



**PUBLIC SERVICE BOARD MEETING
AGENDA ITEM**

**REGULAR MEETING
Wednesday, August 09, 2017**

SUBJECT

Request City Council to approve the issuance of up to \$56,310,000 of City of El Paso Municipal Drainage Utility System Refunding Bonds Series 2017.

BACKGROUND

El Paso Water (EPWater) is requesting City Council to issue up to \$56,310,000 of City of El Paso Municipal Drainage Utility System Refunding Bonds Series 2017 to fund \$18,800,000 of Stormwater infrastructure projects and refund \$39,375,000 of existing bonds plus related bond issue cost.

EVALUATION PROCESS

Due to current market conditions, the Utility can refund the 2009 NadBank Build America Bonds in order to realize interest cost savings. In addition, EPWater will issue \$18,800,000 of bonds to fund capital improvement projects. The Finance Committee met on August 1, 2017 to review the bond issue proposal and approved moving forward based upon the following parameters:

Maximum Aggregate Principal:	\$56,310,000
Minimum Present Value Savings Target:	3.00%
Maximum True Interest Cost:	4.50%
Final Maturity Date:	December 2039

FINANCIAL IMPLICATIONS

The bond issue for the current refunding bonds has an estimated present value interest savings of \$2.3 million. The bond issue has an estimated True Interest Cost of 3.50%. The debt service associated with this bond issue was budgeted and included in the Stormwater budget for fiscal year 2017-2018.

PROPOSED ACTION REQUESTED

Adopt a resolution requesting City Council to authorize the issuance of up to \$56,310,000 of City of El Paso Municipal Drainage Utility System Refunding Bonds Series 2017 to fund \$18,800,000 of approved capital improvement projects, refund \$39,375,000 of existing bonds, and fund related transaction costs.

SUPPORTING DOCUMENTATION PROVIDED

) Resolution

RESOLUTION

A RESOLUTION ASKING CITY COUNCIL TO AUTHORIZE THE ISSUANCE OF UP TO \$56,310,000 OF CITY OF EL PASO MUNICIPAL DRAINAGE UTILITY SYSTEM RREFUNDING BONDS SERIES 2017 TO FUND \$18,800,000 OF APPROVED STORMWATER INFRASTRUCTURE PROJECTS, REFUND \$39,375,000 OF EXISTING DEBT, AND FUND RELATED TRANSACTION COSTS; PROVIDED THAT CERTAIN PARAMETERS ARE MET.

WHEREAS, on June 19, 2007, the City Council of the City of El Paso, Texas established the El Paso Texas Municipal Drainage Utility System by Ordinance Number 01668 for the management and control of stormwater drainage and infrastructure; and,

WHEREAS, the El Paso City Council, as authorized by State law, vested the complete management and control of the El Paso Texas Paso Texas Municipal Drainage Utility System in the El Paso Water Utilities Public Service Board; and,

WHEREAS; the City Council has heretofore authorized and issued City of El Paso, Texas, Municipal Drainage Utility Revenue Taxable Build America Bonds Series 2009, dated September 1, 2009; and,

WHEREAS, the Board hereby finds and determines that it is in the best interests of the City to refund the Bonds in order to achieve a present value debt service savings; and,

WHEREAS in order to take advantage of a favorable financial market and fund necessary drainage infrastructure costs, the El Paso Water Utilities Public Service Board is requesting that the El Paso City Council approve the issuance of up to \$56,310,000 of City of El Paso Municipal Drainage Utility System Refunding Bonds Series 2017;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE CITY OF EL PASO, TEXAS:

Section 1. That the findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the Public Service Board and made a part of this Resolution for all purposes.

Section 2. That the El Paso Water Utilities Public Service Board hereby adopts a resolution asking City Council to authorize the issuance of up to \$56,310,000 of City of El Paso Municipal Drainage Utility System Refunding Bonds Series 2017, to fund \$18,800,000 of the approved Capital Improvements Program, refund \$39,375,000 of existing bonds and fund related transaction costs; provided that certain parameters approved by the Board are met.

PASSED AND APPROVED at the regular meeting of the Public Service Board, this 9th day of March, 2016, at which meeting a quorum was present and which was held in accordance with the provisions of V.T.C.A. Government Code, Sections 551.001, et. seq.

EL PASO WATER UTILITIES
PUBLIC SERVICE BOARD

ATTEST:

Terri Garcia., Secretary/Treasurer

Henry Gallardo, Chair

APPROVED AS TO FORM:

Lee Ann B. Koehler, General Counsel