

Mayor and Council Communication

DATE: 06/25/24

M&C FILE NUMBER: M&C 24-0539

LOG NAME: 13GAS WELL TRUST DISTRIBUTION 2024

SUBJECT

(ALL) Authorize Distribution of Available Income in the Amount of \$2,868,437.52 from the City's Mineral Revenue Trust, Known as The Fort Worth Permanent Fund, for Projects Meeting Designated Purposes. The Actions in this Mayor & Council Communication Only Authorize the Distribution of Available Income. Subsequent Appropriations will be Required to Authorize Expenditures from this Distribution for Fiscal Year 2025

RECOMMENDATION:

It is recommended that the City Council:

Authorize distribution in the amount of \$2,868,437.52 in available income from the City's Mineral Trust Fund, The Fort Worth Permanent Fund, commensurate with the terms of the amended trust document. The distributed funds will be transferred to the respective Gas Lease Capital Projects Funds for eligible project funding, and the General Endowment Fund for the purpose of transferring to the General Fund to fund other eligible uses, in accordance with the City Council approved Financial Management Policy Statements. The allocations are as follows:

- Aviation Endowment Gas Lease Fund in the amount of \$1,701,561.53, for transfer to the Aviation Gas Lease Cap Projects Fund;
 - PARD Endowment Gas Lease Fund in the amount of \$487,756.45, for transfer to the PARD Gas Lease Cap Projects Fund (\$336,682.88 for the restricted Parks project; \$151,073.57 for the unrestricted Parks project);
 - Water and Sewer Endowment Gas Lease Fund in the amount of \$146,772.79, for transfer to the Water and Sewer Gas Lease Cap Projects Fund; and
 - General Endowment Gas Lease Fund in the amount of \$532,346.75, for transfer to the General Fund for other eligible uses.
-

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) 2025.

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 of 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 Fiscal Year 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.

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.

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 recommendation, funds will be available in the Aviation, PARD, and Water/Sewer Gas Lease Capital Projects Funds and the General Fund. Prior to an expenditure being incurred, the Financial Management Services Department has the responsibility of verifying the availability of funds. The expenditure of these funds will be via FY25 budget process.

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

Originating Business Unit Head: Reginald Zeno 8517

Additional Information Contact: John Samford 2318

Expedited