

Memorandum



CITY OF DALLAS

DATE August 19, 2022

Honorable Members of the Government Performance and Financial Management
TO Committee: Cara Mendelsohn (Chair), Gay Donnell Willis (Vice Chair), Tennell Atkins,
Adam Bazaldua, Adam McGough, Paul Ridley, Chad West

SUBJECT **Upcoming Agenda Item No. 58, 22-1774 – Acceptance of Texas Water Development
Board Financing Agreement – State Water Implementation Fund for Texas**

On April 27, 2022, City Council authorized the submission of loan applications to the Texas Water Development Board (TWDB) for low-cost financial assistance via the State Water Implementation Revenue Fund for Texas (SWIRFT) for planning, design, and construction of DWU projects selected as part of the TWDB's State Water Implementation Fund for Texas (SWIFT) prioritization list, representing \$378.2 million in planned capital improvements. Financial assistance applications for SWIFT projects were submitted by DWU in May 2022. DWU revised the request for funding from the TWDB to include two eligible projects representing \$80.8 million in planned capital improvements and one multi-year commitment of \$170 million to fund DWU's water main replacement program for five years, for a total funding commitment of \$250.8 million.

On July 27, 2022, the TWDB adopted resolutions authorizing loans under the SWIRFT program in an aggregate amount not to exceed \$250.8 million to finance the authorized DWU projects. Following acceptance and execution of the loan Financing Agreement between the TWDB and the City, in accordance with the TWDB financial assistance program, DWU will issue \$114.8 million in bonds for the initial borrowing that will be purchased by the TWDB. Through the purchase of our bonds, TWDB will in turn provide Dallas with interest rates based on the cost of funds which reflect the program's AAA credit rating, wherein the interest rate is further reduced by a subsidy established by TWDB for each funding cycle. The proceeds of the bonds will be used to finance the capital improvement projects.

DWU will seek City Council approval on August 24, 2022 to accept the loans and execute the Financing Agreement for the SWIRFT borrowing, as required by the TWDB to proceed with the future sale of the bonds to the TWDB. Following execution of the Financing Agreement, City Council will be presented with the corresponding bond ordinance for approval in October 2022. If funding commitments are secured, TWDB anticipates closing on the bonds in Winter 2022.

If you have any questions, please contact Terry Lowery, Director of Dallas Water Utilities.


Jack Ireland
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager

Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors