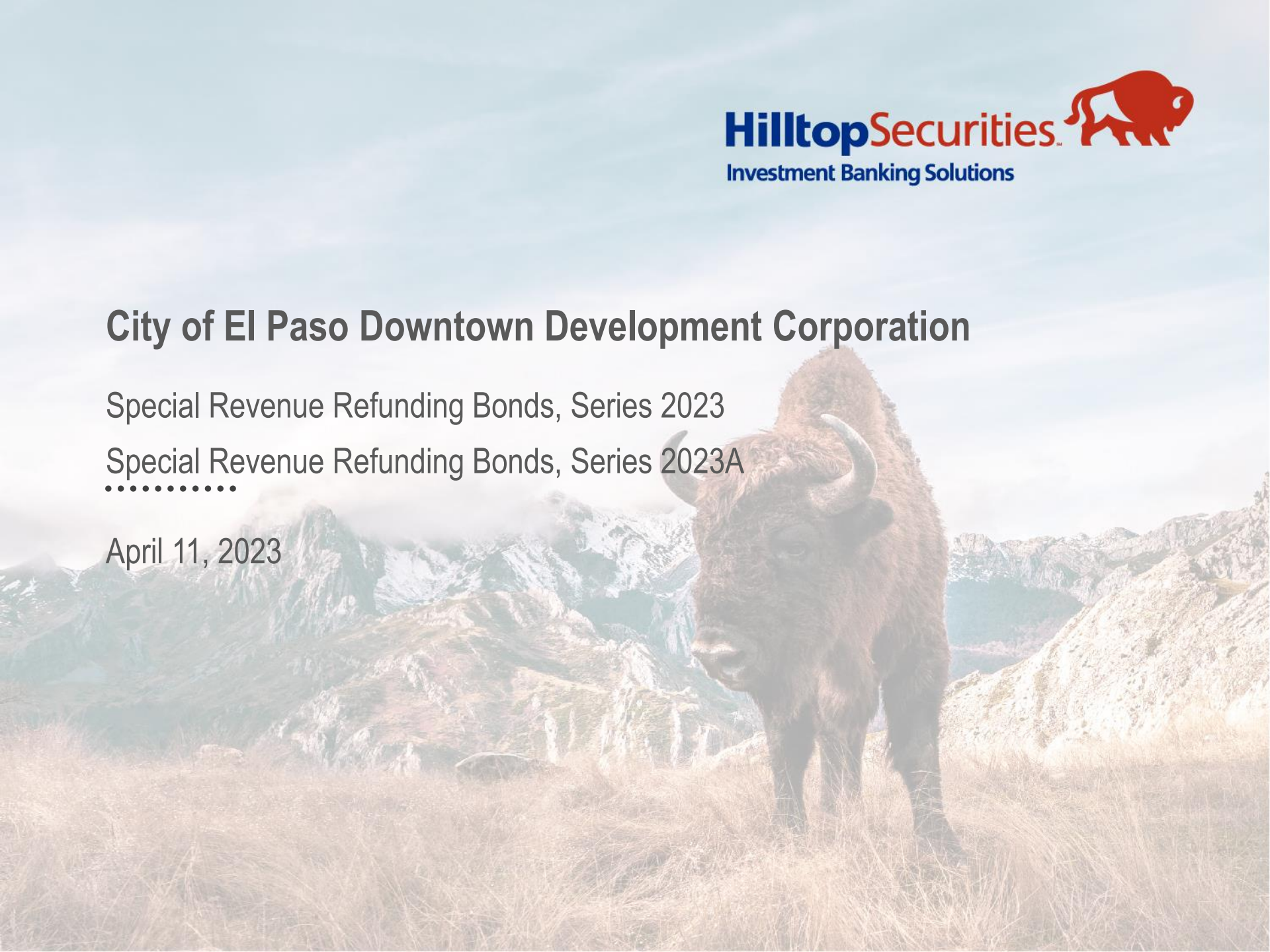


City of El Paso Downtown Development Corporation

Special Revenue Refunding Bonds, Series 2023

Special Revenue Refunding Bonds, Series 2023A
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April 11, 2023





El Paso Downtown Development Corporation (Downtown Ballpark Venue Project)

Special Revenue Refunding Bonds, Series 2023

- City of El Paso Downtown Development Corporation seeks to authorize the issuance of Special Revenue Refunding Bonds, Series 2023 (Downtown Ballpark Venue Project) to restructure debt service on certain Corporation's debt (Series 2013A).

Special Revenue Refunding Bonds, Series 2023A

- City of El Paso Downtown Development Corporation seeks to authorize the issuance of Special Revenue Refunding Bonds, Series 2023A (Downtown Ballpark Venue Project) for debt service savings.



Special Revenue Refunding Bonds, Series 2023

- ❑ City of El Paso Downtown Development Corporation seeks to authorize the issuance of Special Revenue Refunding Bonds, Series 2023 (Downtown Ballpark Venue Project) to restructure debt service on certain Corporation's debt (Series 2013A)
 - Municipal bonds are typically issued long-term for 20-30 years, with set coupons, and a call feature that allows the issuer to call bonds if needed. Bonds can be called to restructure existing debt payments, bond covenants, or to reduce overall debt payments.
 - The purpose of the Special Revenue Refunding Bonds, Series 2023 will be to restructure Series 2013A's non-callable maturity due on 8/15/2023.
 - In August of 2013, the Corporation issued Special Revenue Bonds to finance the construction of the Downtown Ballpark Venue Project. Due to increased market volatility at the time of issuance of bonds, the structure of the Series 2013A bonds factored a non-callable maturity of \$5,170,000 due on August 15, 2023.



Special Revenue Refunding Bonds, Series 2023

- ❑ City of El Paso Downtown Development Corporation seeks to authorize the issuance of Special Revenue Refunding Bonds, Series 2023 (Downtown Ballpark Venue Project) to restructure debt service on certain Corporation's debt (Series 2013A)
 - Since the issuance of the 2013A bonds, it has been the intent of the Corporation to restructure the total principal due August 15, 2023, plus any accrued interest prior to maturity. With the issuance of Series 2023, the Corporation plans to restructure the debt over the next 20 years.
 - Over the last 10 years, the Corporation has actively taken advantage of any refunding opportunities for debt service savings. Along with the issuance of Series 2023 Bonds to restructure existing debt, the Corporation will seek another opportunity to capture debt service savings by refunding Taxable Bond Series 2021 through a bond tender offer.
 - To-date the Corporation has saved \$11.9 million in gross debt service from bond refunding activities. *In 2016 and 2021, the Corporation's refunding bonds resulted in gross debt service payments of \$4.0 million and \$7.9 million, respectively.*

Summary of Restructuring Results



Special Revenue Refunding Bonds, Series 2023

Summary

- Parameter authorization will provide flexibility to refund Series 2013A bonds prior to maturity.
- Key Assumptions
 - Assumed True Interest Cost: 4.15%
 - Estimate of Additional Debt Service with Maturity on 8/15/2043: \$2.73 million

Debt Service Comparison

FYE 8/31	RESTRUCTURING City of El Paso Downtown Dev Corp Special Revenue Bonds Series 2013A			FYE 8/31
	Prior 2013A DDC Debt Service ⁽¹⁾	New Debt Service ⁽²⁾	Annual Savings	
2023	\$ 5,331,563	\$ 42,094	\$ 5,289,468	2023
2024	-	399,419	(399,419)	2024
2025	-	401,669	(401,669)	2025
2026	-	398,419	(398,419)	2026
2027	-	399,919	(399,919)	2027
2028	-	400,919	(400,919)	2028
2029	-	401,419	(401,419)	2029
2030	-	401,419	(401,419)	2030
2031	-	400,919	(400,919)	2031
2032	-	399,919	(399,919)	2032
2033	-	403,419	(403,419)	2033
2034	-	401,169	(401,169)	2034
2035	-	398,419	(398,419)	2035
2036	-	400,169	(400,169)	2036
2037	-	401,169	(401,169)	2037
2038	-	401,419	(401,419)	2038
2039	-	400,919	(400,919)	2039
2040	-	402,106	(402,106)	2040
2041	-	402,656	(402,656)	2041
2042	-	402,569	(402,569)	2042
2043	-	401,844	(401,844)	2043
	<u>\$ 5,331,563</u>	<u>\$ 8,061,970</u>	<u>\$ (2,730,407)</u>	

(1) The Series 2013A EPDDC has \$5,170,000 currently outstanding and is due on August 15, 2023. Restructuring the debt would extend the maturity to August 15, 2043.

(2) New debt service is based on current market rates as of March 10, 2023.



Special Revenue Refunding Bonds, Series 2023A

- ❑ City of El Paso Downtown Development Corporation seeks to authorize the issuance of Special Revenue Refunding Bonds, Series 2023A (Downtown Ballpark Venue Project) for debt service savings.
 - Refunding/refinancing bonds for savings: Replace existing debt service payments by paying off an “Existing” bond with a “New” bond that produces LOWER overall debt service payments to an issuer. Similar to refinancing a home with lower interest rates.
 - In today’s market, traditional refundings/refinancings are difficult to execute due to rising interest rates over the last year. Traditional refunding/refinancing captures savings by capitalizing on the difference between the coupon of the refunded bonds and the yield of the refunding bonds.



Special Revenue Refunding Bonds, Series 2023A

- City of El Paso Downtown Development Corporation seeks to authorize the issuance of Special Revenue Refunding Bonds, Series 2023A (Downtown Ballpark Venue Project) for debt service savings.
- However, a refunding/refinancing might be available to the City by refunding existing taxable refunding bonds back to tax-exempt debt through a Bond Tender Offer.
- What is a Bond Tender Offer?
 - A bond tender offer is a process where an offer is made to existing bondholders to repurchase a specified number of bonds at a particular price and a specified time. *Bondholders have a right to accept or reject any offers.*
 - Tender offer notices are publicly posted for a period of time and will allow the financing team to confirm bondholder's willingness to sell back their bonds.
 - A tender for taxable bonds generates savings based on the current spread between tax-exempt and taxable yields (not the coupons).
 - The City could borrow at lower "tax-exempt" yields and purchase back outstanding "taxable" yields, thus reducing the overall cost of debt.

Summary of Refunding Results



Special Revenue Refunding Bonds, Series 2023A

Summary

- Parameter authorization will provide flexibility to refund all eligible bonds currently outstanding.
- However, in recent transactions, issuers have seen 20-35% success rate of bonds tendered.
- Key Assumptions
 - Assumed True Interest Cost: 3.76%
 - Assumed Tender Success Rate: 30%
 - Potential Gross Savings: \$1.29 million
 - Potential Net Present Value (%): 11.53%

Savings Comparison

TENDER OFFER				
City of El Paso Downtown Dev Corp				
Special Revenue Refunding Bonds				
Taxable Series 2021				
FYE	Prior 2021 DDC	New	Annual	FYE
8/31	Debt Service ⁽¹⁾	Debt Service ⁽²⁾	Savings	8/31
2023	\$ 93,391	\$ 49,428	\$ 43,963	2023
2024	356,781	287,000	69,781	2024
2025	355,625	287,000	68,625	2025
2026	358,976	287,000	71,976	2026
2027	356,824	287,000	69,824	2027
2028	779,094	692,000	87,094	2028
2029	778,414	691,750	86,664	2029
2030	781,336	695,500	85,836	2030
2031	778,148	693,000	85,148	2031
2032	779,115	694,500	84,615	2032
2033	779,100	689,750	89,350	2033
2034	778,073	689,000	89,073	2034
2035	775,869	687,000	88,869	2035
2036	777,591	688,750	88,841	2036
2037	778,071	689,000	89,071	2037
2038	777,197	687,750	89,447	2038
2039				2039
	\$ 10,083,601	\$ 8,795,428	\$ 1,288,173	
Average Annual Savings (2024-2043)			\$82,947	
2021 Tender Success Rate			30%	
2021 Tender Par Amount			\$8,055,000	
Tender PV Savings Rate (%)			11.53%	

(1) Tender Prices are estimated as of March 10, 2023. Includes a tender premium of 2.0% based on average secondary market pricing.

(2) New debt service is based on current market rates as of March 10, 2023.

Combined Summary of Refunding Results



Special Revenue Refunding Bonds, Series 2023 & Series 2023A

***Preliminary and subject to change due to market conditions at the time of pricing.**

FYE 8/31	TENDER OFFER City of El Paso Downtown Dev Corp Special Revenue Refunding Bonds (Refunded Taxable Series 2021)			RESTRUCTURING City of El Paso Downtown Dev Corp Special Revenue Bonds (Restructured a Portion of Series 2013A)			NET AGGREGATE SAVINGS Combining the Tender Offer & Restructuring Assumes Closing in June 2023			FYE 8/31
	Prior 2021 DDC Debt Service ⁽¹⁾	New Debt Service ⁽²⁾	Annual Savings	Prior 2013A DDC Debt Service ⁽³⁾	New Debt Service ⁽²⁾	Annual Savings	2021 DDC Savings	2013A DDC Dis-savings	Net Aggregate Savings	
2023	\$ 93,391	\$ 49,428	\$ 43,963	\$ 5,331,563	\$ 42,094	\$ 5,289,468	\$ 43,963	\$ 5,289,468	\$ 5,333,431	2023
2024	356,781	287,000	69,781	-	399,419	(399,419)	69,781	(399,419)	(329,638)	2024
2025	355,625	287,000	68,625	-	401,669	(401,669)	68,625	(401,669)	(333,044)	2025
2026	358,976	287,000	71,976	-	398,419	(398,419)	71,976	(398,419)	(326,443)	2026
2027	356,824	287,000	69,824	-	399,919	(399,919)	69,824	(399,919)	(330,095)	2027
2028	779,094	692,000	87,094	-	400,919	(400,919)	87,094	(400,919)	(313,825)	2028
2029	778,414	691,750	86,664	-	401,419	(401,419)	86,664	(401,419)	(314,755)	2029
2030	781,336	695,500	85,836	-	401,419	(401,419)	85,836	(401,419)	(315,583)	2030
2031	778,148	693,000	85,148	-	400,919	(400,919)	85,148	(400,919)	(315,771)	2031
2032	779,115	694,500	84,615	-	399,919	(399,919)	84,615	(399,919)	(315,304)	2032
2033	779,100	689,750	89,350	-	403,419	(403,419)	89,350	(403,419)	(314,069)	2033
2034	778,073	689,000	89,073	-	401,169	(401,169)	89,073	(401,169)	(312,096)	2034
2035	775,869	687,000	88,869	-	398,419	(398,419)	88,869	(398,419)	(309,550)	2035
2036	777,591	688,750	88,841	-	400,169	(400,169)	88,841	(400,169)	(311,328)	2036
2037	778,071	689,000	89,071	-	401,169	(401,169)	89,071	(401,169)	(312,098)	2037
2038	777,197	687,750	89,447	-	401,419	(401,419)	89,447	(401,419)	(311,972)	2038
2039	-	-	-	-	400,919	(400,919)	-	(400,919)	(400,919)	2039
2040	-	-	-	-	402,106	(402,106)	-	(402,106)	(402,106)	2040
2041	-	-	-	-	402,656	(402,656)	-	(402,656)	(402,656)	2041
2042	-	-	-	-	402,569	(402,569)	-	(402,569)	(402,569)	2042
2043	-	-	-	-	401,844	(401,844)	-	(401,844)	(401,844)	2043
	\$ 10,083,601	\$ 8,795,428	\$ 1,288,173	\$ 5,331,563	\$ 8,061,970	\$ (2,730,407)	\$ 1,288,173	\$ (2,730,407)	\$ (1,442,234)	

(1) Tender Prices are estimated as of March 10, 2023. Includes a tender premium of 2.0% based on average secondary market pricing.

(2) New debt service is based on current market rates as of March 10, 2023.

(3) The Series 2013A DDC has \$5,170,000 currently outstanding and is due on August 15, 2023. Restructuring the debt would extend the maturity to August 15, 2043.



- ☐ **Parameter authorization will enable the sale of the Bonds at optimum timing and structure:**
 - Special Revenue Refunding Bonds, Series 2023

- ☐ **Council delegates final pricing authority to following Pricing Officer(s):**
 - City Manager/Interim City Manager
 - Chief Financial Officer

- ☐ **Council asked to approve parameters as recommended by DDC:**
 - Maximum True Interest Cost – 5.25%
 - Aggregate Not-to-Exceed Principal Amount for all bonds that can be issued under Ordinance – \$5,750,000
 - Aggregate Overall Debt Loss Maximum - \$3,950,000
 - Final Maturity Date – December 15, 2043
 - Expiration of Delegated Authority – 180 Days

- ☐ **Pricing Officer can only approve sale if all Council parameters are met.**



- ☐ **Parameter authorization will enable the sale of the Bonds at optimum timing and structure:**
 - Special Revenue Refunding Bonds, Series 2023A

- ☐ **Council delegates final pricing authority to following Pricing Officer(s):**
 - City Manager/Interim City Manager
 - Chief Financial Officer

- ☐ **Council asked to approve parameters as recommended by DDC:**
 - Maximum True Interest Cost – 5.25%
 - Minimum Present Value Savings – 3.00% (Net of any Corporation contribution)
 - Aggregate Not-to-Exceed Principal Amount for all bonds that can be issued under Ordinance – \$21,750,000
 - Final Maturity Date – December 31, 2038
 - Expiration of Delegated Authority – 180 Days

- ☐ **Pricing Officer can only approve sale if all Council parameters are met.**



- ❑ **April 12, 2023:** City Council considers selling “City of El Paso Downtown Development Corporation Special Revenue Refunding Bonds, Series 2023 & Series 2023A” (Downtown Ballpark Venue Project), through a parameter ordinance.
- ❑ **May 2, 2023:** Globic sends First Invitation to Tender to DTC.
- ❑ **May 17, 2023:** Globic sends Second Invitation to Tender to DTC.
- ❑ **May 23, 2023:** Tentative Pricing of “City of El Paso Downtown Development Corporation Special Revenue Refunding Bonds, Series 2023 & 2023A”
- ❑ **June 13, 2023:** Tentative Closing of “City of El Paso Downtown Development Corporation Special Revenue Refunding Bonds, Series 2023 & 2023A”



QUESTIONS & ANSWERS