



To the Mayor and Members of the City Council

June 4, 2024

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SUBJECT: 2024 DEBT PLAN – RATING OUTCOMES AND BOND PRICING RESULTS

Executive Summary

This informal report is intended to provide the Mayor and City Council with a summary of the final pricing results and rating outcomes on bonds issued in connection with the City’s 2024 Debt Plan including: General Purpose Bonds, Series 2024; Tax Notes, Series 2024, collectively General Obligations or “GO Debt” and Water and Sewer System Revenue Bonds, Series 2024 (“W&S Revenue Bonds”).

Overview of Credit Rating Outcomes

On April 29, 2024, City Staff and the City’s Financial Advisors met with credit rating agencies S&P Global Inc. (S&P), Fitch Ratings Inc. (Fitch) and Kroll Bond Rating Agency, Inc. (KBRA) to obtain credit ratings on the City’s planned bond issuances.

We are proud to report all of the City’s credit ratings were affirmed at current levels. Additionally, S&P revised their outlook on the W&S Revenue Bonds rating to ‘Positive’ from ‘Stable’, reflecting the city’s improving financial metrics and progress completing key projects in its capital improvement plan. Conversely, KBRA revised their outlook on the GO Debt rating to ‘Stable’ from ‘Positive’, primarily attributable to the City’s large, unfunded pension liability (55.1% funded on an actuarial basis) and contributions to the pension falling short of the actuarially determined contribution rate.

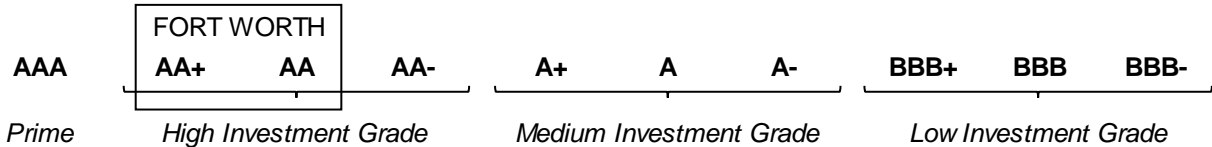
The credit rating agencies’ affirmations of the City’s existing GO Debt ratings are as follows:

- KBRA – AA+/Stable (outlook revised from positive);
- Fitch – AA/Stable; and
- S&P – AA/Stable.

In addition, the rating agencies’ affirmations of the City’s existing W&S Revenue Bonds ratings are as follows:

- Fitch – AA/Stable; and
- S&P – AA+/Positive (outlook revised from stable).

For context, below is the investment grade rating scale:





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Consensus credit strengths of the City's property tax secured GO Debt include very strong financial management, financial flexibility as evidenced by general fund reserves, and very strong liquidity. Similarly, credit strengths of the City's W&S Revenue Bonds include strong management, a strong operating performance, and strong liquidity.

Consensus credit weakness for the GO rating include a weak debt and contingent liability profile, primarily attributable to the City's large pension and other postemployment benefit (OPEB) obligations. Significant growth-related capital needs over the next 5-year period constrain the W&S rating.

The rating reports are accessible online at: <https://www.fortworthtexasbonds.com>

**Overview of Final Pricing Results**

With the assistance of the City's co-financial advisors, the City received bids on the bonds on May 21<sup>st</sup> and May 22<sup>nd</sup>. As the following bid results will demonstrate, the sales were a significant success as evidenced by the number of bids received and the final borrowing costs (as measured by the True Interest Cost). Below is a summary of the bid results:

<u>Bond Issue</u>	<u>Amount Sold</u>	<u>True Interest Cost (TIC)</u>	<u>Number of Bids Received</u>	<u>Winning Bidder</u>
GO Bonds	\$ 153,535,000	3.77%	10	Bank of America
Tax Notes	\$ 16,055,000	3.18%	10	BOK Financial
W&S Revenue Bonds	\$ 148,305,000	4.26%	9	Wells Fargo

**Next Steps**

The Bonds are scheduled to close and deliver funds on June 18, 2024. We are pleased to share excellent rating outcomes and pricing results. Special thanks to city staff, the City's financial advisors, and bond counsel for their hard work and dedication to the credit rating and bond issuance process. If you have any questions, please contact Reginald Zeno, Chief Financial Officer, at 817-392-8500.

**David Cooke**  
**City Manager**