

ITEMS 16.1, 16.2, & 16.3

SERIES 2020 BOND ISSUANCE

January 7, 2020



Our Vision

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

Requested Action

- An Ordinance authorizing the issuance of “City of El Paso, Texas Combination Tax and Revenue Certificates of Obligation, Series 2020”;
- An Ordinance authorizing the issuance of “City of El Paso, Texas, General Obligation Bonds, Series 2020” in one or more series;
- An Ordinance authorizing the issuance of “City Of El Paso, Texas, Airport Revenue Refunding Bonds, Series 2020 (El Paso International Airport)”

Financing Team

City of El Paso

Tommy Gonzalez – City Manager

Robert Cortinas – Chief Financial Officer

Margarita Munoz – Comptroller

Karla Nieman – City Attorney

Hilltop Securities

George Williford – Managing Director

Maria Fernanda Urbina – Sr. Vice President

Norton Rose Fulbright

Paul Braden – Bond Counsel

Selected Underwriters

Citigroup – Lead

Barclays

Ramirez & Co., Inc.

Bank of America

Raymond James

High Performing Government

- Capital projects are aligned to the City's strategic plan and are priorities identified by the Council and community (streets, public safety, quality of life)
- Strong management, budgetary performance, and financial policies have been highlighted by bond raters over last several years
- Timing is critical and is closely monitored by City Manager and CFO

High Performing Government

- Consistently working with financial advisor to analyze existing debt for savings opportunities
- Debt issuance will provide funding for capital projects that have already been approved, and are in progress, by voters and City Council
- No additional budget impact (impact included in the FY 2020 property tax rate)

High Performing Government

- \$16.7 million projected savings from refinancing opportunities (\$44.6 million since 2016)

What Has Debt Been Used For?

Pre-2015 Strategic Plan

- Streets
- Public safety pension
- Parks/quality of life
- Mass transit
- Facility repairs, vehicles, and heavy equipment
- Information technology

What Has Been Done To Limit Use of Debt?

Post 2015 Strategic Plan (Pay as you go)

- \$16.6 million in annual funding :
 - *\$10.0 million for streets*
 - *\$4.0 million for public safety capital*
 - *\$1.5 million for facility repairs*
 - *\$0.5 million for ADA on-demand projects*
 - *\$0.4 million for sports court resurfacing*
 - *\$0.2 million for Neighborhood Traffic Mgmt. Program*

Debt Issuance Process

- November 12, 2019 Council approves resolution to approve publication of notice of intention to issue certificates of obligation
 - *Notices published in the El Paso Times on Nov. 15th and 22nd*
 - *Notice posted on City website since Nov. 15th*
- Notice of Introduction and Public Hearing published in the El Paso Times December 30, 2019
- Council acts on parameter Ordinances authorizing issuance of certificates of obligation and general obligation bonds

Refunding Opportunities

Projected Savings

	Net Present Value Savings	NPV %
Series 2020A	\$9.7 million	15.09%
Series 2020B	\$4.6 million	16.86%
Airport Revenue Credit	\$2.4 million	17.65%
Total	\$16.7 million	

Size of C.O. Issuance

Date of Authorization	Description	Project Cost
June 2012	Street CIP	\$35.0M
August 2017	2017 Capital Plan	\$25.0M
December 2017	2018 Capital Plan	\$15.0M
April 2018	2019 Capital Plan	\$10.0M
December 2019	2020 Capital Plan	\$15.0M
Total		\$100.0M

Size of G.O. Issuance

Purpose	Project Amounts
2012 Quality of Life Bonds - Proposition 1	\$34,519,036
2019 Public Safety Bonds	\$35,000,000
Total	\$69,519,036

Parameters Resolution

Certificates of Obligation

- Parameter authorization will enable sale of certificates of obligation at optimum timing and structure within 6 month period
- Council delegates final pricing authority to Pricing Officer(s) (Pricing Officers will be City Manager and City Chief Finance Officer)
- Pricing Officer can only approve sale if Council parameters are met.

Parameters Resolution

Certificates of Obligation

- Aggregate original principal amount of all the Certificates issued [under the CO Ordinance] shall not exceed \$100,000,000
- Aggregate true interest cost rate for the Certificates shall not exceed 4.00%; and
- Maximum maturity date for the Certificates shall not exceed December 31, 2045

Parameters Resolution

General Obligation Bonds

- Parameter authorization will enable sale of general obligation bonds at optimum timing and structure within 6 month period
- Council delegates final pricing authority to Pricing Officer(s)
- Pricing Officer can only approve sale if Council parameters are met. (Pricing Officers will be City Manager and City Chief Finance Officer.)

Parameters Resolution

General Obligation Bonds

- Aggregate original principal amount of the Series 2020A Bonds issued for new money purposes shall not exceed \$69,960,000;
- Aggregate original principal amount of any Bonds issued to refund the Refunded Bonds shall not exceed \$94,135,000
- Refunding of the Refunded Bonds must produce present value debt service savings of at least three percent (3%), net of any issuer contribution;

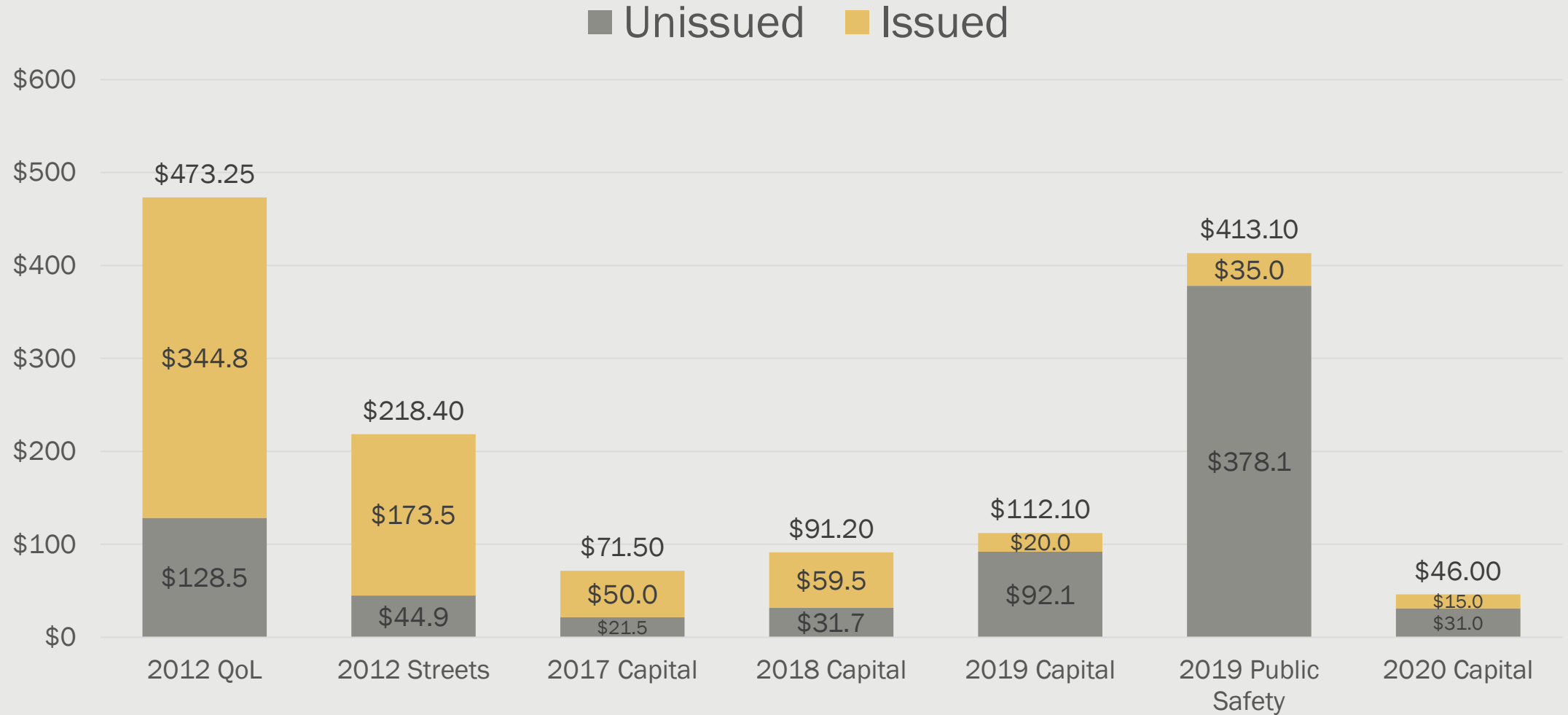
Parameters Resolution

General Obligation Bonds

- Aggregate true interest cost rate for each series of Bonds shall not exceed 4.00%;
- Maximum maturity date for new money purposes shall not exceed December 31, 2045; and
- Maximum maturity date for any Bonds issued to refund the Refunded Bonds will be at the original maturity date (refunding does not extend original length of payback period)

Bond Status

Issued and Unissued (After 2020 Issuance)



Summary

- Capital projects are aligned to the City's strategic plan and are priorities identified by the Council and community
- Strong management, budgetary performance, and financial policies have been highlighted by bond raters over last several years
- Issuance includes significant savings from refinancing opportunities (\$44.6 million since 2016)
- Timing is critical and is closely monitored by City Manager and CFO
- Consistently working with financial advisor to analyze existing debt for savings opportunities
- Debt issuance will provide funding for capital projects that have already been approved, and are in progress, by voters and City Council
- No additional budget impact (impact included in the FY 2020 property tax rate)

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QUESTIONS



2012 Street CIP

- Resurfacing and microsurfacing of streets
- Reconstruction of streets
- Unpaved right of way/alleys
- Street median and parkway landscaping
- Sidewalk and parkway improvement

2017 Capital Plan

- Public safety vehicles and facility improvements
- City Match for MPO projects
- New signalized traffic intersections
- Eastside Regional Park, neighborhood water parks, Westside natatorium, and spray park amenities
- Cohen site improvements, downtown restrooms, and Northgate Metro 31 improvements

2018 Capital Plan

- Street reconstruction on five critical roads
- City match for MPO projects
- Tom Lea park slope rehabilitation
- Downtown sidewalk and crosswalk repairs
- Information Technology infrastructure and hardware

2019 Capital Plan

- Streets – top 25 arterial safety and improvements
- Wayfinding signage and Eastside Masterplan
- Cohen site improvements and Sun City Lights projects
- Neighborhood waterpark, park, and flat field improvements

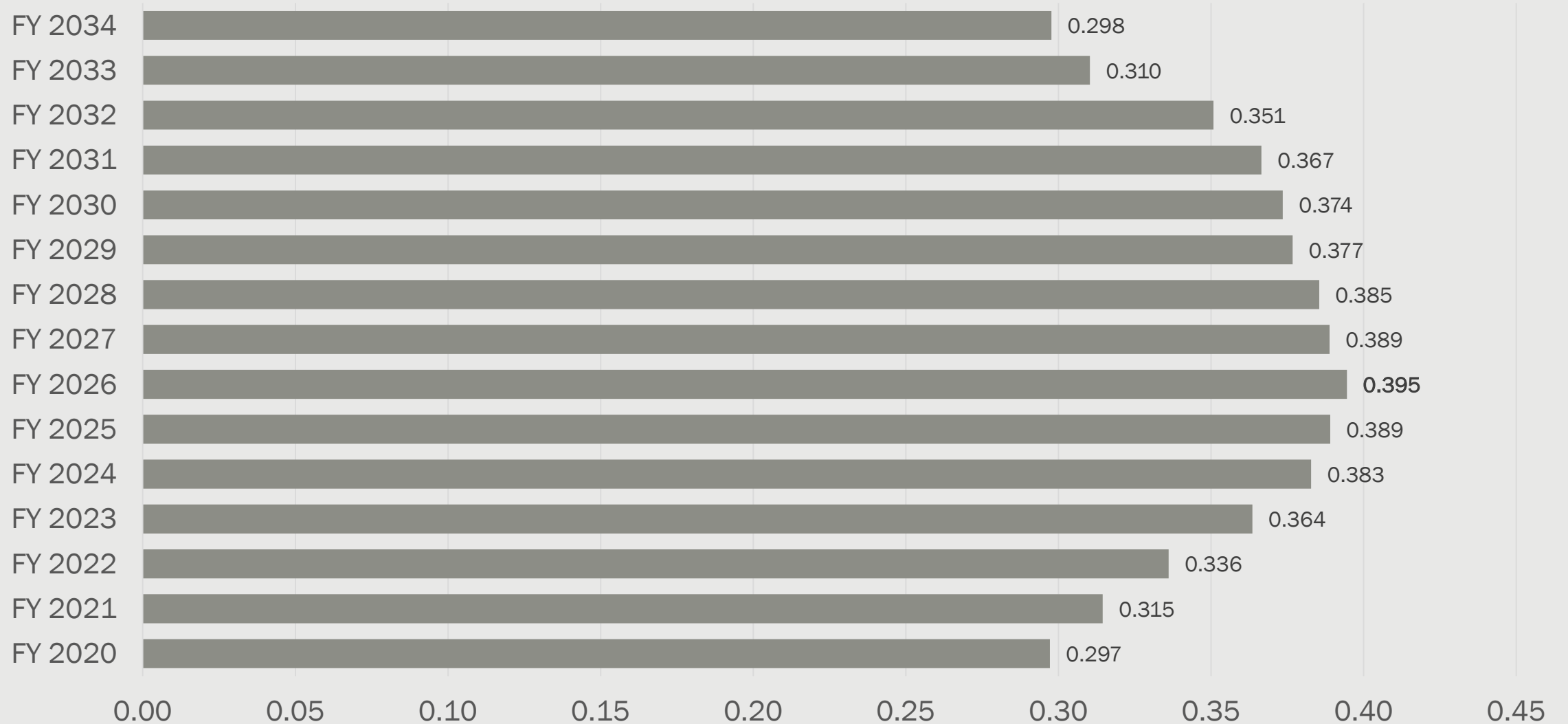
2019 Public Safety

- New facilities - regional commands, fire stations, training academy, police headquarters, fire headquarters
- Renovate existing regional commands and fire stations
- Fleet and vehicle replacement

2020 Capital Plan

- Animal services
- MPO city match
- Infrastructure – facilities, sports lighting, blighted properties
- Traffic signalization
- Neighborhood Traffic Management Plan projects
- MCA Sun City Lights

Debt Service Tax Rate Model



Bond Status

Issued and Unissued (After 2020 Issuance)

Description	Issued	Unissued	Total
2012 Quality of Life	\$344.8	\$128.5	\$473.3
2012 Street CIP	\$173.5	\$44.9	\$218.4
2017 Capital Plan	\$50.0	\$21.5	\$71.5
2018 Capital Plan	\$59.5	\$31.7	\$91.2
2019 Capital Plan	\$20.0	\$92.1	\$112.1
2019 Public Safety	\$35.0	\$378.1	\$413.1
2020 Capital Plan	\$15.0	\$31.0	\$46.0
Total			