



CITY OF EL PASO

# 2026 Debt Issuance, Refunding, and Redemption / Defeasance

# Agenda

- Debt Outstanding/Limits
- Bond/Project Expenditure Status
- New Bond Issuance
- Bond Refunding
- Bond Redemption/Defeasance
- Debt Service Tax Rate Impact
- Schedule of Events



# Financing Team

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- **City of El Paso**
  - *Dionne Mack – City Manager*
  - *Robert Cortinas – Chief Financial Officer/Deputy City Manager*
  - *Margarita Munoz– Deputy CFO/Comptroller*
  - *Karla Nieman – City Attorney*
- **Municipal Advisor - Hilltop Securities, Inc.**
  - *Maria Fernanda Urbina – Managing Director*
- **Bond Counsel – Norton Rose Fulbright**
  - *Paul Braden - Head of Public Finance, United States*
- **Underwriter Syndicate**
  - *Jeffries (Lead), Piper Sandler & Co., Morgan Stanley, Cabrera Capital Markets, LLC., Ramirez & Co., Inc.*

# Debt Management

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- Provides ability to invest in essential infrastructure
- Ensures the City can meet obligations without financial strain
- Sustains and improves the credit rating, which is vital for lower borrowing costs

# Strong Financial Governance

- Strong financial governance supports future investment capacity
- Strong audit results support market confidence and credit strength
- Credibility can help preserve borrowing capacity for capital projects
- Audit outcome reinforces trust with residents, investors, and stakeholders

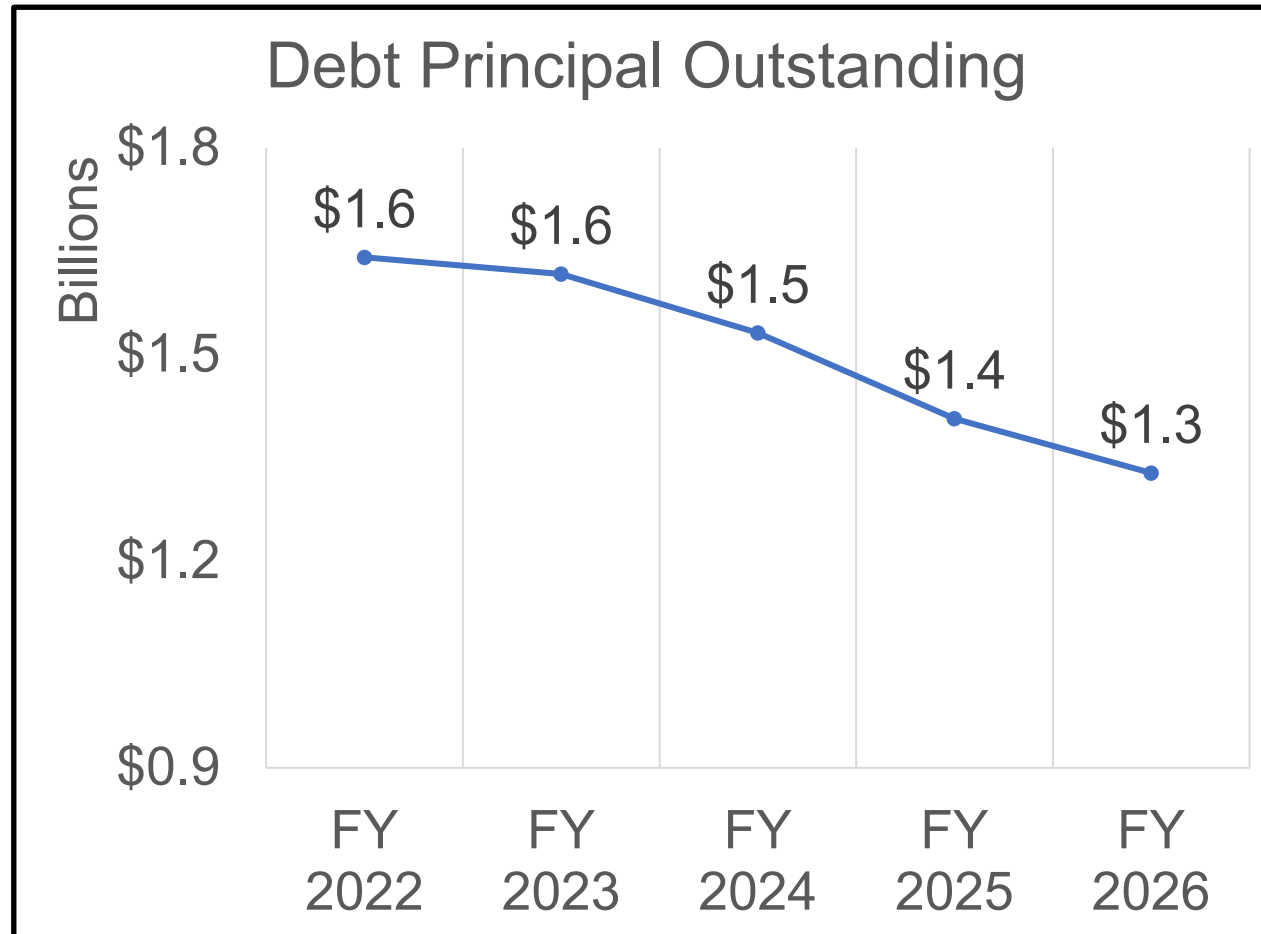
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# Long-Term Debt Outstanding

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- Repayment, refundings, and defeasances has led to:
  - \$300 million, or 19%, reduction in debt principal since 2022
  - Almost \$200 million reduction in interest

# Debt Limits

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| Measure  | Maximum | Actual |
|--|---------|--------|
| Total principal amount of tax-supported indebtedness to total taxable assessed valuation                                   | 10%     | 2.3%   |
| Net direct debt service as a percent of Net Operating Revenues   | 20%     | 8.9%   |
| Council shall annually adopt the necessary debt service tax rate in order to meet debt service requirement (set by Policy) | 40 ¢    | 21 ¢   |

# Current Bond Ratings

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|                      | Rating          | Description                  |
|----------------------|-----------------|------------------------------|
| Investment-grade     | AAA             | Lowest level of credit risk  |
|                      | AA+, AA, AA-    | Very low credit risk         |
|                      | A+, A, A-       | Low credit risk              |
|                      | BBB+, BBB, BBB- | Moderate credit risk         |
|                      | BB+, BB, BB-    | Substantial credit risk      |
| Non-investment-grade | B+, B, B-       | High credit risk             |
|                      | CCC+, CCC, CCC- | Very high credit risk        |
|                      | CC              | Highly speculative           |
|                      | C               | Highest level of credit risk |
|                      | D               | Currently in default         |

City's Ratings are investment grade with very low credit risk:

- S&P = AA
- Fitch = AA
- Kroll = AA+

# Bond Status

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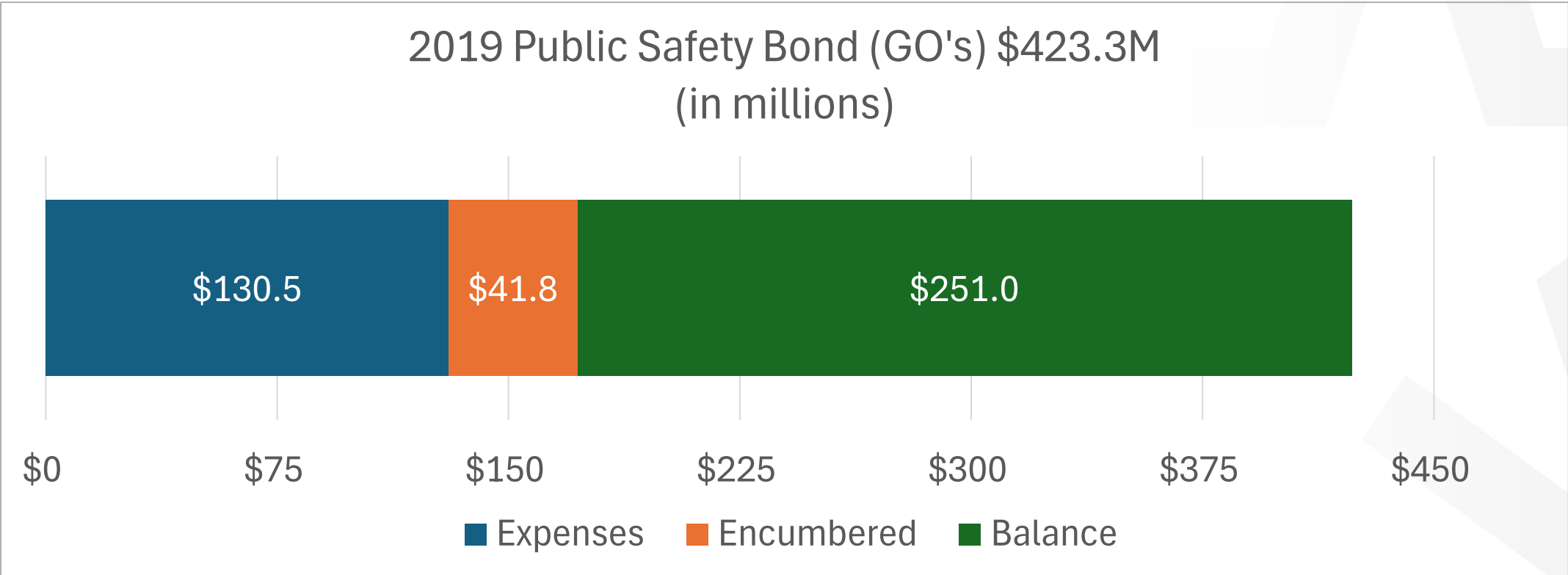
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|                           | <b>Public Safety Bond</b> | <b>Community Progress Bond</b> | <b>SIB Loan</b>     | <b>Total</b>         |
|---------------------------|---------------------------|--------------------------------|---------------------|----------------------|
| Total Approved Amount     | 413,122,650               | 272,480,000                    | 29,087,859          | 714,690,509          |
| Debt Issued               | 167,297,200               | 46,100,000                     | 7,364,726           | 220,761,926          |
| <b>Remaining to Issue</b> | <b>\$245,825,450</b>      | <b>\$226,380,000</b>           | <b>\$21,723,133</b> | <b>\$493,928,583</b> |

# Public Safety Bond Project Expenditure Status

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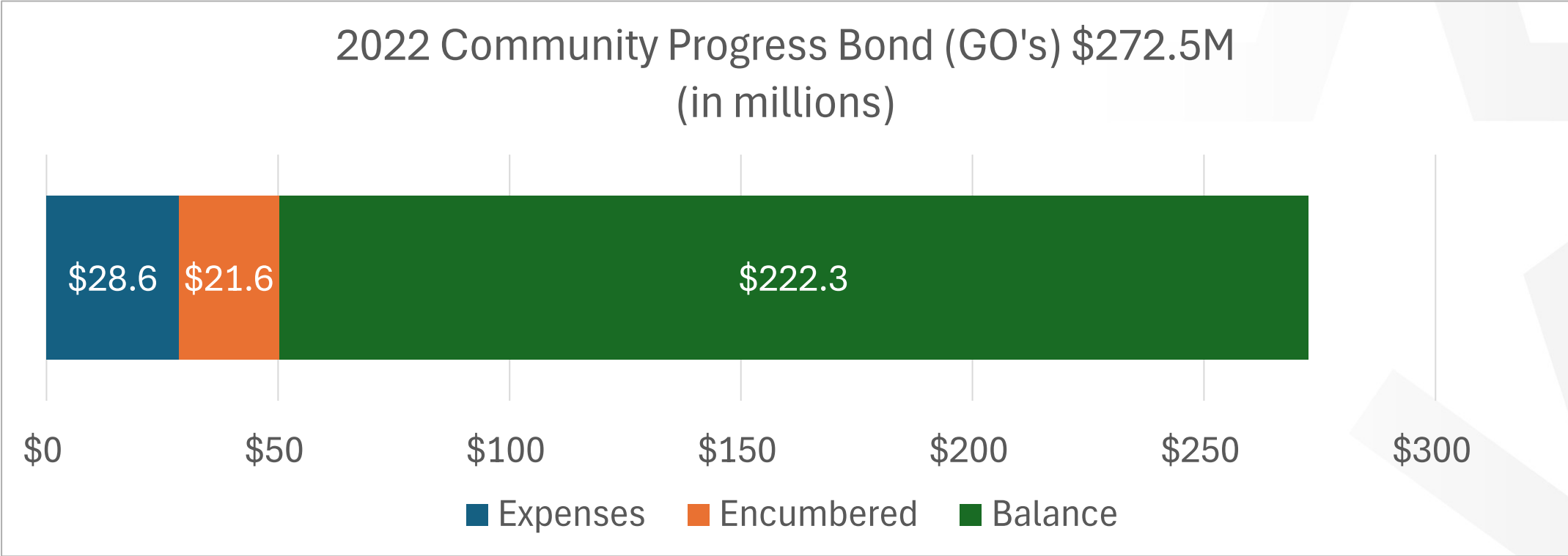
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# Community Progress Bond Project Expenditure Status

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# Item #22 GO Bond Ordinance

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- New money issuance for the Community Progress Bond projects, approved by the voters on November 8, 2022
- Notice of Introduction and Public Hearing:
  - Published in the El Paso Times on April 3, 2026
  - Posted on the City's website - <https://www.elpasotexas.gov/city-clerk/notices>

# Community Progress Bond GO's

## Approved Nov. 8, 2022 Bond Election

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|              | Previously Issued   | GO Series 2026      | Remaining Issuance   |
|--------------|---------------------|---------------------|----------------------|
| Prop A       | 37,200,000          | 52,900,000          | 156,380,000          |
| Prop B       | 6,800,000           | 14,000,000          |                      |
| Prop C       | 2,100,000           | 3,100,000           |                      |
| <b>Total</b> | <b>\$46,100,000</b> | <b>\$70,000,000</b> | <b>\$156,380,000</b> |

# Item #22 GO Bond Ordinance

## Delegation of Authority to Pricing Officer (Parameters)

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- Pricing Officers - City Manager and Chief Financial Officer
- Aggregate original principal amount of the Bonds shall not exceed \$71,140,000
- Aggregate true interest cost rate for the Bonds shall not exceed 5.25%;
- Maximum maturity date for any series of Bonds issued hereunder shall not exceed December 31, 2051
- Delegation made hereby shall expire if not exercised by the Pricing Officer within 365 days of the date of adoption of this Ordinance

# Item #23 Refunding Ordinance

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- Bonds are typically issued with a call date (i.e., prepayment date without penalty) approximately 10-years from the date of issuance
- Allows the City to refinance the outstanding bonds with refunding bonds to achieve debt service savings when interest rates are favorable
- Debt Management Policy requires a minimum net present value savings threshold to be met before any refunding transaction is considered

# Item #23 Refunding Ordinance

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- Refunded obligations and debt service savings will be determined closer to pricing date
- Recent market volatility has impacted refunded obligations that could generate debt service savings
- Based on current market conditions, we estimate:
  - Bond par amount of \$227,815,000
  - All-In True Interest Cost of 3.64%
  - Net Present Value Savings of \$12,989,827
  - Percentage of Savings of Refunded Bonds of 5.38%

# Item #23 Refunding Ordinance

## Delegation of Authority to Pricing Officer (Parameters)

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- Pricing Officers - City Manager and Chief Financial Officer
- Aggregate original principal amount of the Bonds shall not exceed \$435,355,000
- Refunding of the Refunded Obligations must produce present value debt service savings of at least three percent (3.00%)
- Aggregate true interest cost rate for the Bonds shall not exceed 5.00%;
- Maximum maturity date for any series of Bonds issued hereunder shall not exceed December 31, 2042 (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

# Item #24 Redemption of Outstanding Bonds

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- This redemption is essentially an early payoff of General Obligation Refunding and Improvement Bonds, Series 2014 debt obligations
- The City will use existing debt service reserves necessary to redeem the bonds through redemption date
- The redemption reduce the City's aggregate debt service requirements for these bonds

# Item #24 Redemption of Outstanding Bonds

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|                                  |                     |
|----------------------------------|---------------------|
| Current Amount Owed on Bonds     | \$1,855,684.39      |
|                                  |                     |
| Cash Deposit                     | 1,393,366.67        |
| Cost of Issuance                 | 35,000.00           |
| Amount Necessary for Redemption  | \$1,428,366.67      |
|                                  |                     |
| <b>Net Present Value Savings</b> | <b>\$427,317.72</b> |

# Item #24 Redemption of Outstanding Bonds

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- General Obligation Refunding and Improvement Bonds, Series 2014 Bonds – remaining aggregate principal amount of \$1,375,000
- Authorization to transfer funds of the City to Computershare Trust Company, N.A.(paying agent/registrar) an amount sufficient to pay all interest, principal and associated costs and expenses of redemption
- Upon the making of such deposit, the refunded Bonds will be defeased and, as a result, discharged and no longer considered outstanding obligations of the City

# Planned Future Issuances

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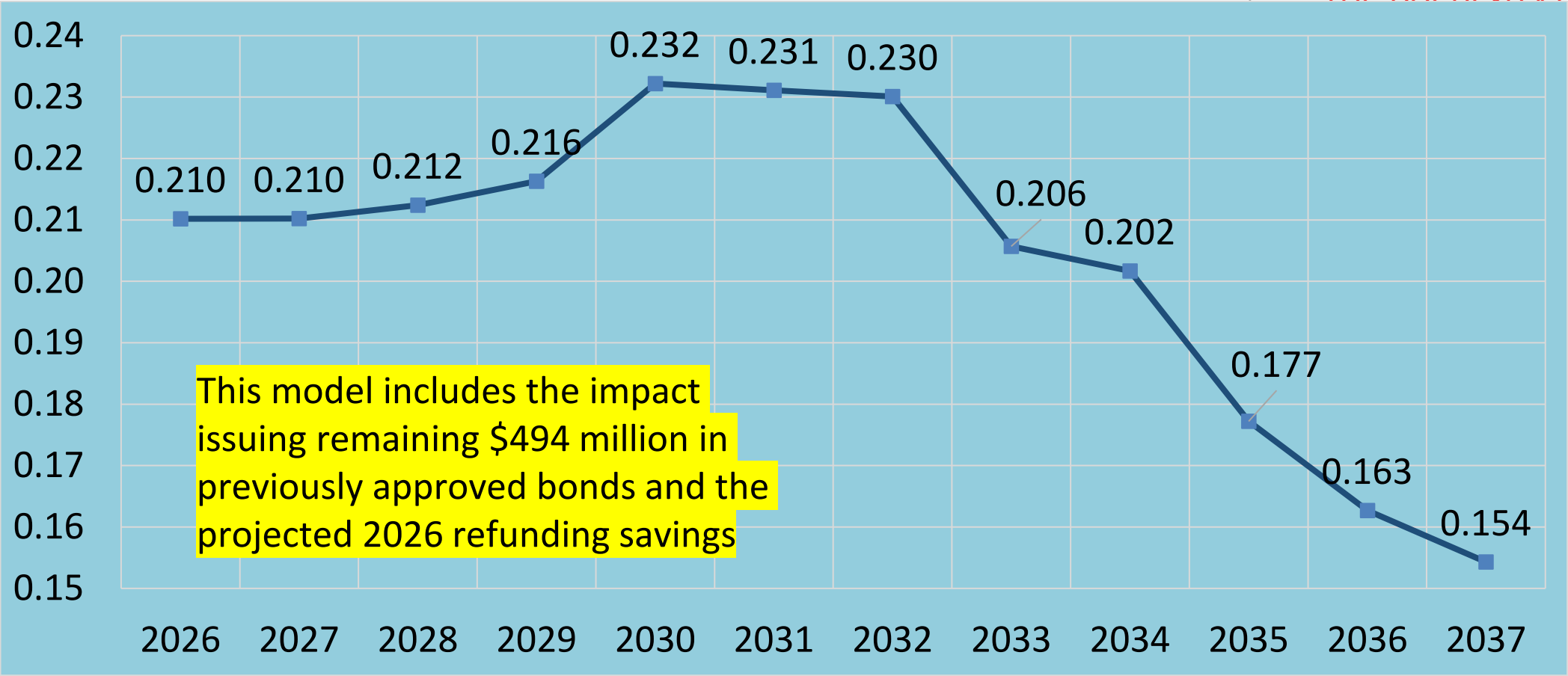
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| Fiscal Year  | Public Safety Bond   | Community Progress Bond | SIB Loan            | Total                |
|--------------|----------------------|-------------------------|---------------------|----------------------|
| FY 2026      | -                    | 70,000,000              | 15,000,000          | 85,000,000           |
| FY 2027      | 90,000,000           | 40,000,000              | 6,723,133           | 136,723,133          |
| FY 2028      | 90,000,000           | 40,000,000              |                     | 130,000,000          |
| FY 2029-2033 | 65,825,450           | 76,380,000              |                     | 142,205,450          |
| <b>Total</b> | <b>\$245,825,450</b> | <b>\$226,380,000</b>    | <b>\$21,723,133</b> | <b>\$493,928,583</b> |

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

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This model includes the impact issuing remaining \$494 million in previously approved bonds and the projected 2026 refunding savings

# Schedule of Events

- April 14 – Council approves Ordinances
- April 23 – Bond Rating Agency Meetings
- May 19 – Pricing of Bonds (tentative)
- June 23 – Closing. Proceeds received by the City

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# Requested Action

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- Approve the following
  - Ordinance - General Obligation Refunding Bonds, Series 2026
  - Resolution – Bond Resolution
  - Ordinance - General Obligation Bonds – Community Progress Bond

## 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,  
**A**ccountability, **P**eople