



PROJECT FUNDING REQUEST

BOARD DATE: December 16, 2025

Team Manager: Joe Koen

ACTION REQUESTED

Consider approving by resolution a request from the City of Fort Worth (Tarrant, Denton, Parker, Wise counties) for \$90,000,000 in financial assistance consisting of \$71,250,000 in financing and \$18,750,000 in grant funding from the Flood Infrastructure Fund for planning, acquisition, design, and construction of a flood mitigation project.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The City of Fort Worth (City) is located 30 miles west of Dallas. The City provides water services to a population of approximately 1,400,000 residents and is a wholesale water provider to several neighboring communities.

PROJECT NEED AND DESCRIPTION

The City's Lebow Channel is a tributary of the West Fork of the Trinity River, located on the north side of the City. The channel is 75 years old and undersized, leading to frequent flooding of the roadway, channel road crossings, and neighborhood streets. Several properties in the area were constructed prior to the National Flood Insurance Flood Program's 1980 regulations and are within the 2-year, 10-year and 100-year storm event floodplain. To reduce flooding, address drainage needs, and contain a 100-year flood event, the City needs to widen and deepen its existing channel.

The City proposes hydraulic and hydrologic modeling of the area and 7,392 feet of channel improvements. Channel improvements include excavation of 4,000 feet of the existing channel, nine roadway crossings, spillway transition structure, and reconstruction of 8 culverts, which includes 16 headwalls, stream restoration, access ramps at existing crossings, and establishment of vegetation. The City also proposes construction of a 40-acre detention pond.

PROJECT SCHEDULE

Task	Schedule Date
Closing	February 1, 2026
Engineering Feasibility Report Completion (End of Planning Phase)	March 28, 2027
Design Phase Completion	May 31, 2030
Start of Construction	December 31, 2027
Construction Completion	December 31, 2032

COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE JUNE 30, 2026

LEGAL/SPECIAL CONDITIONS

- Executed grant agreement

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (25-)
4. Location Map

Financial Review City of Fort Worth

Risk Score: 2A

Audit Reviewed: FY 2024

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 2.17%	State: 1.49%
Median Household Income as % of State	70%	100%
Household Cost Factor	1.16%	1.51-2.00%
Days of Cash on Hand (3-year Average)	161 days	30-149 days
Net Fixed Assets/ Annual Depreciation	12 years	12-24 years
Debt Service Coverage Ratio	2.34x	1.0x
Debt-to-Operating Revenues	2.82	4.00-5.99x
Unemployment Rate (August 2025)	City: 4.40%	State: 4.70%
Working Capital Ratio	2.8	> 1.0

Key Risk Score Strengths

- The City maintains a debt service coverage ratio that exceeds the required coverage, demonstrating sufficient revenue generation to cover debt obligations without needing to increase rates.
- The City's working capital ratio is above the benchmark, indicating it has ample resources to cover short-term liabilities and shows a strong liquidity position.
- The City's days of cash on hand is above the benchmark, indicating the City can pay its operating expenses with the cash it has available.

PLEDGE

Legal Pledge Name	Drainage System Revenues
Type of Pledge	<input type="checkbox"/> Tax <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
Drainage	N/A	\$6.94	\$6.94	0.16	0.16

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the City could save approximately \$52,415,051 over the life of the financing. The City is also saving \$18,750,000 in grant funding.

Project Data Summary

Responsible Authority	City of Fort Worth
Program	FIF
Commitment Number	G1002268, L1002267
Project Number	40213
List Year	2024
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$18,750,000 Grant Agreement, \$71,250,000 City of Fort Worth, Texas Drainage Utility System Revenue Bonds, Proposed Series 2026
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	No
Financial Managerial & Technical Complete	N/A
Phases Funded	Planning, Acquisition, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	N/A
Water Conservation Plan	N/A
Overall Risk Score	2A

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Joe Koen	Arnoldo Rubio	Grace Davila	Kylie Beard	Michael Perez

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Fort Worth

\$71,250,000 City of Fort Worth, Texas Drainage Utility System Revenue Bonds, Proposed Series 2026

Dated Date: 2/1/2026	Source: FIF
Delivery Date: 2/1/2026	Rate: 0.00%
First Interest: 8/15/2026	IUP Year: 2024
First Principal: 2/15/2027	Case: Revenue only
Last Principal: 2/15/2056	Admin.Fee: \$0
Fiscal Year End: 09/30	Admin. Fee Payment Date: N/A
Required Coverage: 1.0	

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$71,250,000 ISSUE			TOTAL DEBT SERVICE	COVERAGE	
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT			
2026	\$33,968,000	\$12,117,800	-	-	-	\$12,117,800	2.80	
2027	33,968,000	12,122,100	\$2,375,000	-	-	14,497,100	2.34	
2028	33,968,000	12,118,450	2,375,000	-	-	14,493,450	2.34	
2029	33,968,000	12,120,525	2,375,000	-	-	14,495,525	2.34	
2030	33,968,000	12,120,650	2,375,000	-	-	14,495,650	2.34	
2031	33,968,000	12,118,375	2,375,000	-	-	14,493,375	2.34	
2032	33,968,000	12,117,175	2,375,000	-	-	14,492,175	2.34	
2033	33,968,000	12,118,000	2,375,000	-	-	14,493,000	2.34	
2034	33,968,000	10,915,650	2,375,000	-	-	13,290,650	2.56	
2035	33,968,000	10,923,184	2,375,000	-	-	13,298,184	2.55	
2036	33,968,000	8,298,744	2,375,000	-	-	10,673,744	3.18	
2037	33,968,000	8,301,669	2,375,000	-	-	10,676,669	3.18	
2038	33,968,000	8,296,619	2,375,000	-	-	10,671,619	3.18	
2039	33,968,000	8,297,519	2,375,000	-	-	10,672,519	3.18	
2040	33,968,000	8,294,219	2,375,000	-	-	10,669,219	3.18	
2041	33,968,000	8,298,244	2,375,000	-	-	10,673,244	3.18	
2042	33,968,000	8,294,325	2,375,000	-	-	10,669,325	3.18	
2043	33,968,000	8,297,044	2,375,000	-	-	10,672,044	3.18	
2044	33,968,000	8,295,594	2,375,000	-	-	10,670,594	3.18	
2045	33,968,000	8,298,089	2,375,000	-	-	10,673,089	3.18	
2046	33,968,000	2,509,946	2,375,000	-	-	4,884,946	6.95	
2047	33,968,000	2,512,396	2,375,000	-	-	4,887,396	6.95	
2048	33,968,000	2,511,546	2,375,000	-	-	4,886,546	6.95	
2049	33,968,000	2,512,293	2,375,000	-	-	4,887,293	6.95	
2050	33,968,000	2,514,159	2,375,000	-	-	4,889,159	6.95	
2051	33,968,000	2,512,029	2,375,000	-	-	4,887,029	6.95	
2052	33,968,000	2,511,060	2,375,000	-	-	4,886,060	6.95	
2053	33,968,000	2,511,045	2,375,000	-	-	4,886,045	6.95	
2054	33,968,000	-	2,375,000	-	-	2,375,000	14.30	
2055	33,968,000	-	2,375,000	-	-	2,375,000	14.30	
2056	33,968,000	-	2,375,000	-	-	2,375,000	14.30	
		\$221,858,447	\$71,250,000	-	-	\$71,250,000	\$293,108,447	

AVERAGE (MATURITY) LIFE	15.54 YEARS
NET INTEREST RATE	0.000%
COST SAVINGS	\$52,415,051
AVERAGE ANNUAL REQUIREMENT	\$9,455,111

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein, including the proposed interest rate, is subject to change upon further review of the TWDB in accordance with 31 Texas Administrative Code Chapters 363, 371, 375, or 384, as applicable. The TWDB does not function as a financial advisor to anyone in connection with this financing. The information contained in this document is used by TWDB staff to analyze the application for financing is illustrative only and does not constitute any guaranty of future rates. The TWDB makes no claim regarding the applicability of the information at closing, at which time actual rates will be set.



Project Budget Summary
City of Fort Worth
40213 - Lebow Channel Flood Mitigation

Budget Items	TWDB Funds	Total Project Cost
Construction		
Construction	\$50,100,000.00	\$50,100,000.00
Subtotal for Construction	\$50,100,000.00	\$50,100,000.00
Basic Engineering Services		
Construction Engineering	\$600,000.00	\$600,000.00
Design	\$7,400,000.00	\$7,400,000.00
Planning	\$2,000,000.00	\$2,000,000.00
Subtotal for Basic Engineering Services	\$10,000,000.00	\$10,000,000.00
Special Services		
Environmental	\$500,000.00	\$500,000.00
Geotechnical	\$150,000.00	\$150,000.00
Inspection	\$900,000.00	\$900,000.00
Project Management (by engineer)	\$800,000.00	\$800,000.00
Surveying	\$700,000.00	\$700,000.00
Testing	\$2,000,000.00	\$2,000,000.00
Subtotal for Special Services	\$5,050,000.00	\$5,050,000.00
Fiscal Services		
Bond Counsel	\$85,000.00	\$85,000.00
Bond Reserve Fund	\$2,375,000.00	\$2,375,000.00
Financial Advisor	\$85,000.00	\$85,000.00
Issuance Costs	\$30,000.00	\$30,000.00
Subtotal for Fiscal Services	\$2,575,000.00	\$2,575,000.00
Other		
Administration	\$525,000.00	\$525,000.00
Land/Easements Acquisition	\$11,750,000.00	\$11,750,000.00
Subtotal for Other	\$12,275,000.00	\$12,275,000.00
Contingency		
Contingency	\$10,000,000.00	\$10,000,000.00
Subtotal for Contingency	\$10,000,000.00	\$10,000,000.00
Total	\$90,000,000.00	\$90,000,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$90,000,000 TO THE CITY OF FORT WORTH
FROM THE FLOOD INFRASTRUCTURE FUND
THROUGH THE PROPOSED PURCHASE OF
\$71,250,000 CITY OF FORT WORTH, TEXAS DRAINAGE UTILITY SYSTEM REVENUE
BONDS, PROPOSED SERIES 2026
AND
THE EXECUTION OF A GRANT AGREEMENT IN THE AMOUNT OF \$18,750,000

(25 -)

Recitals:

The City of Fort Worth (City), located in Tarrant, Denton, Johnson, Parker, and Wise County, Texas, has filed an application for financial assistance from the Flood Infrastructure Fund (FIF) in accordance with Texas Water Code Chapter 15, Subchapter I, to finance a flood project, identified as Project No. 40213.

The City seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$90,000,000 through the TWDB's proposed purchase of \$71,250,000 City of Fort Worth, Texas Drainage Utility System Revenue Bonds, Proposed Series 2026 (together with all authorizing documents (Obligations)) and \$18,750,000 through execution of a Grant Agreement, all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff..

The City has offered a pledge of gross revenues of the City's drainage utility system as sufficient security for the repayment of the Obligations.

Findings:

1. The application and financial assistance requested meet the requirements of Texas Water Code, Chapter 15, Subchapter I; 31 TAC Chapter 363, Subchapters A and D; and the State Fiscal Year 2020 Flood Intended Use Plan (FIUP).
2. The City has demonstrated a sufficient level of cooperation among eligible political subdivisions and has included all of the eligible political subdivisions substantially affected by the flood project in accordance with Texas Water Code § 15.536(2).
3. In its opinion the taxes or revenues pledged by the City will be sufficient to meet all Obligations assumed by the City in accordance with Texas Water Code § 15.536(3).
4. The City is eligible to receive grant funding in accordance with Texas Water Code § 15.534 and the FIUP.
5. The City has demonstrated that the benefit-cost ratio of the Project meets the requirements of the FIUP.

6. The request for financial assistance does not include redundant funding for activities already performed and/or funded through another source, in accordance with the FIUP.
7. The City has demonstrated that the application meets the requirements of the FIUP related to the National Flood Insurance Program in the area to be served by the Project.
8. The Project was developed using the best and most recent available data, in accordance with the FIUP.
9. The City has documented that it has planned for operations and maintenance costs associated with the Project, in accordance with the FIUP.
10. The City has considered possible floodwater capture techniques that could be associated with the Project for water supply purposes, in accordance with the FIUP.

NOW THEREFORE, based on these findings, the TWDB resolves as follows:

11. A commitment is made by the TWDB to City of Fort Worth for financial assistance in the amount of \$90,000,000 from the Flood Infrastructure Fund, to be evidenced by the TWDB's proposed purchase of \$71,250,000 City of Fort Worth, Texas Drainage Utility System Revenue Bonds, Proposed Series 2026 and execution of a Grant Agreement in the amount of \$18,750,000. This commitment will expire on June 30, 2026.

This commitment is conditioned as follows:

Standard Conditions:

1. This commitment is contingent on availability of TWDB funds on hand.
2. This commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the City has complied with all of the requirements of the laws under which said Obligations were issued, that said Obligations were issued in conformity with the Constitution and laws of the State of Texas, and that said Obligations are valid and binding obligations of the City.
3. This commitment is contingent upon the City's continued compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363.
4. The City shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2).

5. The Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
6. The Obligations must provide that the City must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.
7. The Obligations must provide that the City will not begin construction for a portion of the Project until the environmental finding has been issued for that portion of the Project.
8. The Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
9. The Obligations must include a provision wherein the City, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the City's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the City's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to such bonds under SEC Rule 15c2-12.
10. The Obligations must contain a provision requiring the City to levy a tax and/or maintain and collect sufficient rates and charges to produce revenues in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations.
11. The Obligations must include a provision requiring the City to make a final accounting of the total sources and authorized use of Project funds within 60 days of the completion of the Project.
12. The Obligations must include a provision requiring the City to deposit any bond proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project and completion of a final accounting, including any interest earned on the bond proceeds, into the Interest and Sinking Fund.
13. The Grant Agreement must include a provision stating that the City shall either return or deposit into the Interest and Sinking Fund any grant funds that are determined to be surplus funds remaining after completion of the Project and completion of a final accounting, including any interest earned on the grant funds.

14. The Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.
15. Financial assistance proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256 and the Public Funds Collateral Act, Government Code, Chapter 2257.
16. Financial assistance proceeds shall not be used by the City when sampling, testing, removing or disposing of contaminated soils and/or media at the Project site. The Obligations shall include an environmental indemnification provision wherein the City agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.
17. The Obligations must contain a provision stating that the City shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G.
18. The Obligations must provide that the City will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code.
19. The Obligations must contain a covenant that the City will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to "advance refundings").
20. The Obligations must contain a provision requiring the City to submit quarterly status reports on the progress of the project that details information requested by the Executive Administrator. The Executive Administrator may withhold authorization to release funds from escrow or adjust the amount of funds to be released from escrow based on the receipt of the quarterly status reports and the projected quarterly needs for the project.
21. The Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be accumulated in equal monthly installments over the initial sixty (60) months following the issuance of the Obligations.

22. If the City has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after the term of any financial assistance made by the TWDB pursuant to this commitment, the Obligations must contain a provision providing that the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations.
23. The Obligations must contain a provision providing that additional parity obligations may only be incurred if gross revenues for the preceding fiscal year, or for twelve consecutive months out of the fifteen months immediately preceding, the dated date of such proposed additional parity obligations, are at least equal to 1.50 times the annual debt service requirements of the parity obligations to be outstanding after the issuance of the then proposed additional parity obligations for the fiscal year during which such annual debt service requirements are scheduled to be the greatest.
24. Prior to closing, the City shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements.
25. Prior to release of funds for the relevant services, and if required under the TWDB's financial assistance program and if not previously provided with the application, the City shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel, for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator.
26. Prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the City shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.
27. Prior to closing, the City's bond counsel must prepare a written, unqualified approving opinion acceptable to the executive administrator. Bond counsel may rely on covenants and representations of the City when rendering this opinion.

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

28. Prior to closing, the City shall execute a Grant Agreement in a form and substance acceptable to the Executive Administrator.

APPROVED and ordered of record this, the 16th day of December, 2025.

TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Executive Administrator

