City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Water Utilities

ACM: Christine Taylor

DATE: August 18, 2026

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

In 2024, 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.

This is the third year of the approved loan which is being used 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 was 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 third 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, and year two, FY 2025-26, have been issued. With this financing agreement, the City is preparing for the issuance of year three, FY 2026-27.

- 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 $57,240,000 and is due to the TWDB on or before September 4, 2026. 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.

On October 21, 2025, the City Council adopted an ordinance (Ord 25-1676) authorizing the issuance, sale, and delivery of $11,235,000 for year two 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 Utilities operating account 630900.8301. Loan proceeds are appropriated for use in the fiscal year 2026-27 capital improvement program.

EXHIBITS
Exhibit 1: Agenda Information Sheet
Exhibit 2: Ordinance
Exhibit 3: Presentation
Exhibit 4: Draft Financing Agreement

Respectfully submitted:
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Legal point of contact: Susan Keller at 940-349-8333.