



- 1. General Obligation Refunding Bonds,
Series 2024**
- 2. Bond Defeasance – Portion of 2014
General Obligation Refunding Bonds,
Taxable Series 2014**

Agenda

- Existing Debt Service
- Future Debt Issuances
- Recommendation/Council Action
 - Refunding Bonds
 - Defeasance of Bonds
- Current vs Updated Debt Model



Sound Governance and Fiscal Management

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- Long-term **financial sustainability** was key theme of recent strategic planning session
- **Multi-year budget outlook** has become critical in decision-making process
- Debt service for voter-approved capital projects will be a major **cost driver** over next few years
 - Upcoming increases in debt payments for issuances in 2016 (principal payments begin or increase)
 - \$600 million remaining in voter-approved bonds to be issued over next few years
 - No callable bonds (refinancing opportunities) in 2027

Existing Debt Service

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- FY 2025 (Sep 1, 2024 – Aug 31, 2025)
 - 2016 CO's (issued 6/30/2016) **\$2.8 million increase** in principal – only minimal principal paid over first 9 years
 - 2021 CO's (issued 6/03/2021) **\$2.6 million increase** in principal – interest only for first three years to account for potential COVID impact
- FY 2026 (Sep 1, 2025 – Aug 31, 2026)
 - 2016 GO's (issued 6/15/2016) **\$6.9 million** increase in principal – interest only for first 10 years

Future Debt Service

Remaining Voter-Approved Bonds

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	Authorized	Debt Issued	Pending to be Issued	Cash on Hand
2012 Quality of Life	\$473	\$345	\$128	\$71
2019 Public Safety	\$413	\$167	\$246	\$102
2022 Community Progress	\$272	\$46	\$226	\$43
Total	\$1,159	\$558	\$601	\$216

Future Debt Issuances

Debt Model Assumptions

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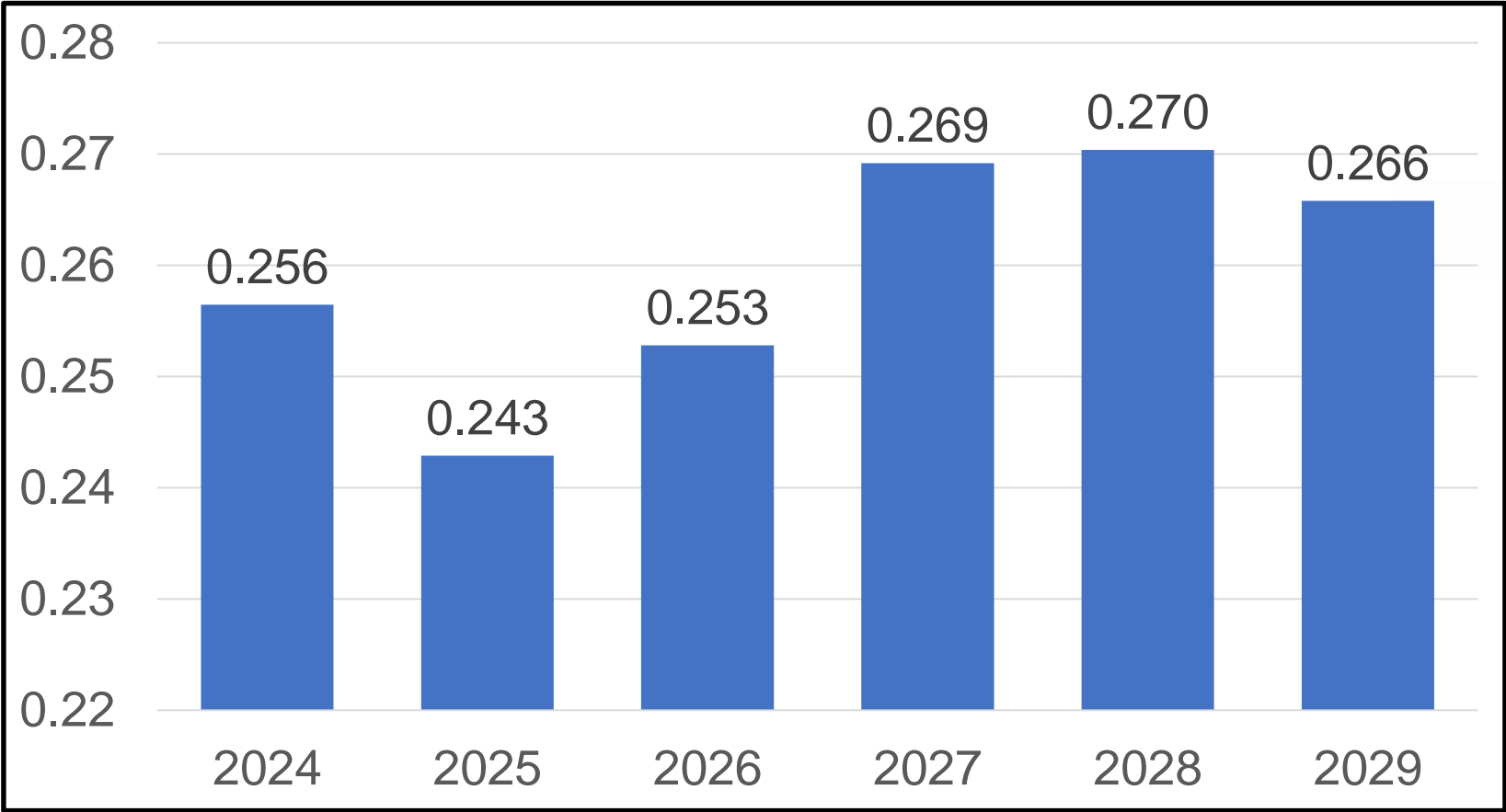
Year	Issuance Amount (\$ in millions)	Taxable Valuation Growth	Interest Rate
FY 2025	\$0		
FY 2026	\$215	4.8%	6.5%
FY 2027	\$188	4.6%	6.5%
FY 2028	\$69	4.1%	6.5%
FY 2029	\$39	4.1%	6.5%
FY 2030	\$45	2.0%	6.5%
FY 2031	\$15	2.0%	6.5%
FY 2032	\$15	2.0%	6.5%
FY 2033	\$15	2.0%	6.5%
Total	\$601		

Current Debt Tax Rate Model

(Cents per \$100 Valuation)

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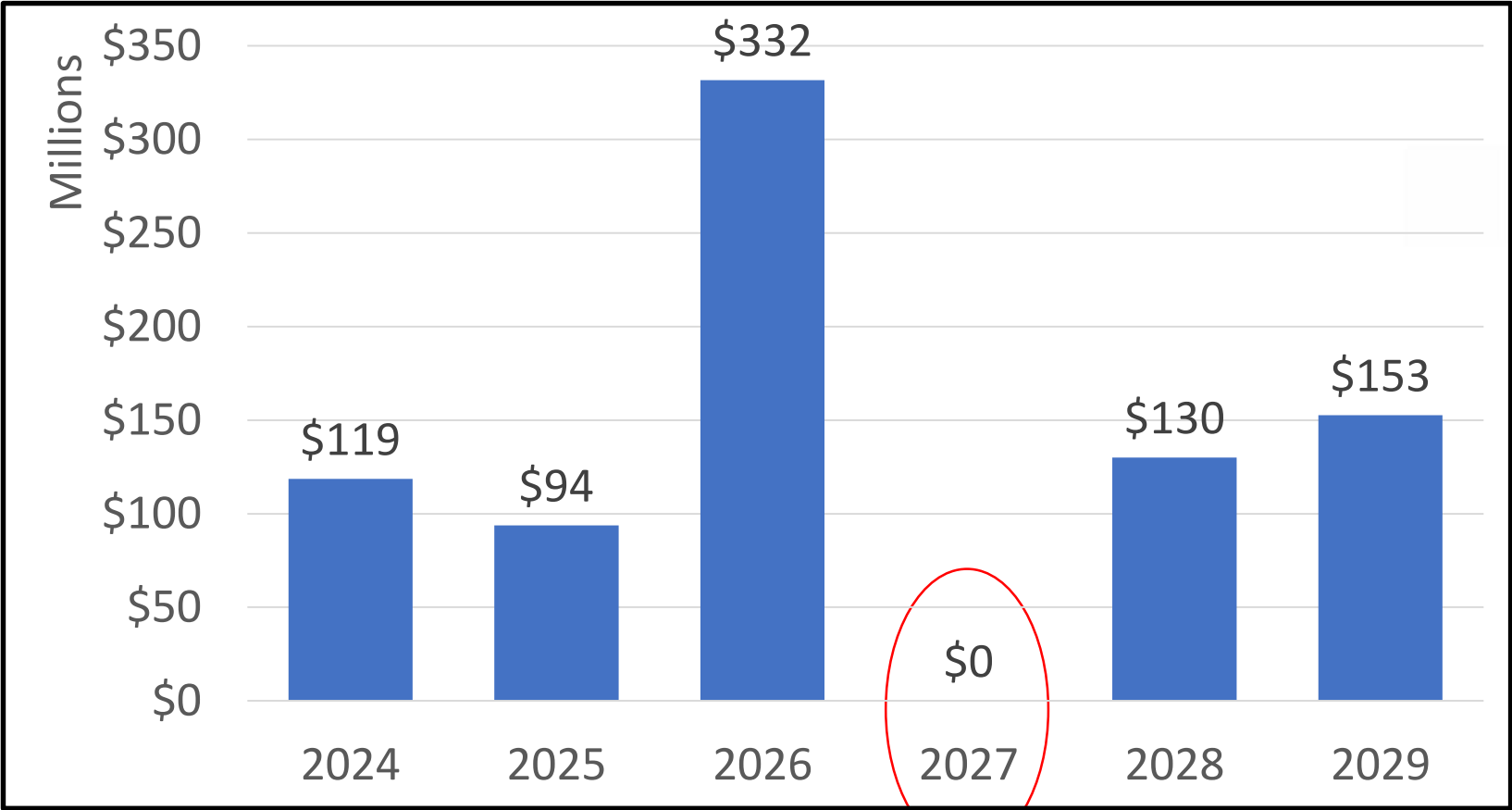
- No debt issuance planned for next year (FY 2025)
- Focus has been minimizing impact in 2026, 2027, and 2028

Callable Debt

Future Refinancing Opportunities

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Requested Action

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- Approve the following
 - Ordinance - General Obligation Refunding Bonds, Series 2024
 - Resolution - Cash Defeasance General Obligation Refunding Bonds, Taxable Series 2014

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General Obligation Refunding Bonds, Series 2024

Refunding Ordinance

Delegation of Authority to Pricing Officer (Parameters)

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- Aggregate original principal amount of the Bonds shall not exceed \$88,050,000;
- Refunding of the Refunded Obligations must produce present value debt service savings of at least three percent (3.00%), net of any City contribution;
- Aggregate true interest cost rate for the Bonds shall not exceed 4.40%;
- Maximum maturity date for any series of Bonds issued hereunder shall not exceed December 31, 2040 (no change to current maturity date)
- Delegation made hereby shall expire if not exercised by the Pricing Officer within 365 days of the date of adoption of this Ordinance

General Obligation Refunding Bonds, Series 2024 Source and Uses

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Sources:	
Bond Proceeds:	
Par Amount	79,975,000.00
Net Premium	8,000,201.30
	\$87,975,201.30
Other Sources of Funds:	
Debt Service Fund	1,527,543.41
Equity Contribution	3,345,027.66
	\$4,872,571.07
	\$92,847,772.37

Uses:	
Refunding Escrow Deposits	91,739,833.87
Delivery Date Expenses	1,104,825.00
Other Uses of Funds	3,113.50
	\$92,847,772.37

Summary of Refunding Results

General Obligation Refunding Bonds, Series 2024

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	Self Supporting Portion	Tax- Supporting Portion	Cash Redemption of 2014A	Total
Bond Par Amount	12,680,000.00	67,295,000.00		79,975,000.00
All-In TIC	3.721328%	3.659758%		3.671217%
Net PV Savings	652,432.05	3,313,917.26	191,847.34	4,158,196.65
Percentage savings of refunded bonds	4.700519%	4.548960%	5.840102%	4.619449%

Plaza Theater Savings General Obligation Refunding Bonds, Series 2024

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Date	Prior Debt Service	Refunding Net Cash Flow	Savings
8/31/2024	1,122,125.00		1,122,125.00
8/31/2025	1,207,250.00		1,207,250.00
8/31/2026	1,207,500.00		1,207,500.00
	3,536,875.00		3,536,875.00
Savings Summary			
PV of savings from cash flow			3,536,875.00
Plus: Refunding funds on hand			-3,345,027.66
Net PV Savings			191,847.34

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Cash Defeasance General Obligation Refunding Bonds, Taxable Series 2014

Sources and Use of Funds (Preliminary) Cash Defeasance General Obligation Refunding Bonds, Taxable Series 2014

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Sources:	
Other Sources:	
Equity Contribution	12,049,585.66
	12,049,585.66
Uses:	
Refunding Escrow Deposits:	
Cash Deposit (Principal)	11,820,000.00
Cash Deposit (Interest)	219,585.66
Cost of Issuance	10,000.00
	12,049,585.66

Cash Defeasance General Obligation Refunding Bonds, Taxable Series 2014

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Bond Par Amount	11,820,000.00
Present Value of Prior Debt to 07/01/2024	14,167,346.22
Net PV Savings	2,117,760.56
% Savings of Refunded Bonds	17.916756%

Cash Defeasance General Obligation Refunding Bonds, Taxable Series 2014

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Maturity Date	Interest Rate	Par Amount	Call Date
8/15/2027	4.646%	5,775,000	7/1/2024
8/15/2028	5.177%	6,045,000	7/1/2024
		<u>\$11,820,000</u>	

Cash Defeasance General Obligation Refunding Bonds, Taxable Series 2014

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Date	Prior Debt Service	Refunding Net Cash Flow	Savings
8/15/2024	290,628.08		290,628.08
8/15/2025	581,256.16		581,256.16
8/15/2026	581,256.16		581,256.16
8/15/2027	6,356,256.16		6,356,256.16
8/15/2028	6,357,949.66		6,357,949.66
	14,167,346.22		14,167,346.22
Savings Summary			
Present Value of Savings from Cash Flow			14,167,346.22
Less: Prior Funds on Hand			(12,049,585.66)
Net Present Value Savings			2,117,760.56

Remaining Debt Service after Defeasance General Obligation Refunding Bonds, Taxable Series 2014

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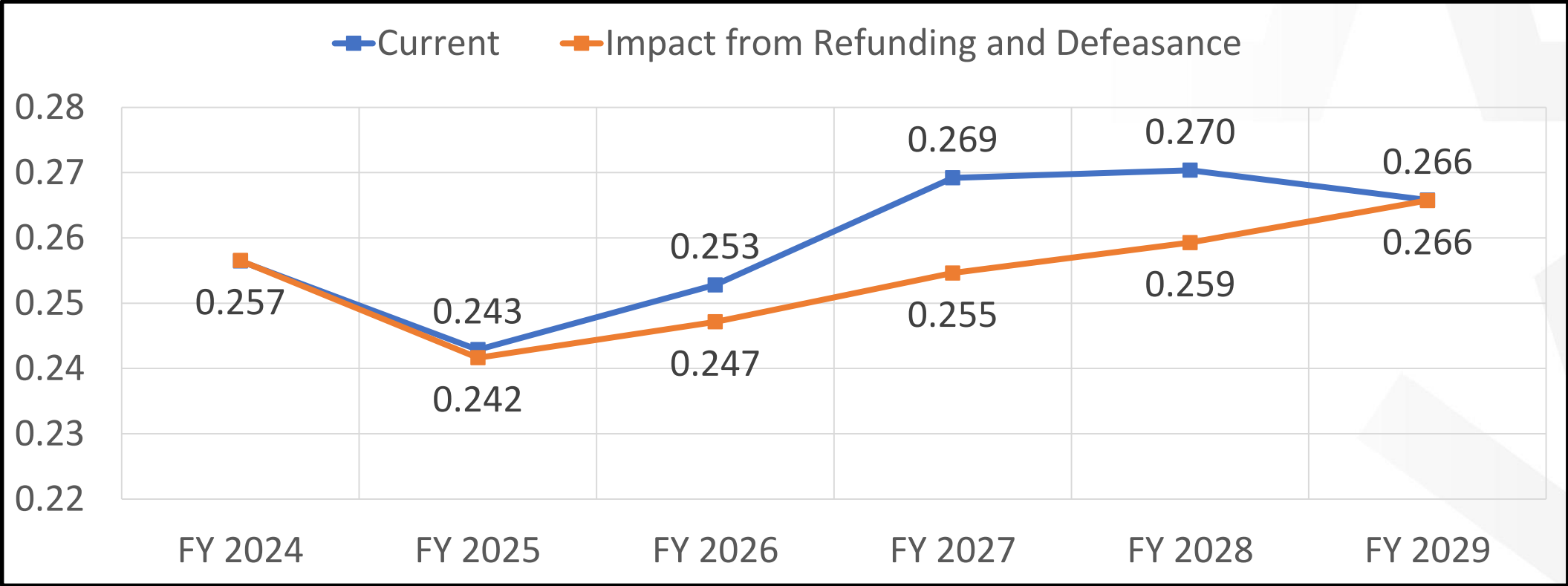
Period Ending	Principal	Interest	Debt Service
8/31/2024	5,085,000.00	1,468,730.53	6,553,730.53
8/31/2025	5,295,000.00	2,726,636.96	8,021,636.96
8/31/2026	5,525,000.00	2,496,516.26	8,021,516.26
8/31/2027		2,248,112.26	2,248,112.26
8/31/2028		2,248,112.26	2,248,112.26
8/31/2029	6,355,000.00	2,248,112.26	8,603,112.26
8/31/2030	6,685,000.00	1,919,113.90	8,604,113.90
8/31/2031	7,030,000.00	1,573,031.46	8,603,031.46
8/31/2032	7,395,000.00	1,209,088.36	8,604,088.36
8/31/2033	7,780,000.00	826,249.20	8,606,249.20
8/31/2034	8,180,000.00	423,478.60	8,603,478.60
	59,330,000.00	19,387,182.05	78,717,182.05

Impact from Recommendations

Projected Debt Service Tax Rate (Cents per \$100 valuation)

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MISSION



Deliver exceptional services to support a high quality of life and place for our community.

VISION



Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.



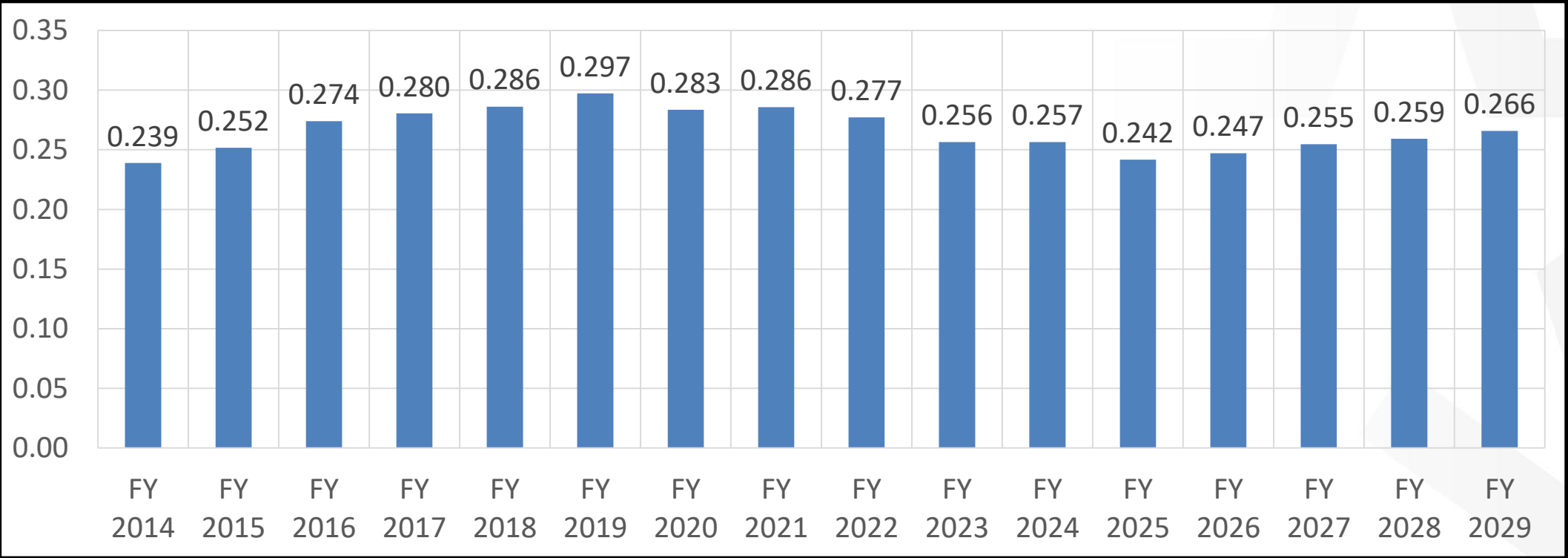
VALUES

Integrity, **R**espect, **E**xcellence,
Accountability, **P**eople

Debt Service Property Tax Rate Historical and Projected

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Plaza Theater Bonds

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	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Parking Meter	1,077,401	715,583	620,040	828,901	861,391
General Fund	121,895	488,383	757,504	209,700	356,206
Total	\$1,199,296	\$1,203,966	\$1,377,544	\$1,038,601	\$1,217,597

FY 2024 Budget Resolution Item 43. That the annual parking meter revenue in account number 440200 (Parking Meter Revenue) may be allocated on a monthly basis to a restricted account called Plaza Theater Sinking Fund in the Debt Service Fund to satisfy debt requirements for the fiscal year, that the City Manager or his/her designee be authorized to appropriate additional funding from this account for the replacement of parking meters upon approval of the City Manager of a meter replacement program based on availability of funds in this account, and that all funds exceeding the debt service requirement and meter replacement capital requirements for the fiscal year be deposited to the General Fund.

Estimated Issuance Costs

City of El Paso, Texas	
\$79,975,000 General Obligation Refunding Bonds, Series 2024*	
(BUDGETED)	
<u>Costs of Issuance</u>	
Financial Advisory Fee.....	\$ 178,500.00
Bond Counsel.....	198,125.00
Attorney General.....	9,500.00
S&P	66,000.00
Kroll.....	60,000.00
Paying Agent.....	2,000.00
Escrow Agent.....	2,000.00
OS Printing & Preparation.....	5,000.00
Continuing Disclosure Research Fee.....	250.00
Postage, FedEx, Etc.....	2,500.00
Rounding.....	21,125.00
Total Costs of Issuance	<u>\$ 545,000.00</u>
<u>Underwriter's Fees</u>	
Average Takedown & Management Fees.....	\$ 504,825.00
Underwriter's Expenses.....	<u>55,000.00</u>
Total Underwriter's Fees	<u>\$ 559,825.00</u>
Total Costs of Issuing Bonds	<u><u>\$ 1,104,825.00</u></u>
Expenses as a % of Total Proceeds	1.26%

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Debt Service Fund

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Debt Service Fund		
Balance as of 09/01/2023		15,495,458.00
Revenues as of 5/1/2024	123,197,794.00	
Expenses Projected as of 8/31/2024	117,082,109.00	
Recommended Use (Defeasement and Plaza Theater)	15,165,027.66	
Net Change		(9,049,342.66)
Balance Projected as of 8/31/2024		6,446,115.34