 adopts an amended and restated thirty-second supplemental ordinance authorizing designated pricing officers to issue up to \$700,000,000.00 in Water and Sewer System Revenue Refunding Bonds, if needed, to support the Water and Sewer System CP program.

City Council initially approved the Water and Sewer System CP program in December 2017 (M&C C-28496), authorizing up to \$150,000,000.00 in short-term commercial paper outstanding at any time and adopting the original thirty-second supplemental ordinance to provide authority for refunding bonds. The ordinance has been amended and restated in subsequent years (M&Cs G-19266, G-19531, 20-0224, 21-0262, 22-0260, 23-0278, and 24-0321) to extend delegated authority.

City Council increased the CP and refunding bond authority to \$225,000,000.00 on February 14, 2023 (M&C 23-0105) and to \$700,000,000.00 on February 25, 2025 (M&C 25-0156).

Adoption of the amended and restated ordinance extends delegated authority to issue up to \$700,000,000.00 in Water and Sewer System Revenue Refunding Bonds through May 11, 2027.

Drainage Utility System Commercial Paper Program

Recommendation 2 adopts an updated ordinance extending delegated authority for issuance of refunding bonds supporting the Drainage Utility System CP program. The ordinance authorizes designated pricing officers to issue up to \$100,000,000.00 in Drainage Utility System Revenue Refunding Bonds through May 11, 2027, if needed.

City Council approved the Drainage Utility System CP program in June 2023 (M&C 23-0604), authorizing up to \$100,000,000.00 in short-term commercial paper outstanding at any time and adopting a corresponding refunding bond ordinance. Updated refunding bond ordinances have been adopted since, each extending the parameters-based authority for an additional year (M&Cs 24-0319 and 25-0508).

The program provides financing flexibility for drainage capital projects, including Central City projects reimbursed by the Tarrant Regional Water District (TRWD). Extendable Commercial Paper (ECP) appropriation authority supports execution of large contracts, while actual issuance occurs only as needed to cover accrued invoices. TRWD provides annual reimbursements that are applied to outstanding commercial paper balances.

The attached ordinance mirrors prior authority and extends delegated authority through May 11, 2027, authorizing issuance of Drainage Utility System Revenue Refunding Bonds in amounts up to \$100,000,000.00.

General Purpose Commercial Paper Program

Recommendation 3 adopts an ordinance authorizing designated pricing officers to issue up to \$300,000,000.00 in General Purpose Refunding Bonds, if needed, to support the City's General Purpose CP program.

City Council approved the General Purpose CP program in August 2022 (M&C 22-0607), authorizing up to \$300,000,000.00 in short-term commercial paper notes outstanding at any time and adopting a corresponding refunding bond ordinance. Updated refunding bond ordinances have been adopted since (M&Cs 24-0313 and 25-0405).

Adoption of the ordinance extends delegated authority to issue up to \$300,000,000.00 in General Purpose Refunding Bonds through May 11, 2027, subject to the ordinance parameters.

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 approval of the above recommendations and adoption of the attached ordinances, funds will be available in the W&S Commercial Paper Fund for the Water Department, the Stormwater Commercial Paper Fund for the Transportation & Public Works Department, and the General Debt Service Fund for the Financial Management Services Department. Prior to an expenditure being incurred, the responsible departments shall have the responsibility for validating the availability of funds.

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