



**Municipal Drainage Utilities Revenue Refunding Bonds,  
Series 2021 (Taxable)  
&  
Municipal Drainage Utilities Revenue Refunding, Bonds  
2021A (Tax-Exempt)**

**March 2, 2021**

# Municipal Drainage System Tax-Exempt Refunding

- **Revolving Note Paper Fix-Out:**

- **The El Paso Water Utilities - Public Service Board (PSB) is proposing to fix-out \$15,000,000 of outstanding revolving notes and issue tax-exempt fixed rate bonds.**
  - The PSB started the Revolving Note Private Placement Program in 2018 and has utilized it for interim construction financing typically for small projects.
  - The PSB currently has a maximum funding capacity for revolving notes of \$25 million.

# Municipal Drainage System Economic Refunding Summary

- **HilltopSecurities reviewed the Utility's debt and narrowed the Taxable refunding candidates to the following:**

- Series 2012 – \$8,550,000, Callable on 3/1/2022
- AGGREGATE REFUNDABLE PRINCIPAL: **\$8,550,000**
- EXISTING COUPONS: **3.125%-5.00%**
- PROJECTED GROSS SAVINGS: **\$580,472.50**
- NET PRESENT VALUE SAVINGS: **\$554,973.28**
- NET PRESENT VALUE %: **6.491%**

- ❖ **Assumes a Private Placement versus an Open Market Bond Sale**

- **Private Placement Sale**

- a. Term Sheet versus Official Statement.
- b. Placement Agent will solicit competitive bids from lending institutions. No need to hire and Underwriting team.
- c. Benefits of a Private Placement Sale
  - Savings of over \$85,000 from costs of issuance.
    - ✓ No Underwriting Fees
    - ✓ No Rating Agency Fees
  - Reduced staff time spent preparing documentation for bond sale

# Series 2021 & Series 2021A Impact to Overall Drainage System Debt

A	B	C	D	E	F	G	H
Annual Period Ending 1-Mar	Existing Gross Debt Service	Taxable, Series 2021	Series 2021A (Revolving Note Take-Out) Structured Principal			Aggregate Debt Service	Annual Period Ending 1-Mar
		Net Effect of 2021 Refunding <sup>(1)</sup>	Principal	Interest	Total		
2022	\$ 9,485,413	\$ (53,657)	\$ 630,000	\$ 370,326	\$ 1,000,326	\$ 10,432,082	2022
2023	9,546,413	(114,319)	595,000	401,913	996,913	10,429,006	2023
2024	9,615,913	(183,483)	615,000	385,550	1,000,550	10,432,980	2024
2025	9,674,163	(209,203)	630,000	368,638	998,638	10,463,597	2025
2026	9,733,163	(1,953)	645,000	351,313	996,313	10,727,522	2026
2027	9,804,463	(2,911)	665,000	333,575	998,575	10,800,127	2027
2028	9,875,463	(4,288)	685,000	315,288	1,000,288	10,871,463	2028
2029	9,955,100	(790)	700,000	296,450	996,450	10,950,760	2029
2030	5,769,175	(4,216)	720,000	277,200	997,200	6,762,160	2030
2031	5,765,575	(1,834)	740,000	257,400	997,400	6,761,141	2031
2032	5,656,475	(3,821)	760,000	237,050	997,050	6,649,705	2032
2033	4,635,500		780,000	216,150	996,150	5,631,650	2033
2034	4,630,700		805,000	194,700	999,700	5,630,400	2034
2035	4,647,950		825,000	172,563	997,563	5,645,513	2035
2036	2,889,450		850,000	149,875	999,875	3,889,325	2036
2037	1,249,000		870,000	126,500	996,500	2,245,500	2037
2038	1,244,000		895,000	102,575	997,575	2,241,575	2038
2039	1,248,000		920,000	77,963	997,963	2,245,963	2039
2040			945,000	52,663	997,663	997,663	
2041			970,000	26,675	996,675	996,675	
Total	\$ 115,425,913	\$ (580,473)	\$ 15,245,000	\$ 4,714,364	\$ 19,959,364	\$ 134,804,804	
	Refunded Principal:	\$ 8,550,000				Maximum:	\$ 10,950,760
	Net Present Value Savings:	\$ 554,973					
	Net Present Value Savings %:	6.491%	Tax-Exempt Series 2021A TIC:		2.75%		
	Taxable TIC:	1.780%					

(1) Assumes Private Placement, Taxable Refunding, Rates as of January 21, 2021.  
Structured savings to maximize savings over years 2022-2025.

# Parameter Authorization

- **Parameter authorization will enable the sale of the Bonds at optimum timing and structure.**
  - Municipal Drainage Revenue Refunding Bonds, Series 2021 (Taxable – Economic Refunding)
  - Municipal Drainage Revenue Refunding Bonds, Series 2021A (Tax-Exempt – RN 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 (Taxable Economic Refunding)
    - Maximum True Interest Cost – 2.75%
    - Principal Amount of Issue - \$9,100,000
    - Minimum Present Value Savings Percentage – 3.00%
    - Expiration of Delegated Authority – 6 months
  - Series 2021A (Revolving Note Refunding)
    - Maximum True Interest Cost – 3.25%
    - Principal Amount of Issue - \$15,250,000
    - Final Maturity Date – December 31, 2041
    - 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 (Taxable) & Series 2021A Bonds
- **March 2, 2021:** City Council considers request to sell Series 2021 (Taxable) & Series 2021A Bonds
- **March 4, 2021:** Private Placement Bids Due for Series 2021 (Taxable)
- **March 15, 2021 (Week of):** Tentative pricing for Series 2021A Bonds
- **April, 1, 2021:** Closing for Series 2021 Bonds (Taxable)
- **April 12, 2021 (Week of):** Tentative closing for Series 2021A Bonds

# QUESTIONS & ANSWERS