



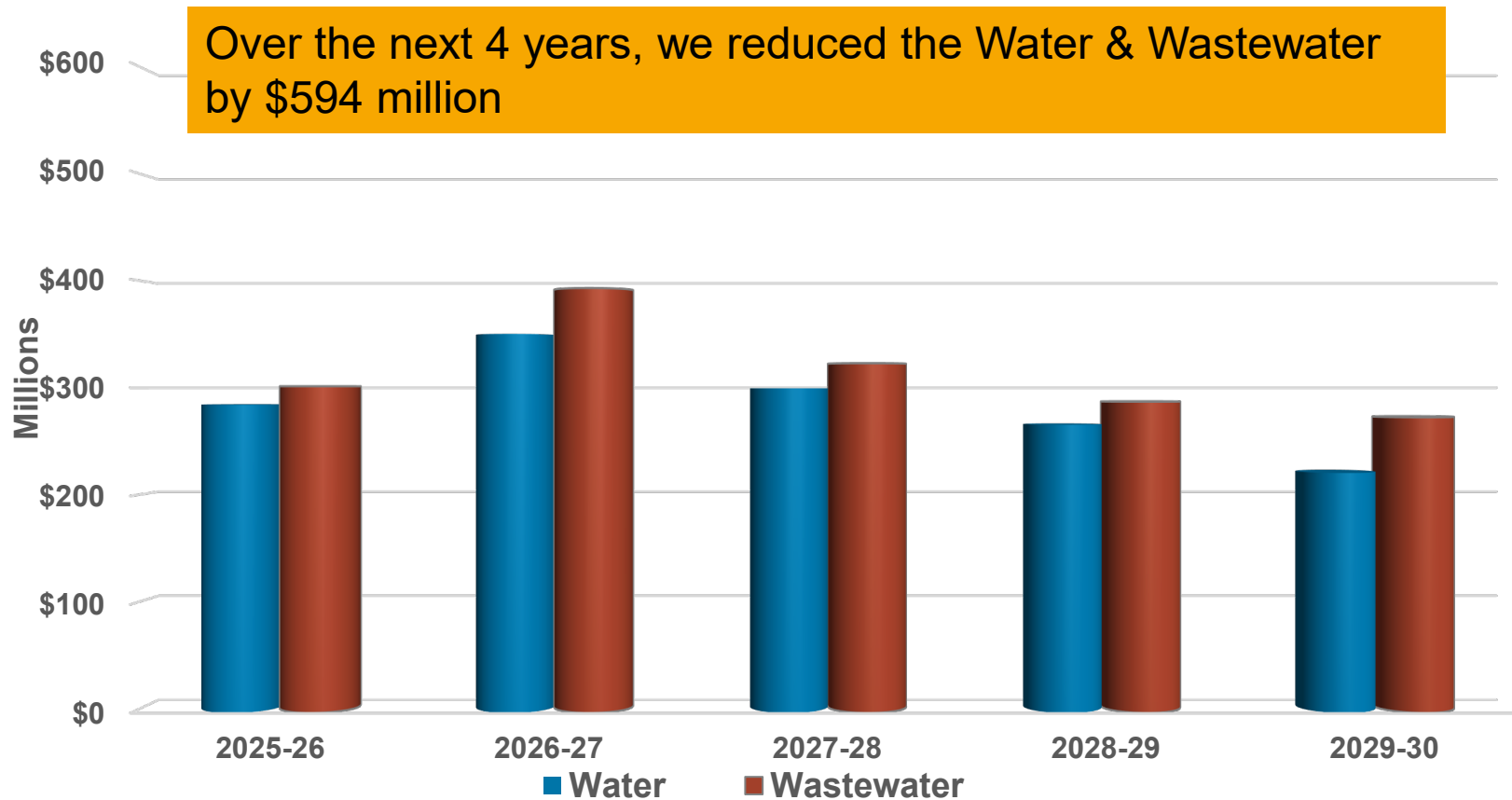
Extendable Commercial Paper Program: Parameter Authorization for Water & Sewer Utility Refunding Bonds \$302.3 Million

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*
- 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.
- Utility Bonds and ECP are budgeted annually and funded fully by EPWater’s system revenues. No tax revenue is used to pay for EPWater’s CIP financing.

Five-Year Combined Projected CIP Budget



Water & Sewer ECP Funded Current and Future Projects

ECP Major Expenditures to Date

Fred Hervey WRP Headworks (\$13.2M)
Manhole Rehabilitation (\$6.3M)
Franklin East 24" Waterline Extension (\$5.2M)
Montana Waterline Replacement (\$5.0M)
Roberto R. Bustamante WWTP Headworks (\$4.6M)

ECP Funded Future Projects

Roberto R. Bustamante WWTP Upgrades
and Rehabilitation (\$398.2M)
Advanced Water Purification Facility
(\$152.1M)
State Senate Bill 3 Energy System Upgrades
(\$35M)
Frontera Force Main Rehabilitation (\$23.5M)



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 – 5.90%
 - Not-to-Exceed Par of Bonds – \$302,300,000
 - Final Maturity Date – December 31, 2056
 - Expiration of Delegated Authority – 12 months

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

**Current market rates as of April 14, 2025, would price a bond amortized over 30 years for a “AA” utility revenue bond at approximately 5.00%. 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.

QUESTIONS & ANSWERS



Water & Sewer Utility Refunding Bonds \$37.1 Million

Bond Refinancing Overview

Water & Sewer Utility System Revenue Refunding Bonds

Existing Refinancing Candidates

W&S Revenue Improvement & Refunding Bonds, Series 2016

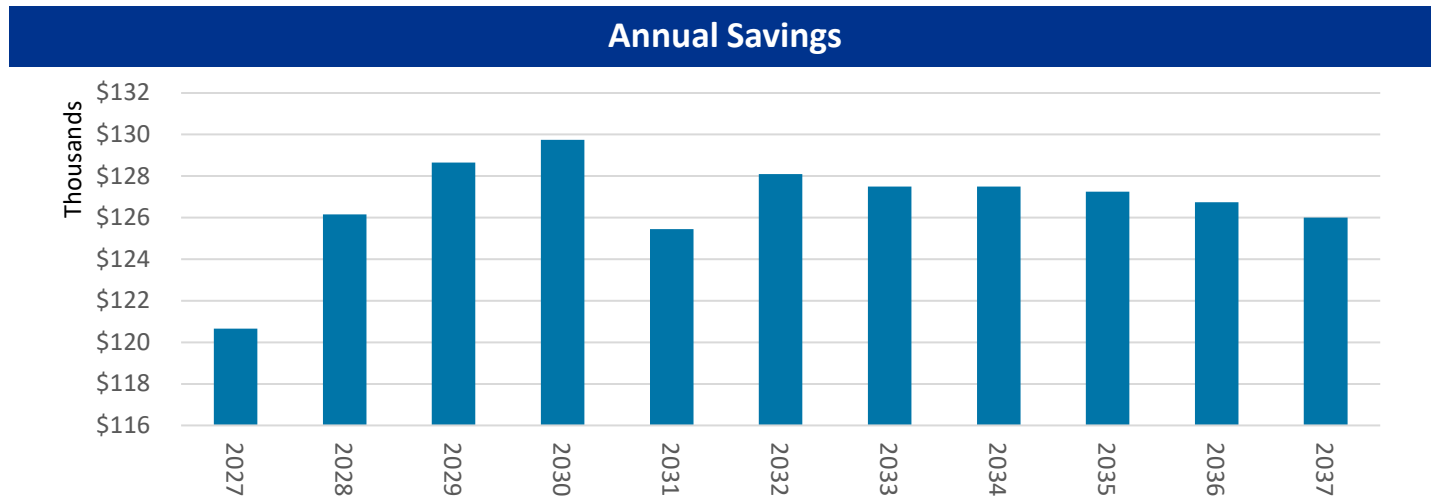
- Call Date: 3/1/2026
- Callable Principal: \$36,570,000 (Maturities 2027-2037)
- Coupon Range: 4.00 - 5.00%
- Final Maturity: 3/1/2037

**Current Refunding: The IRS allows for tax-exempt bonds to be refinanced only under certain circumstances. The Series 2016 Bonds, with their call date occurring on March 1, 2026, will meet that criteria.*

Refinancing “Refunding” Summary

Water & Sewer Utility System Revenue Refunding Bonds

Key Bond Statistics*	
Total Savings	\$1,394,000
Net Present Value Savings (\$)	\$1,110,000
Net Present Value Savings (%)	3.03%
Average Annual Savings	\$125,000
Estimated Borrowing Cost (TIC)	4.03%



*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, refunding summary assumes a minimum Net Present Value (NPV) scenario of 3.00%. Current market rates as of April 14, 2025 show a refunding with NPV savings of 2.23%.

Refinancing Summary

TOTAL SOURCES & USES OF FUNDS

PROJECTED SOURCES & USES	
Bond Proceeds	
Par Amount & Premium	\$37,100,000
Total Sources	\$37,100,000

Uses of Funds	
Refunding Deposit	\$36,570,000
Costs of Issuance	235,000 ⁽¹⁾
Underwriter's Fees & Other Misc.	295,000 ⁽²⁾
Total Uses of Funds	\$37,100,000

(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 – 4.50%
 - Not-to-Exceed Principal Amount - \$37,100,000
 - Minimum Present Value Savings – 3.00%
 - Final Maturity Date – December 31, 2037
 - 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 2025

2025 Water & Sewer Utility Bond Results

Priced March 4, 2025: Pricing for Tax Exempt Refunding Bonds, Series 2025

Council approved in May 2024 the parameters for the Extendable Commercial Paper (ECP) for the Water & Sewer Utility to finance CIP projects

- Series 2025 (Refunding ECP Notes of \$280 million for the Water & Sewer Utility)

☐ **Council approved parameters:**

- Maximum True Interest Cost – 5.15%: **ACTUAL: 4.26%**
- Aggregate Not-to-Exceed Principal Amount for all bonds – \$303,000,000:
ACTUAL: \$260,775,000
- Final Maturity Date – December 31, 2050: **ACTUAL: March 1, 2050**
- Expiration of Delegated Authority – 12 months: **Within 12 months from May 2024 approval from City Council**

2025 Water & Sewer Utility Bond Results

- Series 2025 (Current Refunding of \$39,335,000 of 2015A & 2015C Water & Sewer Utility Refunding Bonds) Resulted in \$3.1 million of interest savings

□ Council approved parameters:

- Maximum True Interest Cost – 4.00%: **ACTUAL: 3.04%**
- Aggregate Not-to-Exceed Principal Amount for all bonds – \$40,480,000: **ACTUAL: \$36,030,000**
- Final Maturity Date – December 31, 2035: **ACTUAL: March 1, 2035**
- Expiration of Delegated Authority – 12 months: **Within 12 months from May 2024 approval from City Council**



Extendable Commercial Paper Program: Parameter Authorization for Municipal Drainage Utility Refunding Bonds

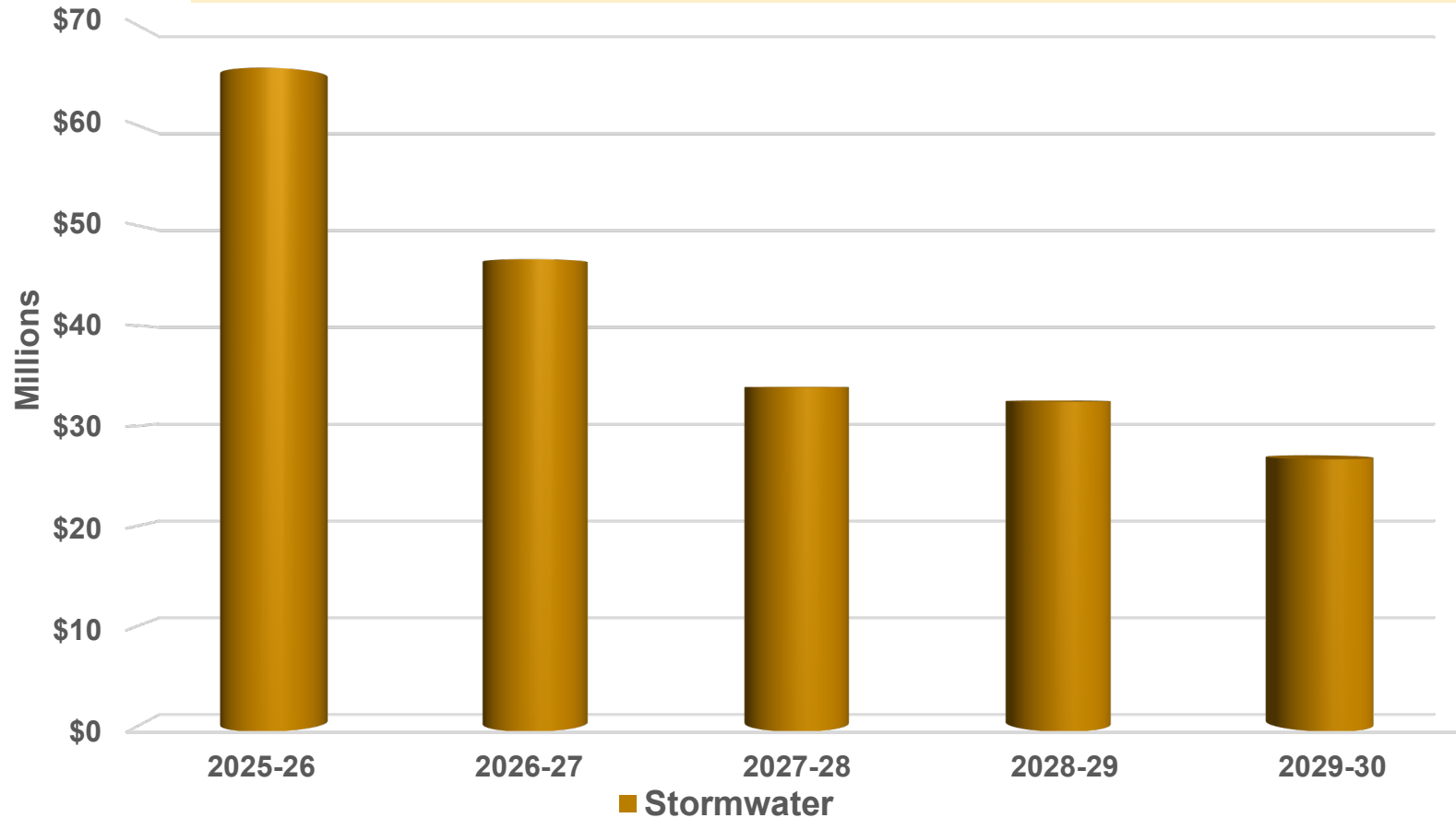
Transaction Overview

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*
- 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. City Council last approved the ordinance in May 2024.
- 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.

Five-Year Combined Projected CIP Budget

Over the next 4 years, the Stormwater CIP was reduced by \$102 million



Municipal Drainage ECP Funded Current and Future Projects

ECP Major Expenditures to Date

Stormwater Land Acquisition (\$9.8M)
SAC 2 Land Acquisition (\$9M)
Arroyo 1 Dam Detention Improvements (\$5.6M)
Pico Norte Slope Restoration (\$5M)

ECP Funded Future Projects

Will Ruth Pond (\$46.2M)
Hondo Pass Drive Drainage Improvements (\$400K)



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 – 5.75%
 - Not-to-Exceed Par of Bonds – \$60,600,000
 - Final Maturity Date – December 31, 2051
 - Expiration of Delegated Authority – 12 months

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

**Current market rates as of April 14, 2025, would price a bond amortized over 25 years for a “AA+” utility revenue bond at approximately 4.87%. 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.



Municipal Drainage Utility Refunding Bonds \$13 Million

Bond Refinancing Overview

Municipal Utility Drainage System Revenue Refunding Bonds

Existing Refinancing Candidates

Municipal Drainage System Revenue Bonds, Series 2016

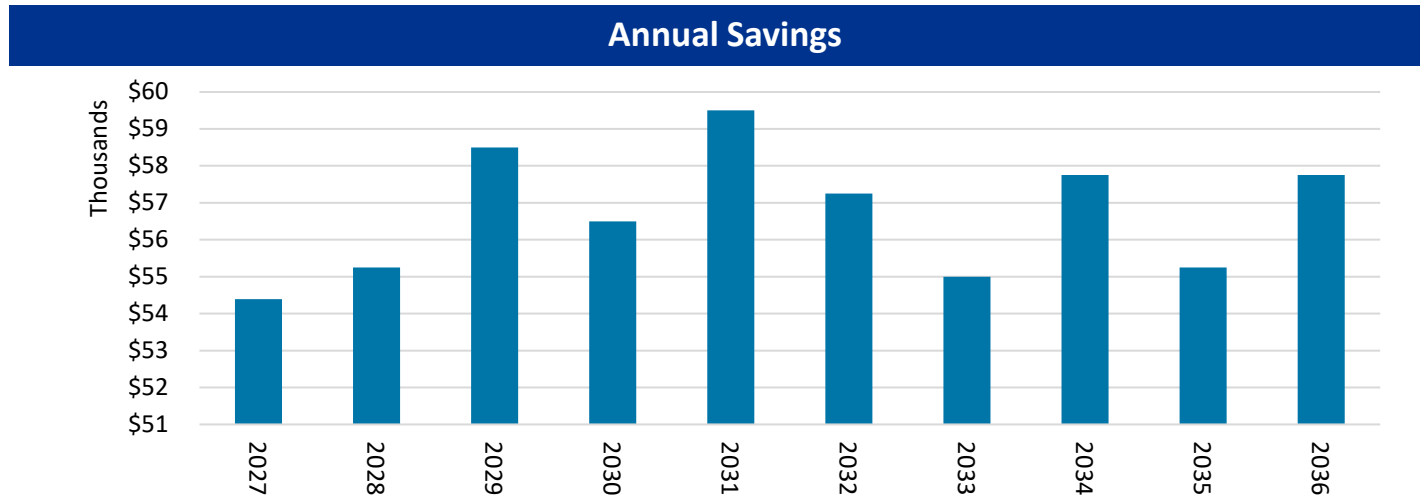
- Call Date: 3/1/2026
- Callable Principal: \$12,645,000 (Maturities 2027-2036)
- Coupon: 5.00%
- Final Maturity: 3/1/2036

**Current Refunding: The IRS allows for tax-exempt bonds to be refinanced only under certain circumstances. The Series 2016 Bonds, with their call date occurring on March 1, 2026, will meet that criteria.*

Refinancing “Refunding” Summary

Municipal Utility Drainage System Revenue Refunding Bonds

Key Bond Statistics*	
Total Savings	\$567,000
Net Present Value Savings (\$)	\$458,000
Net Present Value Savings (%)	3.62%
Average Annual Savings	\$58,000
Estimated Borrowing Cost (TIC)	4.06%



*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 April 14, 2025.

Refinancing Summary

TOTAL SOURCES & USES OF FUNDS

PROJECTED SOURCES & USES	
Bond Proceeds	
Par Amount & Premium	\$13,000,000
Total Sources	\$13,000,000

Uses of Funds	
Refunding Deposit	\$12,645,000
Costs of Issuance	135,000 ⁽¹⁾
Underwriter's Fees & Other Misc.	220,000 ⁽²⁾
Total Uses of Funds	\$13,000,000

(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 – 4.50%
 - Not-to-Exceed Principal Amount - \$13,000,000
 - Minimum Present Value Savings – 3.00%
 - Final Maturity Date – December 31, 2036
 - 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 Bonds Drainage Utility Series 2025

2025 Drainage Utility Bond Results

Priced March 18, 2025: Pricing for Tax Exempt Refunding Bonds, Series 2025

Council approved the parameters for the Extendable Commercial Paper (ECP) for the Drainage Utility to finance Stormwater projects

- Series 2025 (Refunding ECP Notes of \$20 million for the Drainage Utility)

☐ Council approved parameters:

- Maximum True Interest Cost – 5.15%: **ACTUAL: 4.38%**
- Aggregate Not-to-Exceed Principal Amount for all bonds – \$61,200,000: **ACTUAL: \$19,215,000**
- Final Maturity Date – December 31, 2050: **ACTUAL: March 1, 2050**
- Expiration of Delegated Authority – 12 months: **Within 12 months from May 2024 approval from City Council**

2025 Drainage Utility Bond Results

- Series 2025 (Current Refunding of \$13,490,000 of 2015 Drainage Utility Refunding Bonds **Resulted in \$1.3 million of interest savings**

□ Council approved parameters:

- Maximum True Interest Cost – 4.00%: **ACTUAL: 3.31%**
- Aggregate Not-to-Exceed Principal Amount for all bonds – \$14,000,000:
ACTUAL: \$12,575,000
- Final Maturity Date – December 31, 2035: **ACTUAL: March 1, 2035**
- Expiration of Delegated Authority – 12 months: **Within 12 months from May 2024 approval from City Council**

QUESTIONS & ANSWERS