



**Water & Sewer Revenue Refunding Bonds, Series 2021  
(Tax-Exempt)  
&  
Water & Sewer Revenue Taxable Refunding Bonds, Series 2021A  
(Taxable)**

**March 2, 2021**

# Water & Sewer System Tax-Exempt Refunding

- **Commercial Paper Fix-Out:**
  - **The El Paso Water Utilities - Public Service Board (PSB) is proposing to fix-out \$40,000,000 of outstanding commercial paper notes and issue tax-exempt fixed rate bonds.**
    - The PSB started the Commercial Paper Program in 1997 and has utilized it for interim construction financing typically for small projects (< \$5 million).
    - The PSB currently has a maximum funding capacity for commercial paper of \$40 million.

# Water & Sewer System Taxable Economic Refunding

- **Current tax legislation allows for bonds to be “Currently Refunded” at tax-exempt rates. A current refunding, by legal definition, allows for bonds to be called within 90 days of the issuance of new “Refunding Bonds.” The Utility doesn’t have any Bonds available to refund on a Tax-Exempt Basis until December 2, 2023.**
- **In today’s market, a Taxable Refunding is the only viable option to achieve economic benefits.**
- **HilltopSecurities reviewed the Utility’s debt and narrowed the Taxable refunding candidates to the following:**
  - Series 2014 – \$34,705,000, Callable on 3/1/2024
  - Series 2015 – \$32,035,000, Callable on 3/1/2024
  
  - AGGREGATE REFUNDABLE PRINCIPAL: **\$66,740,000**
  - EXISTING COUPONS: **4.00%-5.00%**
  - PROJECTED GROSS SAVINGS: **\$4,040,571.23**
  - NET PRESENT VALUE SAVINGS: **\$3,838,408.98**
  - NET PRESENT VALUE %: **5.751%**

# Series 2021 & Series 2021A Impact to Overall W&S Debt

A	B	C	D	E	F	G	H
Annual Period Ending 1-Mar	Total Existing Debt Service	Taxable, Series 2021A Net Effect of Refunding	SERIES 2021 (CP TAKE-OUT) CP Take-out: Structured Principal			Aggregate Debt Service	Annual Period Ending 1-Mar
			Principal	Interest	Total		
2021	\$ 66,994,779	\$ -	\$ -	\$ -	\$ -	\$ 66,994,779	2021
2022	69,126,380	(693,815)	-	1,074,534.24	1,074,534	69,507,099	2022
2023	69,029,232	(637,330)	-	1,118,012.50	1,118,013	69,509,915	2023
2024	68,975,732	(585,709)	-	1,118,012.50	1,118,013	69,508,036	2024
2025	68,029,002	(636,829)	-	1,118,012.50	1,118,013	68,510,185	2025
2026	67,989,672	(630,329)	-	1,118,012.50	1,118,013	68,477,356	2026
2027	68,014,626	(642,262)	-	1,118,012.50	1,118,013	68,490,377	2027
2028	65,115,867	(205,173)	2,420,000	1,118,012.50	3,538,013	68,448,707	2028
2029	59,981,633	(1,991)	2,485,000	1,051,462.50	3,536,463	63,516,105	2029
2030	54,181,398	(2,912)	2,555,000	983,125.00	3,538,125	57,716,611	2030
2031	50,254,413	(1,975)	2,625,000	912,862.50	3,537,863	53,790,301	2031
2032	42,806,681	(851)	2,700,000	840,675.00	3,540,675	46,346,505	2032
2033	42,538,209	(3,028)	2,770,000	766,425.00	3,536,425	46,071,607	2033
2034	38,165,880	1,631	2,850,000	690,250.00	3,540,250	41,707,760	2034
2035	35,791,205		2,925,000	611,875.00	3,536,875	39,328,080	2035
2036	27,035,090		3,005,000	531,437.50	3,536,438	30,571,527	2036
2037	19,793,708		3,090,000	448,800.00	3,538,800	23,332,508	2037
2038	12,337,867		3,175,000	363,825.00	3,538,825	15,876,692	2038
2039	6,609,640		3,260,000	276,512.50	3,536,513	10,146,153	2039
2040	2,482,300		3,350,000	186,862.50	3,536,863	6,019,163	2040
2041	-		3,445,000	94,738	3,539,738	3,539,738	2041
2042						-	2042
Total	\$ 935,253,314	\$ (4,040,571)	\$ 40,655,000	\$ 15,541,459	\$ 56,196,459	\$ 987,409,202	

Refunded Principal:	\$ 66,740,000.00
Net Present Value Savings:	\$ 3,838,408.98
Net Present Value Savings %:	5.75%
Taxable TIC:	1.85%

Maximum: \$ 69,509,915

Tax-Exempt Series 2021 TIC: 2.75%

Note: For illustration purposes only. Actual debt service requirement figures will be determined at the time of pricing.

# Open Market: Parameter Authorization

- **Parameter authorization will enable the sale of the Bonds at optimum timing and structure.**
  - Water & Sewer Revenue Refunding Bonds, Series 2021 (Tax-Exempt – CP Refunding)
  - Water & Sewer Revenue Refunding Bonds, Series 2021A (Taxable – Economic Refunding)
- **Council delegates final pricing authority to Pricing Officer(s).**
  - John Balliew
  - Marcela Navarrete
  - Arturo Duran
- **Council to approve parameters as recommended by PSB.**
  - Series 2021 (Commercial Paper Refunding)
    - Maximum True Interest Cost – 3.25%
    - Principal Amount of Issue - \$40,655,000
    - Final Maturity Date – December 31, 2041
    - Expiration of Delegated Authority – 6 months
  - Series 2021A (Taxable Economic Refunding)
    - Maximum True Interest Cost – 2.85%
    - Principal Amount of Issue - \$78,000,000
    - Minimum Present Value Savings Percentage – 3.00%
    - Expiration of Delegated Authority – 6 months
- **Pricing Officer can only approve sale if all Council parameters are met.**

# Underwriters

- **Staff Recommendation:**
  - **Citigroup (Lead Underwriter)**
  - **Morgan Stanley (Co-Manager)**
  - **Piper Sandler (Co-Manager)**

# Timeframe

- **February 10, 2021:** Public Service Board considers request to sell Series 2021 & Series 2021A (Taxable) Bonds
- **March 2, 2021:** City Council considers request to sell Series 2021 & Series 2021A (Taxable) Bonds
- **March 15, 2021 (Week of):** Tentative pricing for Series 2021 & Series 2021A (Taxable) Bonds
- **April 12, 2021 (Week of):** Tentative closing for Series 2021 & Series 2021A (Taxable) Bonds

# QUESTIONS & ANSWERS