

Mayor and Council Communication

DATE: 06/09/26

M&C FILE NUMBER: M&C 26-0451

LOG NAME: 13GAS WELL TRUST DISTRIBUTION 2026

SUBJECT

(ALL) Authorize Distribution of Available Income, in the Amount of \$2,570,339.93 from the City's Mineral Revenue Trust, Known as The Fort Worth Permanent Fund, for Projects Meeting Designated Purposes, Adopt Appropriation Ordinances to Distribute to the Respective Gas Lease Endowment Funds Fiscal Year 2026 in the Amounts of \$2,024,083.18 and Fiscal Year 2025 in the Amounts of \$688,404.17, and Amend the Fiscal Year 2025 Adopted Budget

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize distribution of available income, in the amount of \$2,570,339.93 from the City's Mineral Trust Fund, The Fort Worth Permanent Fund, commensurate with the terms of the amended trust document;
 2. Adopt the attached appropriation ordinances increasing estimated receipts and appropriations in the listed Gas Lease Endowment Funds in the cumulative amount of \$2,024,083.18, from available gas lease royalty revenue, for the purpose of transferring to their respective Gas Lease Capital Projects Funds, in accordance with the City Council approved Financial Management Policy Statements, allocations are as follows:
 - a. Aviation Endowment Gas Lease Fund in the amount of \$1,389,395.33, for transfer to the Aviation Gas Lease Capital Projects Fund;
 - b. PARD Endowment Gas Lease Fund in the amount of \$477,856.71, for transfer to the PARD Gas Lease Capital Project Fund (\$376,514.60 for the Restricted Parks project; \$101,342.11 for the Unrestricted Parks project);
 - c. Water/Sewer Endowment Gas Lease Fund in the amount of \$156,831.14, for transfer to the Water/Sewer Gas Lease Capital Project Fund; and
 3. Adjust estimated receipts and appropriations in the listed Gas Lease Endowment Funds in the cumulative amount of \$688,404.17 for the purpose of correcting the appropriation from the ordinance to match the distribution for Fiscal Year 2025:
 - a. Increasing estimated receipts and appropriations in the Aviation Endowment Gas Lease Fund in the amount of \$468,719.82;
 - b. Increasing estimated receipts and appropriations in the PARD Endowment Gas Lease Fund in the amount of \$150,243.77;
 - c. Increasing estimated receipts and appropriations in the Water/Sewer Endowment Gas Lease Fund in the amount of \$69,440.58 and;
 4. Amend the Fiscal Year 2025 Adopted Budget.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize the distribution of available income from The Fort Worth Permanent Fund (Trust), transfer to the appropriate gas lease capital project funds for eligible project funding, and transfer to the General Fund for other eligible uses. Subsequent expenditures will be authorized during Fiscal Year (FY) 2027.

In 2008, the City Council adopted amendments to the City's Financial Management Policy Statements (FMPS) to establish the Trust known as The Fort Worth Permanent Fund (M&C G-16013). The City Council subsequently authorized executing an agreement with Wells Fargo Bank, N.A. (Wells Fargo), to serve as Corporate Trustee (M&C P-11467), and all the accumulated money that had been designated for inclusion in the Trust was transferred to Wells Fargo in June 2013. During the first quarter of FY 2022, the Financial Management Services Department (FMS) issued a Request for Qualifications for Trust Management Services. Through that competitive process, Wells Fargo was once again selected to serve as the Trustee (M&C 22-0212).

In accordance with the terms of the written Trust Agreement and the FMPS, the Trust is maintained as a consolidated account and divided into six sub-accounts. Funds in the Trust are invested in accordance with the City Council adopted Investment Policy and Strategy for the Trust. In addition, the Trustee works with the City's Chief Financial Officer/Director of Finance (CFO) to determine the amount of income available for distribution each year. A recommendation is then brought forward to the City Council for consideration. Expenditure of distributed income is subject to the FMPS, with the funds generally being available only for funding one-time program initiatives, capital projects that comply with certain listed requirements and, in the case of distributions from the general endowment, arts programming and other allowable uses.

The distribution outlined in the recommendation of this M&C includes no corpus of the Trust; rather, it relates only to income received from the investments within the Trust itself.

Recommendation three includes additional appropriations to correct the appropriation from the ordinance 27107-09-2024 so that they match the total distribution mentioned in M&C 25-0501 from the listed Gas Lease Endowment Funds for FY2025. The transfer from the Gas Lease Endowment Funds was budgeted for the full amount of \$3,694,627.12, however the corresponding appropriation was only \$3,006,222.95, leaving \$688,404.17 of transferred but unappropriated funds.

Funding is budgeted in Aviation, PARD, Water/Sewer and General Endowment Gas Lease Funds for the purpose of transferring to Aviation, PARD, Water/Sewer Gas Lease Capital Project Funds and the General Fund.

The Nature Center Endowment Gas Lease Fund does not currently have any income available for distribution.

This will serve ALL COUNCIL DISTRICTS.

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 funds are currently available in the Aviation, PARD, Water/Sewer, and General Endowment Gas Lease Funds and upon approval of the above recommendations, funds will be available in the Aviation, PARD, and Water/Sewer Gas Lease Capital Projects Funds and the General Fund. Prior to any expenditure or expense being incurred, the participating departments have the responsibility of verifying the availability of funds.

Submitted for City Manager's Office by: Reginald Zeno 8517

Originating Business Unit Head: Reginald Zeno 8517

Additional Information Contact: Alex Laufer 2268