



**PUBLIC SERVICE BOARD MEETING
AGENDA ITEM
REGULAR MEETING**

Wednesday, October 10, 2018

SUBJECT

Request City Council to approve the issuance of up to \$30,000,000 of City of El Paso Water and Sewer System Revenue Bonds Series 2018.

BACKGROUND

EPWater currently has a Revolving Credit Agreement with Bank of America N.A. for the Water and Sewer Commercial Paper Notes Program in the amount of \$40,000,000. The Commercial Paper Program is a short-term variable rate financing tool utilized by the Utility to finance a portion of its Capital Improvement Program.

STRATEGIC OBJECTIVES SUPPORTED

Strengthen Financial Viability

EVALUATION PROCESS

EPWater will pay off \$30,000,000 in Commercial Paper Notes outstanding. The Audit, Finance and Investment Committee met on October 4, 2018, to review the bond issue proposal. Council to approve parameters as recommended by PSB.

- Maximum True Interest Cost – 4.50%
- Aggregate Principal Amount of Issue - \$30,500,000
- Final Maturity Date – December 31, 2039
- Expiration of Delegated Authority – 3 months

FINANCIAL IMPLICATIONS

The pay-off of the outstanding Commercial Paper Notes was approved in the budget for Fiscal Year 2018-19. The bond issue has an estimated True Interest Cost of 3.40%.

PROPOSED ACTION REQUESTED

Adopt a resolution requesting City Council to authorize the issuance of up to \$30,000,000 of City of El Paso Water and Sewer System Revenue Bonds Series 2018 to pay off \$30,000,000 in Commercial Paper Notes and fund related transaction costs.

SUPPORTING DOCUMENTATION PROVIDED

- Resolution

RESOLUTION

A RESOLUTION REQUESTING CITY COUNCIL TO AUTHORIZE THE ISSUANCE OF UP TO \$30,000,000 OF CITY OF EL PASO WATER AND SEWER SYSTEM REVENUE BONDS SERIES 2018 TO PAY OFF \$30,000,000 IN COMMERCIAL PAPER NOTES AND FUND RELATED TRANSACTION COSTS.

WHEREAS, the El Paso Water Utilities Public Service Board (Board), was established on May 22, 1952, by Ordinance No. 752 of the City of El Paso (the “City”) for the purpose of providing potable water and wastewater collection and treatment for the City; and,

WHEREAS, the Board manages the water and sewer system of the City (the “System”), and in such capacity, periodically requests, by adopting a Board resolution, that the City Council approve the issuance and sale of the City’s System revenue bonds; and,

WHEREAS; the City Council has previously authorized the issuance of “City of El Paso, Texas, Water and Sewer System Commercial Paper Notes, Series A” (the “Commercial Paper Notes”); and,

WHEREAS, the Commercial Paper Notes are a useful tool to allow for cost-effective, short-term financing of capital infrastructure for the System and the Board wishes to continue the revolving nature of the program; and

WHEREAS, the Board hereby finds and determines that the refunding of certain of the outstanding Commercial Paper Notes at this time for the purposes of making such debt long-term fixed rate debt of the City and restructuring the debt payable from the revenues of the System is in the best interest of the City and of the System; and,

WHEREAS, in order to pay off a portion of the outstanding Commercial Paper Notes, the Board needs to request the City to issue approximately \$30,000,000 of City of El Paso Water and Sewer System Revenue Bonds Series 2018.

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 this Resolution requesting the City Council to authorize the issuance of up to \$30,000,000 of City of El Paso Water and Sewer System Revenue Bonds Series 2018, to pay off \$30,000,000 in outstanding Commercial Paper Notes and fund related transaction costs.

PASSED AND APPROVED at the regular meeting of the Public Service Board, this 10th day of October, 2018, 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:

Christopher A. Antcliff, Chair

Kristina Mena, Secretary/Treasurer

APPROVED AS TO CONTENT:

APPROVED AS TO FORM:

Art Duran, Chief Financial Officer

Lee Ann B. Koehler, General Counsel