



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
[www.cityofdenton.com](http://www.cityofdenton.com)

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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Water Utilities  
**DCM:** Cassey Ogden  
**DATE:** August 19, 2025

### **SUBJECT**

Consider adoption of an ordinance of the City of Denton, Texas approving the execution and delivery of a financing agreement with the Texas Water Development Board regarding the issuance of utility system revenue bonds by the City for waterworks system improvements and related issuance costs, and approving the obligations of the City with respect to such agreement; authorizing the City Manager, City Secretary and Chief Financial Officer to take the actions necessary to accomplish the purposes of the ordinance and resolving other matters relating to the subject; and providing an effective date.

### **STRATEGIC ALIGNMENT**

This action supports Key Focus Area: Support Healthy and Safe Communities.

### **INFORMATION/BACKGROUND**

Last year, the Water Utilities department applied for and received approval for \$195,845,000 in funding from the Texas Water Development Board (TWDB) State Water Implementation Fund for Texas (SWIFT) program. The SWIFT program offers financial assistance for projects outlined in the state water plan, enabling communities to develop and optimize their water supplies. SWIFT offers fixed-rate loans at below-market interest rates. The exact rates will be provided when TWDB makes the annual funding commitment.

The Water Utilities department plans to use the loan for the Ray Roberts Water Treatment Plant (RRWTP) Expansion project. This project will expand RRWTP's treatment capacity by an additional 20 million gallons per day (MGD) through the design and construction of a parallel membrane process train, with space reserved for an additional 30 MGD in the future for a total of 50 MGD at full build-out. To achieve the goal of completing the RRWTP Expansion, City staff evaluated the use of a Construction Manager at Risk. This alternative delivery method will make project delivery more efficient. By utilizing this methodology, staff's goal of construction sequencing to mitigate increasing costs, pre-purchasing equipment to plan for long lead times, and gaining overall cost value will be prioritized. The total opinion of probable construction cost for this project when the application was approved last fiscal year is approximately \$195,845,000.

The application for the SWIFT low-interest loan was approved on June 23, 2024, by the TWDB. Attached is the draft financing agreement, Exhibit 2, for the second of the five-year SWIFT funding plan, which has been reviewed by staff, the City's bond counsel, and financial advisers. The financing agreement is a mutual commitment between the City and the TWDB stating that the City is committed to entering into a loan agreement with the TWDB with funds made available by bonds that will be issued by the TWDB. The financing agreement also details termination penalties in the event the City does not execute the loan after executing the financing agreement. While the application was approved for \$195,845,000, staff elected a multi-year funding term to align with project needs. Annually, both a financing and a loan agreement will

be executed with totals not to exceed the total approved loan amount. Below is the estimated five-year breakdown. Year one, FY 2024-25, has been issued. With this financing agreement, the City is preparing for the issuance of year two, FY 2025-26.

- FY 24/25: \$10,135,000
- **FY 25/26: \$11,235,000**
- FY 26/27: \$57,240,000
- FY 27/28: \$87,690,000
- FY 28/29: \$29,545,000

The current financing agreement is for \$11,235,000 and is due to the TWDB on or before September 5, 2025. The TWDB will sell bonds and use the proceeds to fund the SWIFT loans. The City will be expected to close the loan in mid-November to early December and will then be fully obligated to repay the loan.

#### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On April 2, 2024, the City Council adopted a resolution (Res 24-562) authorizing the submission of a funding application to the Texas Water Development Board in the amount of \$195,845,000.

On October 22, 2024, the City Council adopted an ordinance (Ord 24-1526) authorizing the issuance, sale, and delivery of \$10,135,000 for year one of the multi-year funding.

#### **RECOMMENDATION**

Staff recommends approval of the ordinance to execute the financing agreement with the Texas Water Development Board.

#### **FISCAL INFORMATION**

The required loan payment is budgeted in the Water department operating account 630900.8301. Loan proceeds are appropriated for use in the fiscal year 2025-26 capital improvement program.

#### **EXHIBITS**

Exhibit 1: Agenda Information Sheet  
Exhibit 2: Draft Financing Agreement  
Exhibit 3: Ordinance

Respectfully submitted:  
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