Extendable Commercial Paper Program: Parameter Authorization for Water & Sewer Utility Refunding Bonds $302,300,000

Transaction Overview

Extendable Commercial Paper Fix-Out

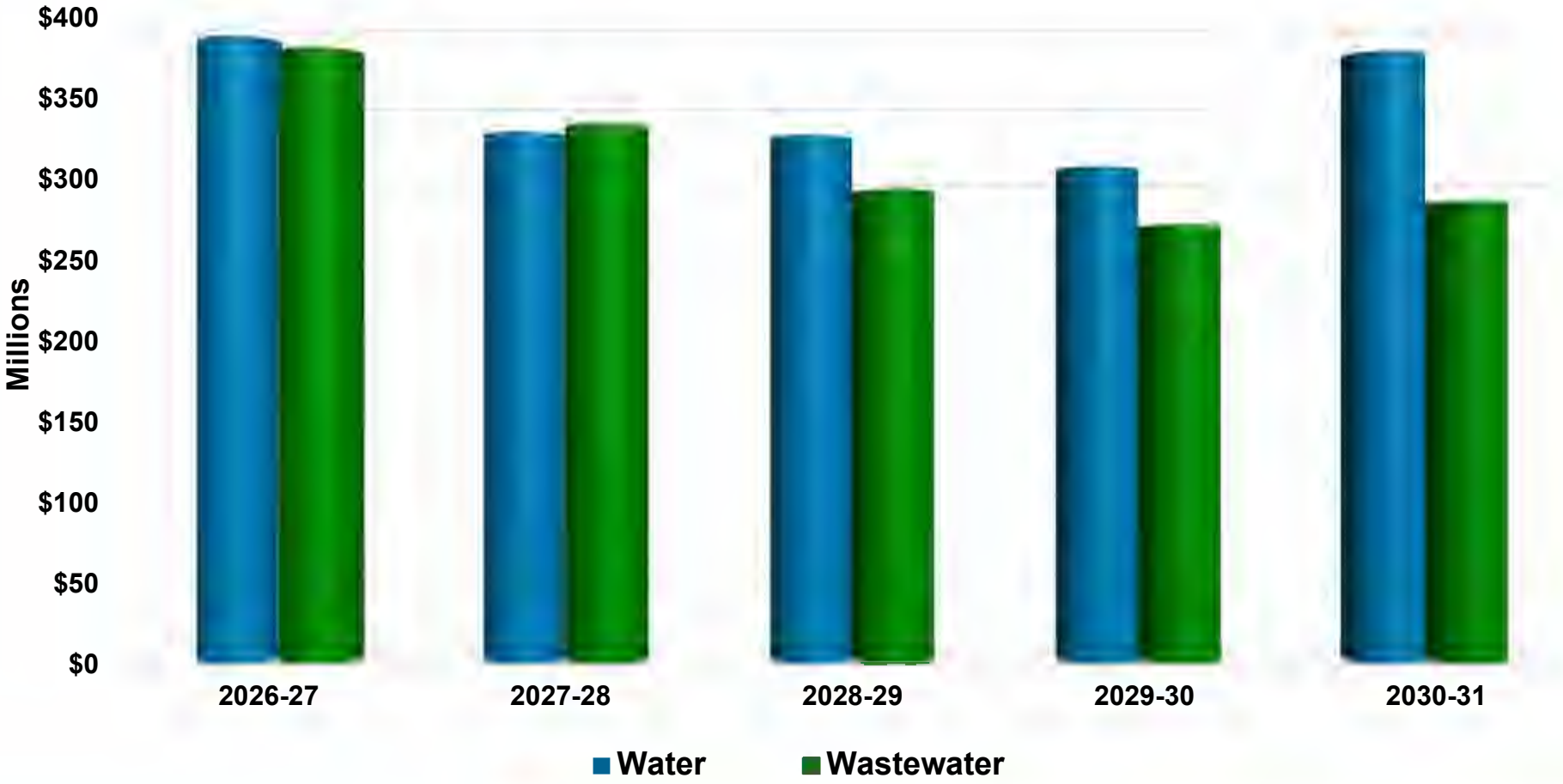
- City of El Paso created the Extendable Commercial Paper ("ECP") Program for the Water & Sewer Utility on May 7, 2024. *Funding capacity of the ECP Program: $300,000,000*

- *On April 29, 2025 City Council Approved an Ordinance approving the parameters for the bond issuance of up to $302,300,000 to pay off up to $300,000,000 of outstanding ECP Notes plus issuance costs.*

- As part of the ECP Program, the City is required to approve a parameter ordinance to issue refunding bonds, for the maximum capacity of funds, within 12 months of approval of the ordinance.

- To continue using the ECP Program, staff requests approval of a new parameter authorization to refund up-to $300 million of ECP notes for the NEXT 12 months.

Five-Year Projected CIP

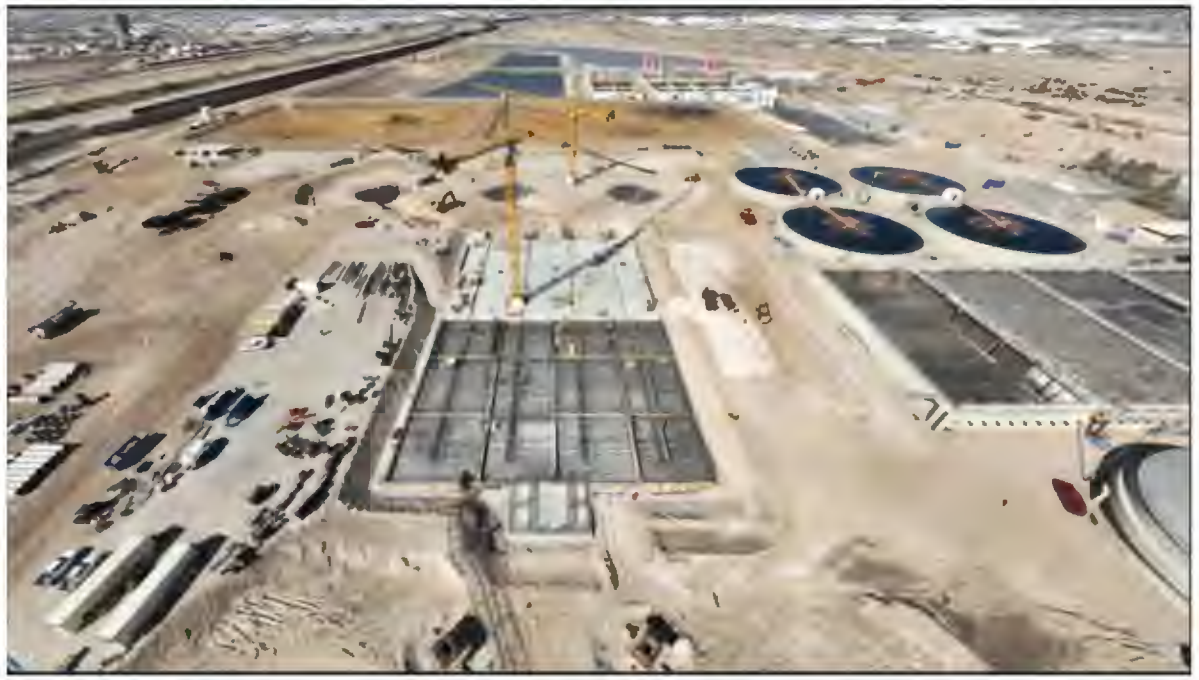


Water & Sewer ECP Funded Current and Future Projects

ECP Major Expenditures to Date	Roberto R. Bustamante WWTP Expansion and Upgrades ($69M) Fred Hervey WRP Headworks and Improvements ($36.4M) Pure Water Center ($34.2M) Meter Replacement Program ($14M) Frontera New Force Main ($13.7M)
ECP Funded Future Projects	Alfalfa Lift Station Rehab and Diversion($44.4M) Meter Replacement Program ($42.5M) Haskell R. Street WWTP Upgrades ($27M) Roberto R. Bustamante WWTP Upgrades and Rehabilitation ($26.1M)

Roberto R. Bustamante WWTP Expansion

- Currently over 75% of permitted capacity and needs expansion by TCEQ rule
- Expanding capacity from 39MGD to 51MGD
- Multi-year project with two phases remaining to be completed by 2031:
  - Phase 1 is estimated at $586M Expansion and Rehabilitation
  - Phase 2 is estimated at $215M Complete Rehabilitation



Pure Water Center

- Plant will provide 10 MGD direct reuse potable water by treating effluent from secondary clarifier at the Bustamante Plant.
- $331M estimated total project cost
- $23M USBR grant, pursuing more grant funding

Open Market: Parameter Authorization

- **Parameter authorization will enable the sale of the Bonds at optimum timing and structure:**
  - Water & Sewer Utility Revenue Refunding Bonds

- **Council delegates final pricing authority to following Pricing Officer(s):**
  - President/Chief Executive Officer
  - Vice President
  - Chief Financial Officer

- **Council asked to approve parameters as recommended by PSB:**
  - Maximum True Interest Cost – 5.60%
  - Not-to-Exceed Par of Bonds – $302,300,000
  - Final Maturity Date – December 31, 2057
  - Expiration of Delegated Authority – 12 months

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

**Current market rates as of February 26, 2026, would price a bond amortized over 30 years for a "AA" utility revenue bond at approximately 4.60%. Actual interest rates are set at prevailing market rates when bonds are finally priced and sold.*

Extendable Commercial Paper Refunding Summary

TOTAL SOURCES & USES OF FUNDS

PROJECTED SOURCES & USES	
Bond Proceeds	
Par Amount & Premium	$302,300,000
Total Sources	**$302,300,000**
Uses of Funds	
Refunding Deposit	$300,000,000 (1)
Costs of Issuance	900,000 (2)
Underwriter's Fees	1,400,000 (3)
Total Uses of Funds	**$302,300,000**

(1) Assumes the Utility Refunds the maximum capacity of ECP notes for a total of $300 million.
(2) Cost of Issuance covers fees for Financial Advisor, Bond Counsel, Attorney General, Rating Fees, Paying Agent, Escrow Agent, Bond Call Fees, and Document Preparation Fees.
(3) Underwriter Fees include Bond Takedown Fees, Underwriter's Counsel and other Underwriter Expenses.

NOTE: Analysis is preliminary and subject to change.

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Parameter Authorization for Water & Sewer Utility Refunding Bonds $136.2 Million

Bond Refinancing Overview

Water & Sewer Utility System Revenue Refunding Bonds

Existing Refinancing Candidates

Water and Sewer Revenue Improvement and Refunding Bonds Series 2017 *

Water and Sewer Revenue Refunding Bonds Taxable Series 2020A *

Water and Sewer Revenue Refunding Bonds Taxable Series 2021A *

- Call Date: 3/1/2027
- Callable Principal: $135,140,000 (Maturities 2027-2038)
- Coupon Range: 1.14 - 5.00%
- Final Maturity: 3/1/2038

*Current Refunding: **The IRS allows for tax-exempt bonds to be refinanced only under certain circumstances. The Series 2017 Bonds, with their call date occurring on March 1, 2027, will meet that criteria.**

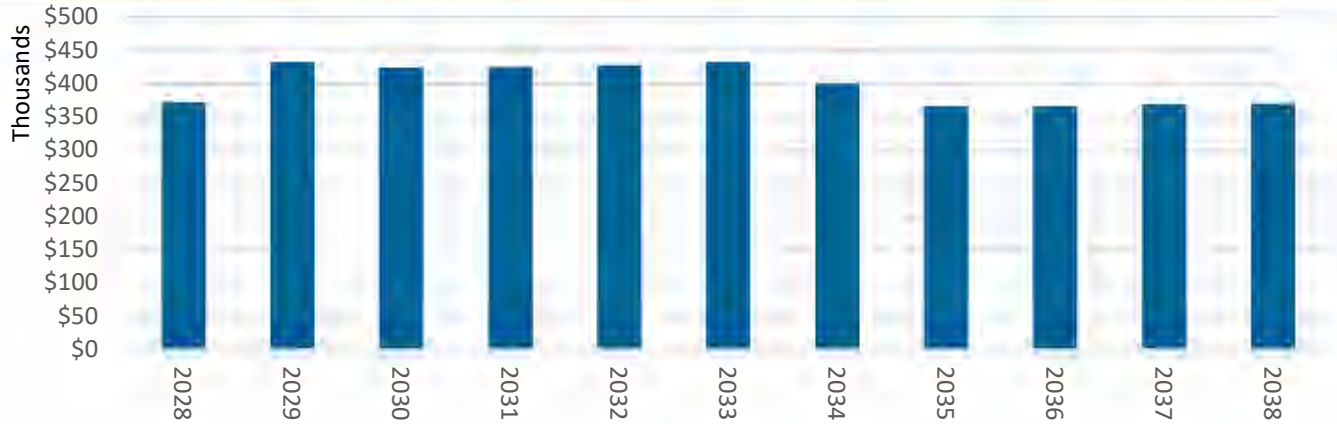
**Advance Refunding: The IRS allows for an advance refunding of Taxable Series 2020A and Series 2021A on a Tax-Exempt basis before their respective call dates under certain criteria.

Refinancing “Refunding” Summary

Water & Sewer Utility System Revenue Refunding Bonds

Key Bond Statistics*	
Total Savings	**$4,385,923**
Net Present Value Savings ($)	$3,695,748
Net Present Value Savings (%)	3.20%
Average Annual Savings	$398,700
Estimated Borrowing Cost (TIC)	3.10%

Annual Savings



*Note: This analysis is preliminary and subject to change. Actual results will be based on market conditions at the time of pricing. For presentation purposes, rates assume underlying ratings by S&P “AA” and Fitch “AA+” as of February 26, 2026

Refinancing Summary

TOTAL SOURCES & USES OF FUNDS

PROJECTED SOURCES & USES	
Bond Proceeds	
Par Amount & Premium	$136,200,000
Total Sources	**$136,200,000**
Uses of Funds	
Refunding Deposit	$135,177,000
Costs of Issuance	493,000 (1)
Underwriter's Fees & Other Misc.	530,000 (2)
Total Uses of Funds	**$136,200,000**

(1) Cost of Issuance covers fees for Financial Advisor, Bond Counsel, Attorney General, Rating Fees, Paying Agent, Escrow Agent, Bond Call Fees, and Document Preparation Fees.
(2) Underwriter Fees include Bond Takedown Fees, Underwriter's Counsel and other Underwriter Expenses. Other Miscellaneous includes any other expenses that may be incurred prior to closing.

NOTE: Analysis is preliminary and subject to change.

Open Market: Parameter Authorization

- **Parameter authorization will enable the sale of the Bonds at optimum timing and structure:**
  - Water & Sewer Utility Revenue Refunding Bonds

- **Council delegates final pricing authority to following Pricing Officer(s):**
  - President/Chief Executive Officer
  - Vice President
  - Chief Financial Officer

- **Council asked to approve parameters as recommended by PSB:**
  - Maximum True Interest Cost – 4.10%
  - Not-to-Exceed Principal Amount - $136,200,000
  - Minimum Present Value Savings – 3.00%
  - Final Maturity Date – December 31, 2038
  - Expiration of Delegated Authority – 12 months (from City Council Approval)

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

Final Pricing Numbers for Water & Sewer Utility Bonds Series 2026

2026 Water & Sewer Utility Bond Results

Priced March 2, 2026: Pricing for Tax Exempt Refunding Bonds, Series 2026

Council approved in May 2025 the parameters for the Extendable Commercial Paper (ECP) for the Water & Sewer Utility to finance CIP projects

- Series 2026 (Refunding ECP Notes of $300 million for the Water & Sewer Utility)

❑ **Council approved parameters:**

- Maximum True Interest Cost – 5.90%: ACTUAL: 4.54%
- Aggregate Not-to-Exceed Principal Amount for all bonds – $302,300,000: ACTUAL: $285,765,000
- Final Maturity Date – December 31, 2056: ACTUAL: March 1, 2051
- Expiration of Delegated Authority – 12 months: Within 12 months from May 2025 approval from City Council

2026 Water & Sewer Utility Bond Results

- Series 2026 (Current Refunding of $36,570,000 of 2016 Water & Sewer
- Utility Refunding Bonds) Resulted in $2.1 million of interest savings

❑ **Council approved parameters:**

- Maximum True Interest Cost – 4.50%: ACTUAL: 3.36%
- Aggregate Not-to-Exceed Principal Amount for all bonds – $37,100,000: ACTUAL: $34,170,000
- Minimum Present Value Savings – 3. 0% ACTUAL: 5.87%
- Final Maturity Date – December 31, 2037: ACTUAL: March 1, 2037
- Expiration of Delegated Authority – 12 months: Within 12 months from May 2025 approval from City Council

Extendable Commercial Paper Program: Parameter Authorization for Municipal Drainage Utility Refunding Bonds $60,600,000

Transaction Overview

Extendable Commercial Paper Fix-Out

- City of El Paso created the Extendable Commercial Paper ("ECP") Program for the Municipal Drainage Utility on May 9, 2023. *Funding capacity of the ECP Program: $60,000,000.*
- *On April 29, 2025, City Council Approved an Ordinance approving the parameters for the issuance of bonds up to $60,600,000 to pay off up to $60,000,000 of outstanding ECP Notes plus issuance costs.*
- As part of the ECP Program, the City is required to approve a parameter ordinance to issue refunding bonds, for the maximum capacity of funds, within 12 months of approval of the ordinance.
- To continue using the ECP Program, staff requests approval of a new parameter authorization to refund up-to $60 million of ECP notes for the NEXT 12 months.

Municipal Drainage ECP Funded Current and Future Projects

ECP Major Expenditures to Date	Stormwater Land Acquisition ($10M) SAC 2 Land Acquisition ($9M) Arroyo 1 Dam Detention Improvements ($6M) Will Ruth Pond ($5.9M)
ECP Funded Future Projects	Will Ruth Pond ($39.3M) Palisades System ($22.2M) Hondo Pass Drive Drainage Improvements ($8.2M)

Will Ruth Pond and Arroyo 1 Dam

- Construction of 353-acre-foot detention pond
- Will remove 600 properties from the flood zone after completion of the project.

- Detention basin upstream of the channel at Arroyo 1

Open Market: Parameter Authorization

- **Parameter authorization will enable the sale of the Bonds at optimum timing and structure:**
  - Municipal Drainage Utility Revenue Refunding Bonds
- **Council delegates final pricing authority to following Pricing Officer(s):**
  - President/Chief Executive Officer
  - Vice President
  - Chief Financial Officer
- **Council asked to approve parameters as recommended by PSB:**
  - Maximum True Interest Cost – 5.35%
  - Not-to-Exceed Par of Bonds – $60,600,000
  - Final Maturity Date – December 31, 2052
  - Expiration of Delegated Authority – 12 months
- **Pricing Officer can only approve sale if all Council parameters are met.**

**Current market rates as of February 26, 2026, would price a bond amortized over 25 years for a "AA+" utility revenue bond at approximately 4.35%. Actual interest rates are set at prevailing market rates when bonds are finally priced and sold.*

Extendable Commercial Paper Refunding Summary

TOTAL SOURCES & USES OF FUNDS

PROJECTED SOURCES & USES	
Bond Proceeds	
Par Amount & Premium	$60,600,000
Total Sources	**$60,600,000**
Uses of Funds	
Refunding Deposit	$60,000,000 (1)
Costs of Issuance	252,000 (2)
Underwriter's Fees	348,000 (3)
Total Uses of Funds	**$60,600,000**

(1) Assumes the Utility Refunds the maximum capacity of ECP notes for a total of $60 million.
(2) Cost of Issuance covers fees for Financial Advisor, Bond Counsel, Attorney General, Rating Fees, Paying Agent, Escrow Agent, Bond Call Fees, and Document Preparation Fees.
(3) Underwriter Fees include Bond Takedown Fees, Underwriter's Counsel and other Underwriter Expenses.

NOTE: Analysis is preliminary and subject to change.

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Parameter Authorization for Municipal Drainage Utility Refunding Bonds $19.65 Million

Bond Refinancing Overview

Municipal Utility Drainage System Revenue Refunding Bonds

Existing Refinancing Candidates

Municipal Drainage Utility System Revenue Improvement and Refunding Bonds Series 2017

- Call Date: 3/1/2027
- Callable Principal: $19,270,000 (Maturities 2028-2039)
- Coupon: 4.00% - 5.00%
- Final Maturity: 3/1/2039

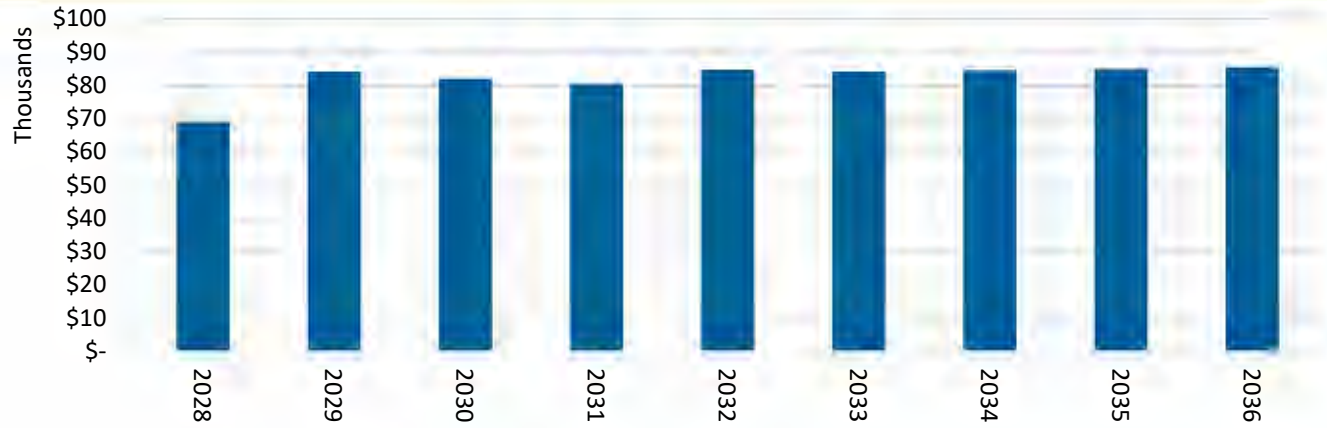
**Current Refunding: The IRS allows for tax-exempt bonds to be refinanced only under certain circumstances. The Series 2017 Bonds, with their call date occurring on March 1, 2027, will meet that criteria.*

Refinancing “Refunding” Summary

Municipal Utility Drainage System Revenue Refunding Bonds

Key Bond Statistics*	
Total Savings	**$986,131**
Net Present Value Savings ($)	$803,480
Net Present Value Savings (%)	4.17%
Average Annual Savings	$82,177
Estimated Borrowing Cost (TIC)	3.15%

Annual Savings



*Note: This analysis is preliminary and subject to change. Actual results will be based on market conditions at the time of pricing. For presentation purposes, rates assume underlying ratings by S&P “AA+” and Fitch “AA+” as of February 26, 2026.

Refinancing Summary

TOTAL SOURCES & USES OF FUNDS

PROJECTED SOURCES & USES	
Bond Proceeds	
Par Amount & Premium	$19,650,000
Total Sources	**$19,650,000**
Uses of Funds	
Refunding Deposit	$19,390,000
Costs of Issuance	140,000 (1)
Underwriter's Fees & Other Misc.	120,000 (2)
Total Uses of Funds	**$19,650,000**

(1) Cost of Issuance covers fees for Financial Advisor, Bond Counsel, Attorney General, Rating Fees, Paying Agent, Escrow Agent, Bond Call Fees, and Document Preparation Fees.
(2) Underwriter Fees include Bond Takedown Fees, Underwriter's Counsel and other Underwriter Expenses. Other Miscellaneous includes any other expenses that may be incurred prior to closing.

NOTE: Analysis is preliminary and subject to change.

Open Market: Parameter Authorization

- **Parameter authorization will enable the sale of the Bonds at optimum timing and structure:**
  - Municipal Drainage Utility Revenue Refunding Bonds

- **Council delegates final pricing authority to following Pricing Officer(s):**
  - President/Chief Executive Officer
  - Vice President
  - Chief Financial Officer

- **Council asked to approve parameters as recommended by PSB:**
  - Maximum True Interest Cost – 4.15%
  - Not-to-Exceed Principal Amount - $19,650,000
  - Minimum Present Value Savings – 3.00%
  - Final Maturity Date – December 31, 2039
  - Expiration of Delegated Authority – 12 months (from City Council Approval)

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

Final Pricing Numbers for Municipal Drainage Utility Bonds Series 2026

2026 Municipal Drainage Utility Bond Results

Priced April 21, 2026: Pricing for Tax Exempt Refunding Bonds, Series 2026

Council approved in May 2025 the parameters for the Extendable Commercial Paper (ECP) for the Municipal Drainage Utility to finance CIP projects

- Series 2026 (Refunding ECP Notes of $20 million for the Water & Sewer Utility)

❑ **Council approved parameters:**

- Maximum True Interest Cost – 5.75%: ACTUAL: 4.02%
- Aggregate Not-to-Exceed Principal Amount for all bonds – $60,600,000: ACTUAL: $18,360,000
- Final Maturity Date – December 31, 2051: ACTUAL: March 1, 2046
- Expiration of Delegated Authority – 12 months: Within 12 months from May 2025 approval from City Council

2026 Municipal Drainage Utility Bond Results

- Series 2026 (Current Refunding of $12,645,000 of 2016 Drainage Utility Refunding Bonds) Resulted in $1.2 million of interest savings

❑ **Council approved parameters:**

- Maximum True Interest Cost – 4.50%: ACTUAL: 3.10%
- Aggregate Not-to-Exceed Principal Amount for all bonds – $13,000,000: ACTUAL: $11,650,000
- Minimum Present Value Savings – 3.0% ACTUAL: 9.12%
- Final Maturity Date – December 31, 2036: ACTUAL: March 1, 2036
- Expiration of Delegated Authority – 12 months: Within 12 months from May 2025 approval from City Council

QUESTIONS & ANSWERS