



Water and Sewer Revenue Improvement and Refunding Bonds, Series 2023

Key Points on Utility Revenue Bonds



- Utility bonds are *not taxpayer debt*
- Bond funding allows the utility to *increase public safety and complete more stormwater projects sooner*
- Funds will be used to *replace aging infrastructure and improve system resiliency.*





- ❑ El Paso Public Service Board (PSB) - Water Utilities seeks authorization to issue up to \$192,215,000 of water and sewer revenue bonds, to finance needed capital improvements to the City's Water & Sewer System over the next (6) months.

- ❑ Bonds are anticipated to include:
 - Improvement bonds for construction projects related to the Board's budget approved Water & Sewer Capital Improvement Program projects.
 - Refunding bonds to repay \$40,000,000 commercial paper notes issued to fund System improvements. *Existing CP program has a total capacity of \$80 million.*
 - Cost of issuance associated with the sale of bonds.

Capital Improvements Need



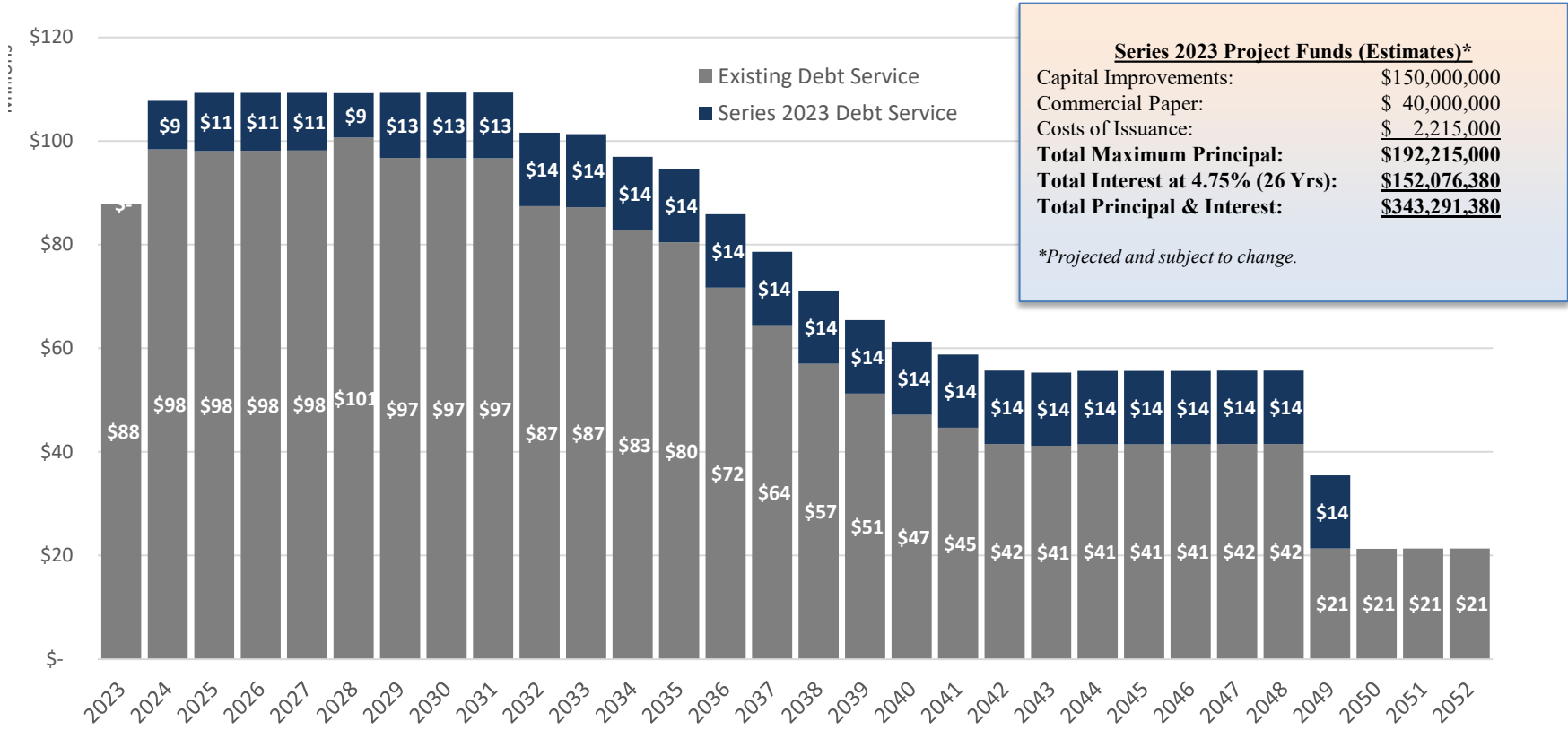
Project	District	Total
Roberto R. Bustamante WRP Upgrades & Rehabilitation		\$322,025,000
Frontera Force Main		\$42,516,000
EPWater Headquarters New Building		\$52,601,000
John T. Hickerson WRF Upgrades and Rehabilitation		\$15,750,000
Total		\$432,892,000
Less: Series 2023 \$150 Million Issuance		(\$150,000,000)
Remaining Project Balance		\$282,892,000

Debt Impact to Overall W&S Debt



Water & Sewer System Revenue Improvement & Refunding Bonds, Series 2023

Existing Debt Service + Series 2023 Bonds*



*Assumes a True Interest Cost of 4.75%. Preliminary and subject to change based on market conditions at the time of pricing the bonds. Includes costs of issuance, project funds and interest over the life of the bonds.

Debt Impact to Overall Utility User Rates



Water, Wastewater & Stormwater Rates (As of March 1, 2023)

Average Combined Residential Utility Bill (Water, Wastewater & Stormwater)*

- **Utility Rate Changes (Fiscal Year Variance)**
 - \$ 1.57 increase for Water
 - \$ 6.72 increase for Wastewater
 - \$ 0.74 increase for Stormwater
- **Typical residential customer bill with proposed rate increases will be 13.5% higher**
- **With the increase, the average monthly residential bill will still be affordable**



*Based on 10 CCFs and AWC of 7 CCFs



- ❑ **Parameter authorization will enable the sale of the Bonds at optimum timing and structure:**
 - Water & Sewer Revenue Improvement & Refunding Bonds, Series 2023

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

- ❑ **Council asked to approve parameters as recommended by PSB:**
 - Maximum True Interest Cost – 5.75%
 - Aggregate Not-to-Exceed Principal Amount for all bonds that can be issued under Ordinance – \$192,215,000
 - Final Maturity Date – December 31, 2049
 - Expiration of Delegated Authority – 6 months

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



☐ Staff Recommended List of Underwriters:

- Stifel, Nicolaus & Company, Inc. (Lead Manager)
- RBC Capital Markets (Co-Manager)
- Frost Bank (Co-Manager)
- Cabrera Capital Markets (Co-Manager)



- ❑ **April 12, 2023:** Public Service Board authorizes a request to City Council for bond authorization

- ❑ **April 25, 2023:** City Council considers approval of Bond Ordinance with delegated authority within specified parameters

- ❑ **May 17, 2023:** Tentative pricing of bonds to be issued under Ordinance
 - \$192,215,000 Water & Sewer Improvement & Refunding Bonds, Series 2023

- ❑ **June 14, 2023:** Tentative Closing for Series 2023 Bonds



QUESTIONS & ANSWERS