

## El Paso County, Texas

**Financing and Market Update  
January 2025**

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**STIFEL** | Public Finance

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## 01. Market Update

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# 2024 Fourth-Quarter Municipal Market Themes

## Washington

- FOMC began the rate cut cycle with a 50 basis point cut on 9/18, 25 bps on 11/7, 25 bps on 12/18 and signaled less action ahead in 2025
- New Presidential administration policies being watched for inflation effect and tax impact
- Potential for advance refunding and/or small issuer cap increases are limited

## Supply

- 2024 weekly volume has exceeded recent averages:
  - \$9.6 billion in 2024 vs \$7.2 billion, \$7 billion, \$8.8 billion in 2023, 2022 and 2021, respectively.
- Total municipal issuance reached a historical record of \$495.8 billion in 2024.
- During the week of January 6, municipal supply is expected to be \$5.1 billion.

## Demand

- Municipal mutual fund flows remain positive with higher rates attracting investors. 2024 Lipper Muni Fund inflows total +\$36.4 B through 12/30 (Open-end+\$20.7B, ETFs +\$11.9B)
- 2024 principal + interest payments estimated at \$405 billion
- SMA's and ETF'S step up to fill the gap. Declining bank participation in the municipal market on lower deposits and increased loan demand.

## Ratios

- Supply/demand imbalance should keep ratios for municipalities to U.S. Treasuries low

| Ratio                             | 5-year | 10-year | 30-year |
|-----------------------------------|--------|---------|---------|
| Muni/UST ratio average since 1987 | 80%    | 85%     | 94%     |
| Muni/UST ratio 01/03/2025         | 64%    | 66%     | 80%     |

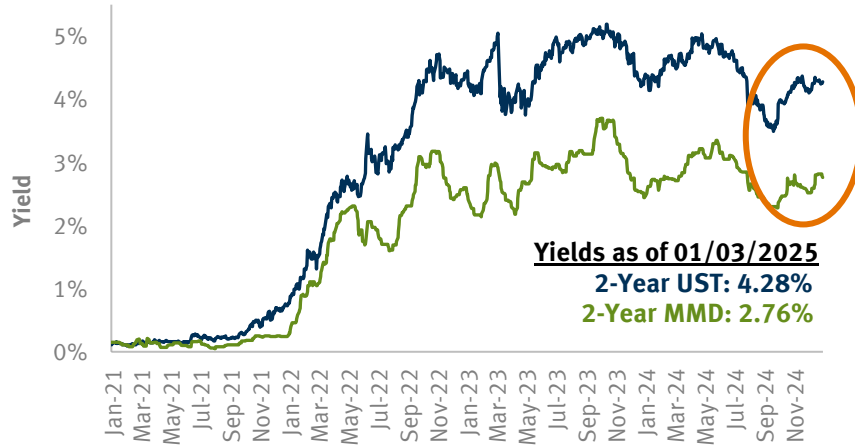
## Credit

- Strong issuer balance sheets have provided stability through rolling recessions.
- Portfolios reaching for incremental yield as well as high grade credits.
- State and local governments that could face strains are those with pension issues, high debt-service costs and economically sensitive taxes.

# Tax-Exempt and Taxable Interest Rate Movement

*Treasuries and municipal yields increased across the curve over the 4<sup>th</sup> quarter, by 37-42 basis points*

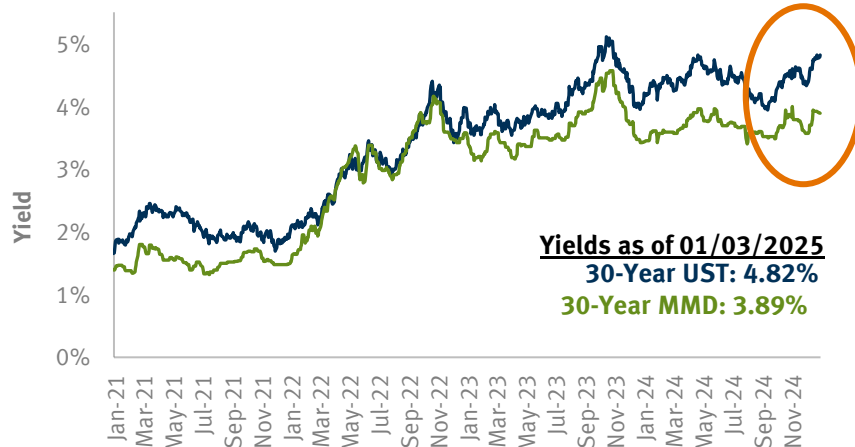
2-Year AAA MMD and 2-Year UST Yields Since 2021



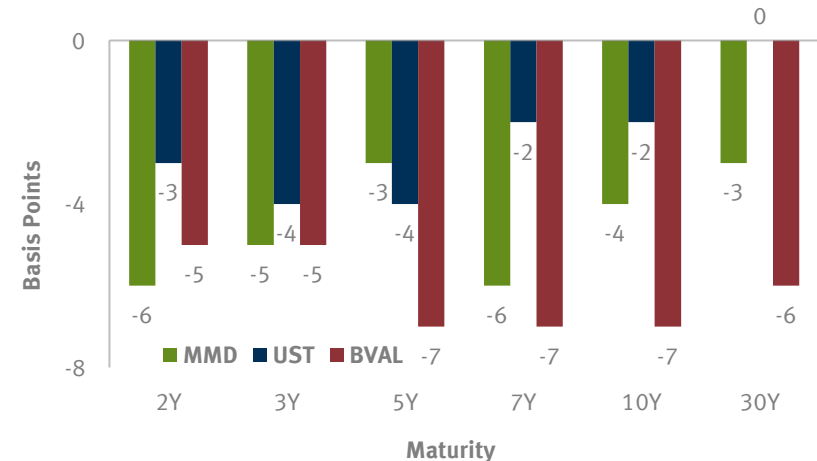
10-Year AAA MMD and 10-Year UST Yields Since 2021



30-Year AAA MMD and 30-Year UST Yields Since 2021



Weekly Change in U.S. Treasury, AAA MMD and BVAL Yields

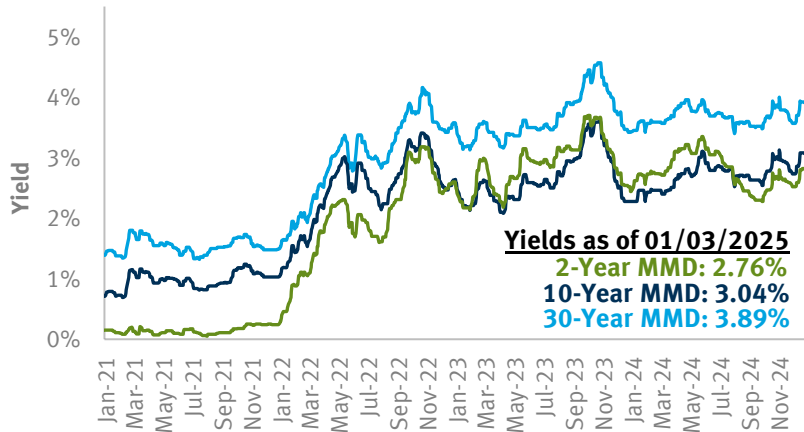


# Tax-Exempt Interest Rate Movement

*AAA MMD yields increase along the curve during the 4<sup>th</sup> quarter*

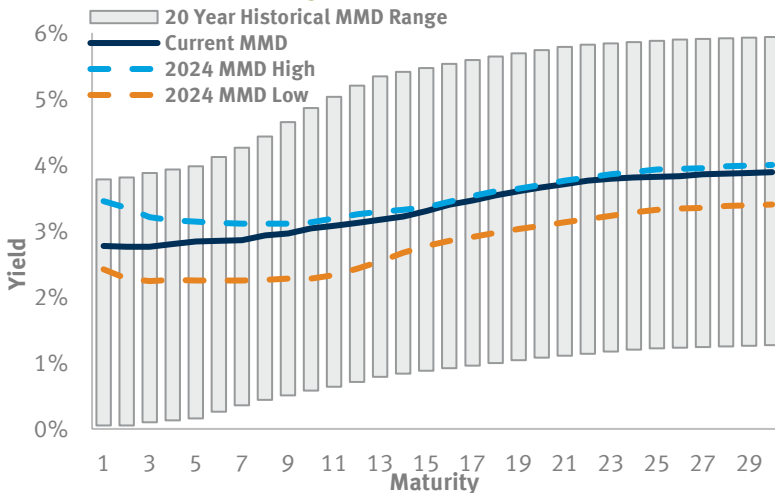
## AAA MMD Yields Since 2021

Comparing 2-, 10- and 30-Year AAA MMD

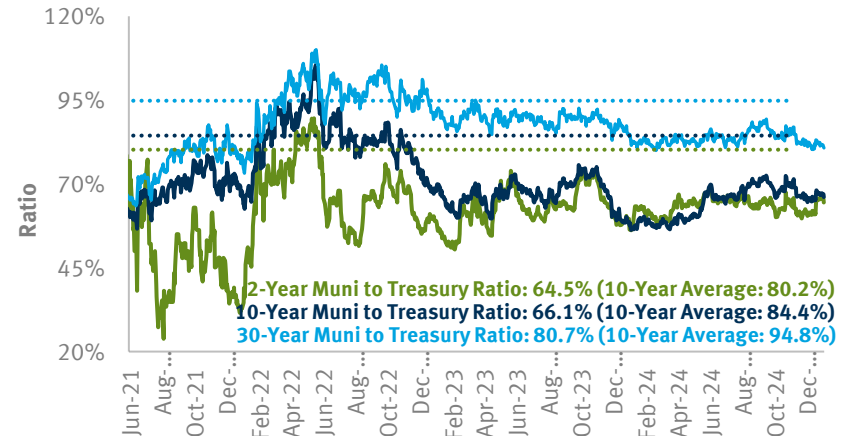


## Current AAA MMD Yields and Historic Context

20-Year Historical AAA MMD Range vs. Current AAA MMD



## 2-, 10- and 30-Year Muni to Treasury Ratios Since June 2021



## AAA MMD Summary Statistics

|               | 2-Year | 10-Year | 30-Year |
|---------------|--------|---------|---------|
| Current       | 2.76%  | 3.04%   | 3.89%   |
| Weekly Change | -6 bps | -4 bps  | -3 bps  |

### 2025 Year-to-Date

|                   |        |        |        |
|-------------------|--------|--------|--------|
| YTD Change        | -2 bps | -2 bps | +0 bps |
| High              | 2.78%  | 3.06%  | 3.89%  |
| Low               | 2.76%  | 3.04%  | 3.89%  |
| Average           | 2.77%  | 3.05%  | 3.89%  |
| Beginning of 2025 | 2.78%  | 3.06%  | 3.89%  |

## AAA BVAL Summary Statistics

|               | 2-Year | 10-Year | 30-Year |
|---------------|--------|---------|---------|
| Current       | 2.77%  | 3.07%   | 3.79%   |
| Weekly Change | -5 bps | -7 bps  | -6 bps  |

### 2025 Year-to-Date

|            |        |        |        |
|------------|--------|--------|--------|
| YTD Change | -1 bps | -2 bps | -1 bps |
|------------|--------|--------|--------|

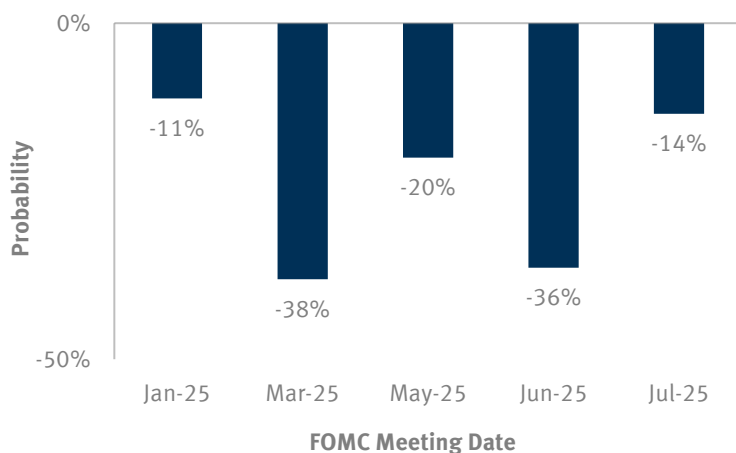
# Interest Rate Forecast

- Back-to-back weeks of mid-week market holidays caused a quiet stretch of market activity at the end of 2024.
- Market activity is expected to resume beginning week of January 6 with municipal supply expected to be \$5.1 billion of which \$366.0 million is expected to be taxable.
- The market is currently pricing in an 11% chance of a rate cut at the next Fed meeting in January.

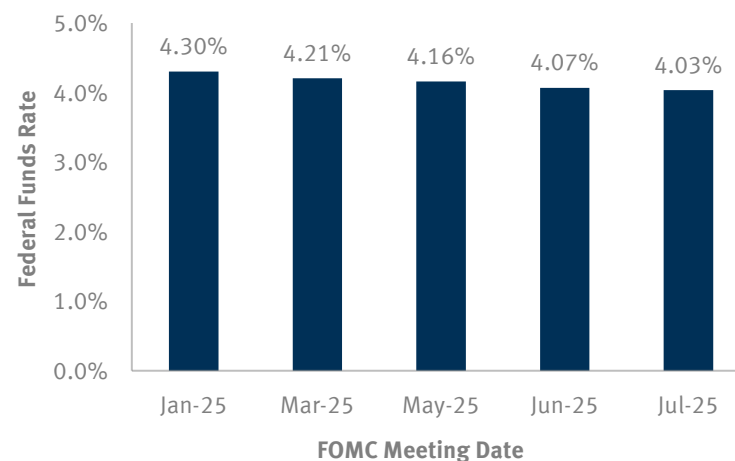
## Bloomberg Consensus Yield Curve Projections (%)

| Market Consensus Yield Curve Projections (%) |         |       |       |       |       |
|--|---------|-------|-------|-------|-------|
|  | Current | Q1 25 | Q2 25 | Q3 25 | Q4 25 |
| Fed Funds                                    | 4.50    | 4.25  | 4.00  | 3.85  | 3.75  |
| 2-Yr UST                                     | 4.28    | 4.01  | 3.86  | 3.76  | 3.68  |
| 10-Yr UST                                    | 4.60    | 4.24  | 4.16  | 4.14  | 4.12  |
| 30-Yr UST                                    | 4.82    | 4.42  | 4.36  | 4.35  | 4.34  |

## Market Consensus Probability of a Rate Hike at Upcoming Fed Meetings Calculated Using Fed Funds Futures. (Values > 100% indicate a greater than 25 bp hike)



## Market Consensus Implied Overnight Effective Rate After Each Fed Meeting



# Recent Texas County Bond Issuances

## 2024 Statistics:

- 70 Debt Issuances totaling \$4.7B, averaging \$68M per transaction
- Includes 20 C/O's totaling \$1.2B, 17 Road Bonds totaling \$1.8B, 13 Tax Notes totaling \$240M, 7 GO Issuances for \$547M, and 13 various other types like PID's, Sports Authorities or PFC's

| Issue Date | County  | Debt Issuance  | Par Amount     |
|------------|---|--|----------------|
| 12/19/2024 | Harris Co (Hotel Occupancy Tax)                 | Hotel Occupancy Tax Senior Lien Rev Bds Taxable Ser 2024                 | \$ 35,620,000  |
| 12/15/2024 | Comal Co  | Comb Tax & Rev C/O Ser 2024  | \$ 4,985,000   |
| 12/12/2024 | Denton Co (PID Imp Area # 1)                    | Senior Lien Spec Assessment Rev Bds Ser 2024A (Tabor Ranch Pub Imp Dis   | \$ 34,920,000  |
| 12/12/2024 | Denton Co (PID Imp Area # 1)                    | Junior Lien Spec Assessment Rev Bds Ser 2024B (Tabor Ranch Pub Imp Dist  | \$ 17,371,000  |
| 12/12/2024 | Denton Co (PID Imp Area # 1)                    | Spec Assessment Rev Bds Ser 2024 (Tabor Ranch Pub Imp Dist Major Imp A   | \$ 23,580,000  |
| 12/12/2024 | Zapata Co                                       | C/O Ser 2024   | \$ 4,000,000   |
| 12/01/2024 | Ector Co  | C/O Ser 2024   | \$ 317,555,000 |
| 11/26/2024 | Bastrop Co (Double Eagle Ranch PID #2)          | Spec Assessment Rev Bds Ser 2024 (Double Eagle Ranch Pub Imp District Ir | \$ 6,540,000   |
| 11/20/2024 | Harris Co-Houston SportsAuth (Hotel & Car Renta | Senior Lien Rev Ref Bds Ser 2024A  | \$ 241,115,000 |
| 11/20/2024 | Harris Co-Houston SportsAuth (Hotel & Car Renta | Second Lien Rev Ref Bds Ser 2024B  | \$ 129,885,000 |
| 10/24/2024 | Kleberg Co                                      | Tax Notes Ser 2024   | \$ 3,770,000   |
| 10/10/2024 | La Salle Co                                     | Tax Notes Ser 2024   | \$ 4,200,000   |
| 10/01/2024 | Brazoria Co (Contract Tax & Toll Revenue)       | Ltd Contract Tax & Sub Lien Toll Road Rev Bds Ser 2024                   | \$ 30,325,000  |
| 10/01/2024 | Chambers Co                                     | Comb Tax & Rev C/O Ser 2024  | \$ 53,425,000  |
| 10/01/2024 | Dimmit Co                                       | Tax Notes Ser 2024   | \$ 5,615,000   |
| 10/01/2024 | Frio Co   | C/O Ser 2024   | \$ 14,110,000  |
| 10/01/2024 | Medina Co (Talley Ho PID Area # 1)              | Spec Assessment Rev Bds Ser 2024 (Talley Ho Pub Imp District Imp Area #  | \$ 8,143,000   |
| 10/01/2024 | Waller Co Road Improvement Dist # 1             | U/L Tax Bds Ser 2024A  | \$ 15,440,000  |
| 09/19/2024 | Avery Centre Road District # 1                  | U/L Tax Road Bds Ser 2024  | \$ 5,975,000   |
| 09/19/2024 | Somerset Hills Road District # 3                | U/L Tax Road Bds Ser 2024  | \$ 1,600,000   |
| 09/19/2024 | Somerset Hills Road District # 3                | U/L Tax Road Bds Taxable Ser 2024  | \$ 1,315,000   |
| 09/19/2024 | Somerset Hills Road District # 4                | U/L Tax Road Bds Ser 2024  | \$ 5,255,000   |
| 09/17/2024 | Garza Co  | C/O Taxable Ser 2024   | \$ 3,330,000   |
| 09/15/2024 | Smith Co  | GO Bds Ser 2024  | \$ 6,675,000   |
| 09/10/2024 | Bastrop Co                                      | Comb Tax & Ltd Pledge Rev C/O Ser 2024                                   | \$ 31,325,000  |
| 09/01/2024 | Burnet Co                                       | Tax Notes Ser 2024   | \$ 5,000,000   |
| 09/01/2024 | Calhoun Co                                      | Comb Tax & Surplus Hosp Rev C/O Ser 2024                                 | \$ 27,280,000  |
| 09/01/2024 | Hale Co   | C/O Ser 2024   | \$ 45,090,000  |
| 09/01/2024 | Leon Co   | Tax Notes Ser 2024   | \$ 8,450,000   |
| 09/01/2024 | Waller Co                                       | GO Bds Ser 2024  | \$ 9,370,000   |

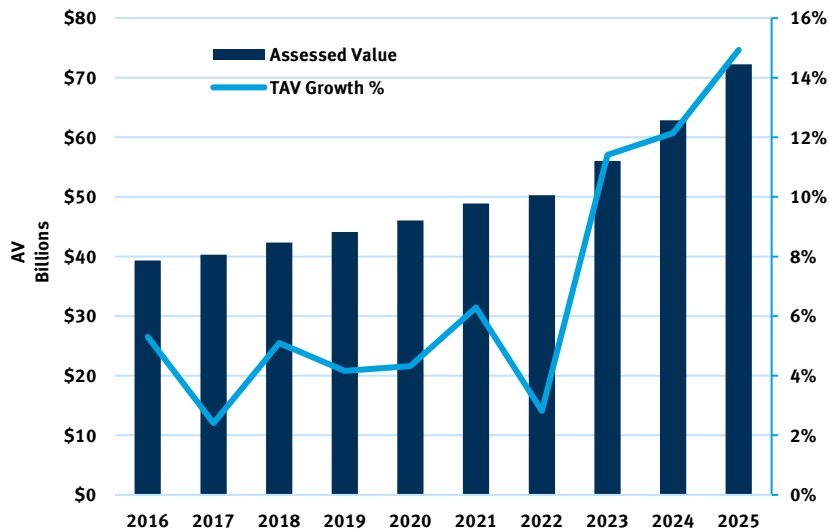


## 02. County Debt Portfolio Overview

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# General Obligation Tax Base

| Fiscal Year | Assessed Value (\$mm) | M&O            | I&S            | Total Tax Rate | Adjusted Levy (\$mm) |
|-------------|-----------------------|----------------|----------------|----------------|----------------------|
| <b>2025</b> | <b>*\$68,545</b>      | <b>\$0.376</b> | <b>\$0.050</b> | <b>\$0.426</b> | <b>\$292</b>         |
| 2024        | \$62,841              | \$0.407        | \$0.052        | \$0.459        | \$268                |
| 2023        | \$56,036              | \$0.376        | <b>\$0.050</b> | \$0.426        | \$239                |
| 2022        | \$50,297              | \$0.432        | <b>\$0.047</b> | \$0.470        | \$228                |
| 2021        | \$48,919              | \$0.450        | <b>\$0.049</b> | \$0.489        | \$220                |
| 2020        | \$46,026              | \$0.445        | <b>\$0.049</b> | \$0.489        | \$214                |
| 2019        | \$44,117              | \$0.406        | <b>\$0.045</b> | \$0.448        | \$188                |
| 2018        | \$42,536              | \$0.405        | <b>\$0.045</b> | \$0.453        | \$180                |
| 2017        | \$40,302              | \$0.401        | <b>\$0.045</b> | \$0.453        | \$175                |
| 2016        | \$39,354              | \$0.402        | <b>\$0.045</b> | \$0.453        | \$172                |



| Taxpayer                    | Industry                 | AV (\$mm)         | % AV         |
|-----------------------------|--------------------------|-------------------|--------------|
| El Paso Electric            | Electric Utility         | \$683.20          | 1.22%        |
| Western Refining ("Tesoro") | Oil & Gas Refinery       | \$482.60          | 0.86%        |
| Wal-Mart Stores             | Retail Store             | \$275.30          | 0.49%        |
| Texas Gas Service           | Oil & Gas                | \$205.10          | 0.37%        |
| River Oaks Properties       | Commercial Land          | \$183.20          | 0.33%        |
| Emerald Pass 12101 Project  | Home Builder             | \$159.60          | 0.28%        |
| Union Pacific Railroad      | Railroad                 | \$150.80          | 0.27%        |
| Simon Property Group        | Shopping Center/Mall     | \$107.30          | 0.19%        |
| Sierra Providence Hospital  | Rehabilitation Center    | \$103.00          | 0.18%        |
| Amazon.com Services         | Storage Units/Warehouses | \$100.10          | 0.18%        |
| <b>Total</b>                |                          | <b>\$ 2,450.2</b> | <b>4.37%</b> |

| Employer                        | Industry          | Employees |
|---------------------------------|-------------------|-----------|
| Fort Bliss                      | Military Base     | 47,628    |
| El Paso ISD                     | Public Education  | 8,478     |
| Socorro ISD                     | Public Education  | 7,606     |
| T&T Staff Management            | Employment Agency | 7,383     |
| Ysleta ISD                      | Public Education  | 6,095     |
| City of El Paso                 | Local Government  | 5,511     |
| Walmart                         | Retail            | 5,511     |
| Health Network                  | Medical           | 4,400     |
| GC Services                     | Telemarketing     | 4,324     |
| University Medical Center (UMC) | Education         | 3,272     |

# Debt Summary

| Outstanding Bonds  | Purpose              | Dated Date | Original Par | Outstanding Par | Coupon Range    | Final Maturity | Next Call Date   |
|--|----------------------|------------|--------------|-----------------|-----------------|----------------|------------------|
| <b>General Obligation Bonds</b>                          |                      |            |              |                 |                 |                |                  |
| Tax Note, Taxable Series 2024                            | County Improvements  | 08/15/2024 | 3,374,000    | 3,374,000       | 6.35%           | 08/15/2025     | Non-Callable     |
| Comb Tax & Sub Lien Rev C/O, Taxable Ser 2023C           | Flood Control        | 07/12/2023 | 1,780,000    | 1,780,000       | 0.00%           | 02/15/2054     | Anytime @ Par    |
| Tax Notes, Taxable Series 2023D                          | Public Improvements  | 07/20/2023 | 2,535,000    | 1,500,000       | 6.77%           | 02/15/2025     | Anytime @ Par    |
| Tax Notes, Series 2023C                                  | Public Improvements  | 07/20/2023 | 6,545,000    | 6,545,000       | 4.62%           | 02/15/2030     | Anytime @ Par    |
| Certificates of Obligation, Taxable Series 2023B         | Public Improvements  | 04/27/2023 | 15,135,000   | 15,135,000      | 4.392%-4.946%   | 08/15/2035     | 8/15/2033 @ Par  |
| Certificates of Obligation, Series 2023A                 | Public Improvements  | 04/27/2023 | 42,090,000   | 42,090,000      | 5.00%           | 08/15/2038     | 8/15/2033 @ Par  |
| General Obligation Refunding Bonds, Series 2023          | Refunding            | 03/14/2023 | 4,910,188    | 4,910,188       | 4.75%           | 02/15/2026     | Anytime @ Par    |
| Tax Notes, Taxable Series 2023B                          | Public Improvements  | 01/30/2023 | 25,170,000   | 20,040,000      | 4.68%           | 08/15/2028     | Anytime @ Par    |
| Tax Notes, Series 2023A                                  | Public Improvements  | 01/30/2023 | 16,175,000   | 16,175,000      | 3.40%           | 01/15/2030     | Anytime @ Par    |
| Comb Tax & Surplus Rev C/O, Taxable Ser 2022B            | Flood Control        | 11/15/2022 | 2,372,000    | 2,292,000       | 0.00%           | 02/15/2053     | Anytime @ Par    |
| Combination Tax & Surplus Rev C/O, Taxable Ser 2022A     | Water & Drainage     | 05/01/2022 | 20,718,000   | 19,338,000      | 0.00%           | 02/15/2052     | Anytime @ Par    |
| Combination Tax & Surplus Revenue C/O, Taxable Ser 2021  | Water & Drainage     | 05/15/2021 | 1,605,000    | 1,443,000       | 0.00%           | 02/15/2051     | Anytime @ Par    |
| State Infrastructure Bank Loan, Series 2021              | Highway Improvements | 1/15/2021  | 4,600,000    | 3,931,331       | 0.00%-1.02%     | 08/15/2040     | 2/15/2024 @ Par  |
| Certificate of Obligation, Taxable Series 2017 (USDA)    | Public Improvements  | 07/01/2017 | 1,334,000    | 1,205,000       | 2.75%           | 02/15/2057     | Anytime @ Par    |
| State Infrastructure Bank Loan, Series 2017              | Highway Improvements | 10/23/2017 | 4,920,000    | 2,791,574       | 1.85%           | 08/15/2032     | Non-Callable     |
| General Obligation Refunding Bonds, Series 2017          | Refunding            | 11/15/2017 | 50,255,000   | 41,065,000      | 5.00%           | 02/15/2032     | 08/15/2027 @ Par |
| Certificates of Obligation, Series 2016D                 | Public Improvements  | 07/01/2016 | 3,500,000    | 2,890,000       | 3.28%           | 09/15/2032     | 09/15/2024 @ Par |
| General Obligation Refunding Bonds, Taxable Series 2016B | Refunding            | 03/01/2016 | 40,735,000   | 18,105,000      | 2.139% - 3.666% | 02/15/2032     | Make Whole Call  |
| General Obligation Refunding Bonds, Series 2016A         | Refunding            | 03/01/2016 | 48,805,000   | 23,280,000      | 4.00% - 5.00%   | 02/15/2032     | Make Whole Call  |
| General Obligation Refunding Bonds, Taxable Series 2015A | Refunding            | 06/01/2015 | 8,695,000    | 3,030,000       | 2.746% - 3.671% | 02/15/2026     | 02/15/2025 @ Par |
| General Obligation Refunding Bonds, Series 2015          | Refunding            | 02/01/2015 | 15,230,000   | 5,365,000       | 5.00%           | 02/15/2026     | 02/15/2025 @ Par |

## Totals:

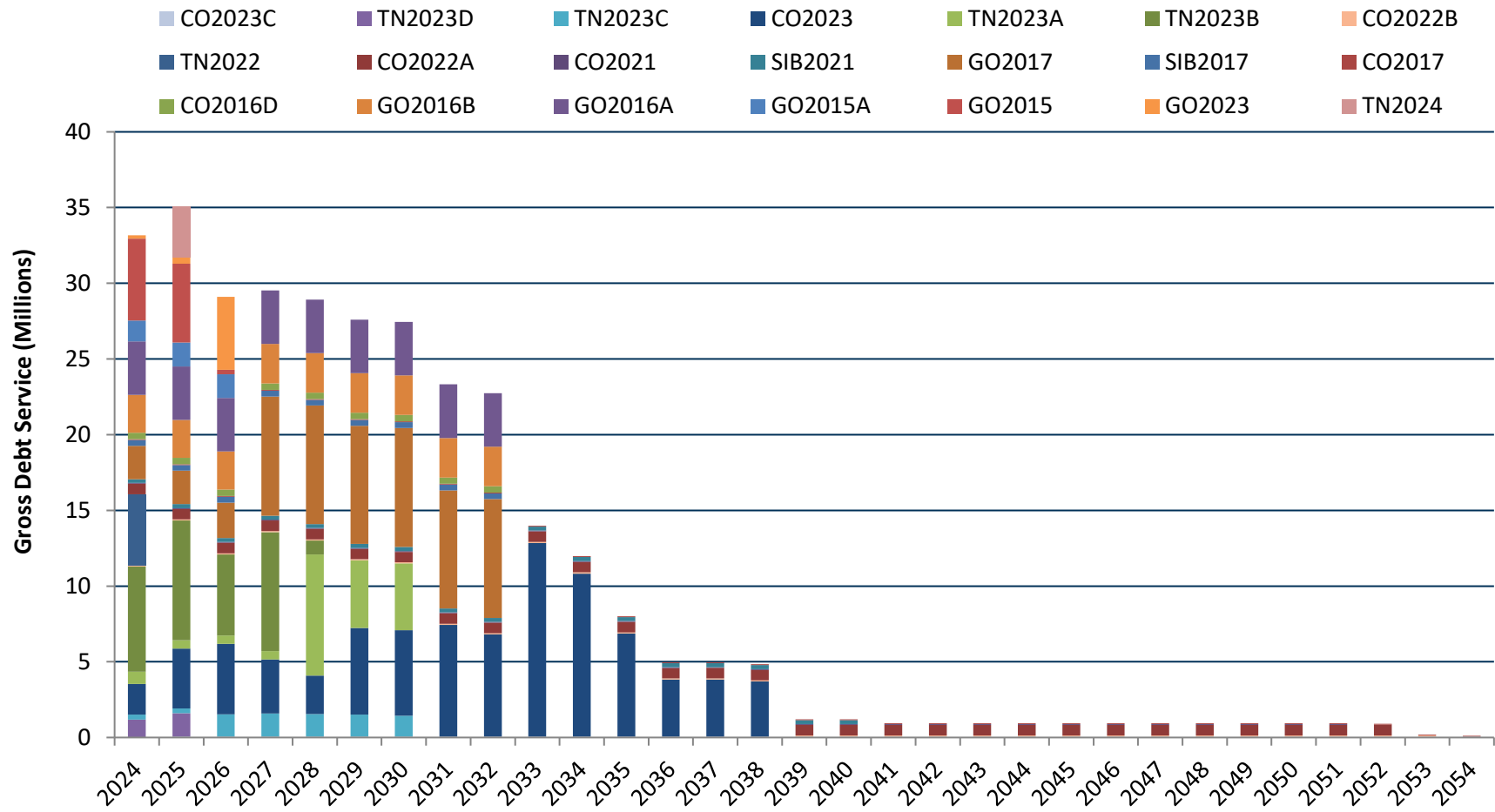
**\$337,227,018    \$236,285,094**

Current Ratings: Aa2/AA/AA+ (Moody's/S&P/Fitch)

Refunding Candidates

# Total Debt Service Summary

El Paso County  
Summary of All Outstanding GO Bonds Debt Service



# Tax-Exempt Refunding Monitor and Analysis

| Refunding Analysis Results*       | 2025 Refunding<br>March 2025       |
|-----------------------------------|------------------------------------|
| Par Amount of Refunding Bonds     | \$6,675,000                        |
| True Interest Cost                | 3.81%                              |
| Escrow Yield                      | 0.00%                              |
| Final Maturity                    | 2/15/2030                          |
| Par Amount Refunded               | \$6,845,000                        |
| Maturities Refunded               | GO2015: 2026<br>TN2023C: 2026-2030 |
| Call Feature                      | 8/15/2034                          |
| NPV Savings (\$)                  | \$123,736                          |
| NPV Savings (% of Refunded Bonds) | 1.81%                              |
| Value of Negative Arbitrage       | \$0                                |

| Sensitivity Analysis              |           |
|-----------------------------------|-----------|
| Interest Rates Increase by 50 bps |           |
| Value of Negative Arbitrage       | \$0       |
| NPV Savings (\$)                  | \$29,132  |
| NPV Savings (% of Refunded Bonds) | 0.43%     |
| Interest Rates Decrease by 50 bps |           |
| Value of Negative Arbitrage       | \$0       |
| NPV Savings (\$)                  | \$220,233 |
| NPV Savings (% of Refunded Bonds) | 3.22%     |

| Savings by Maturity |           |           |        |             |              |
|---------------------|-----------|-----------|--------|-------------|--------------|
| Series              | Maturity  | Call Date | Coupon | Par         | PV Savings % |
| 2016D CO            | 9/15/2025 | 9/15/2024 | 3.280% | \$320,000   | -1.15%       |
| 2016D CO            | 9/15/2026 | 9/15/2024 | 3.280% | \$335,000   | -1.40%       |
| 2016D CO            | 9/15/2027 | 9/15/2024 | 3.280% | \$345,000   | -1.60%       |
| 2016D CO            | 9/15/2028 | 9/15/2024 | 3.280% | \$350,000   | -1.96%       |
| 2016D CO            | 9/15/2029 | 9/15/2024 | 3.280% | \$370,000   | -2.33%       |
| 2016D CO            | 9/15/2030 | 9/15/2024 | 3.280% | \$380,000   | -2.95%       |
| 2016D CO            | 9/15/2031 | 9/15/2024 | 3.280% | \$390,000   | -3.52%       |
| 2016D CO            | 9/15/2032 | 9/15/2024 | 3.280% | \$400,000   | -4.30%       |
| 2023A TN            | 1/15/2028 | Anytime   | 3.400% | \$7,590,000 | -1.42%       |
| 2023A TN            | 1/15/2029 | Anytime   | 3.400% | \$4,245,000 | -1.69%       |
| 2023A TN            | 1/15/2030 | Anytime   | 3.400% | \$4,340,000 | -2.21%       |
| 2015 GO             | 2/15/2026 | 2/15/2025 | 5.000% | \$300,000   | 0.40%        |
| 2023C TN            | 2/15/2026 | Anytime   | 4.620% | \$1,200,000 | 0.05%        |
| 2023C TN            | 2/15/2027 | Anytime   | 4.620% | \$1,300,000 | 1.09%        |
| 2023C TN            | 2/15/2028 | Anytime   | 4.620% | \$1,340,000 | 1.95%        |
| 2023C TN            | 2/15/2029 | Anytime   | 4.620% | \$1,350,000 | 2.75%        |
| 2023C TN            | 2/15/2030 | Anytime   | 4.620% | \$1,355,000 | 3.26%        |

## Refunding Analysis Financing Assumptions:

- Tax-exempt current refunding of certain callable maturities with savings
- Only maturities producing above 0% savings of the four series listed above were further analyzed as part of the refunding summary and scenario
- Current market rates as of 01/06/2025 for a "AA" credit rating

Prior refunding analysis in September had estimated savings totaling \$651,749 or 2.55% on NPV basis:

- MMD 10 year interest rate rose from 2.63% on 9/16/2024 to 3.04% on 01/06/25
- A minimum savings percentage threshold of 3% is recommended before proceeding
- Refunding opportunities can provide increased savings when paired with new money bond issuances which can provide reduced costs of issuance.

# 4th Quarter – In-Process Financing Applications and Transactions

## **TWDB:**

- Cycle 2 - SFY2024-2025 Flood Infrastructure Fund (“FIF”) applications
- If TWDB awards projects, and County accepts, loan amounts will either apply to County’s EPPF capacity (5¢), or increase the I&S rate

| El Paso County |         |                       |                   |                        |
|----------------|---------|-----------------------|-------------------|------------------------|
| Rank           | Project | State Flood Plan Cost | Estimated Grant % | Estimated Loan Amounts |
| 55             | VIN1    | \$59,386,496          | 40%*              | \$40,636,496           |
| 131            | SOC4    | \$2,383,000           | 40%               | \$1,429,800            |
| 244            | MON3    | \$27,033,000          | 50%               | \$13,516,500           |
| 274            | HAC3    | \$4,619,000           | 60%               | \$1,847,600            |
| 280            | SSA4    | <u>\$14,744,000</u>   | 40%               | <u>\$8,846,400</u>     |
| <b>Total:</b>  |         | <b>\$108,165,496</b>  |                   | <b>\$66,276,796</b>    |

## **TWDB Amounts Available\*:**

- The TWDB will use grants and zero percent (0%) interest loans to offer at least \$375,000,000 for projects during the 2024-2025 FIF IUP cycle.
- Of the \$375,000,000 available for projects, the maximum amount allocated to grants is \$187,500,000 (50% of total available funds).
- No project will receive more than \$18,750,000 in grant funding (approximately 10% of the total grant funds available).
- The interest rate on all loans will be zero percent (0%).

*\*Source - TWDB State of Texas FIF Intended Use Plan*

## **2024 Defeasance (early payment) of Tax Note, Taxable Series 2023B:**

- County Payment: \$2,061,660.96
  - Use of Proceeds: Early redemption of a 2026 maturity in part and 2028 maturity in whole
  - Closed: 10/03/2024
  - **Net PV Savings: \$239,153**
  - **Percentage Savings: 11.79%**

## **Schneider Energy Projects - Lease Purchase Obligations:**

- Project Fund: \$21,759,785
- Use of Proceeds: Energy Efficiency Projects and Equipment
- Tax-Exempt Interest Rate: 3.86%
- Taxable Interest Rate: 4.83%
- Closed: 11/14/2024
- **Pledged Repayment: Utility savings from the M&O budget**
  - Does not impact County’s I&S debt capacity

## **03. Project Financing Options & Timeline**

## **5¢ Essential Purpose Project Fund – Utilizes Current Tax Rate, No Increase**

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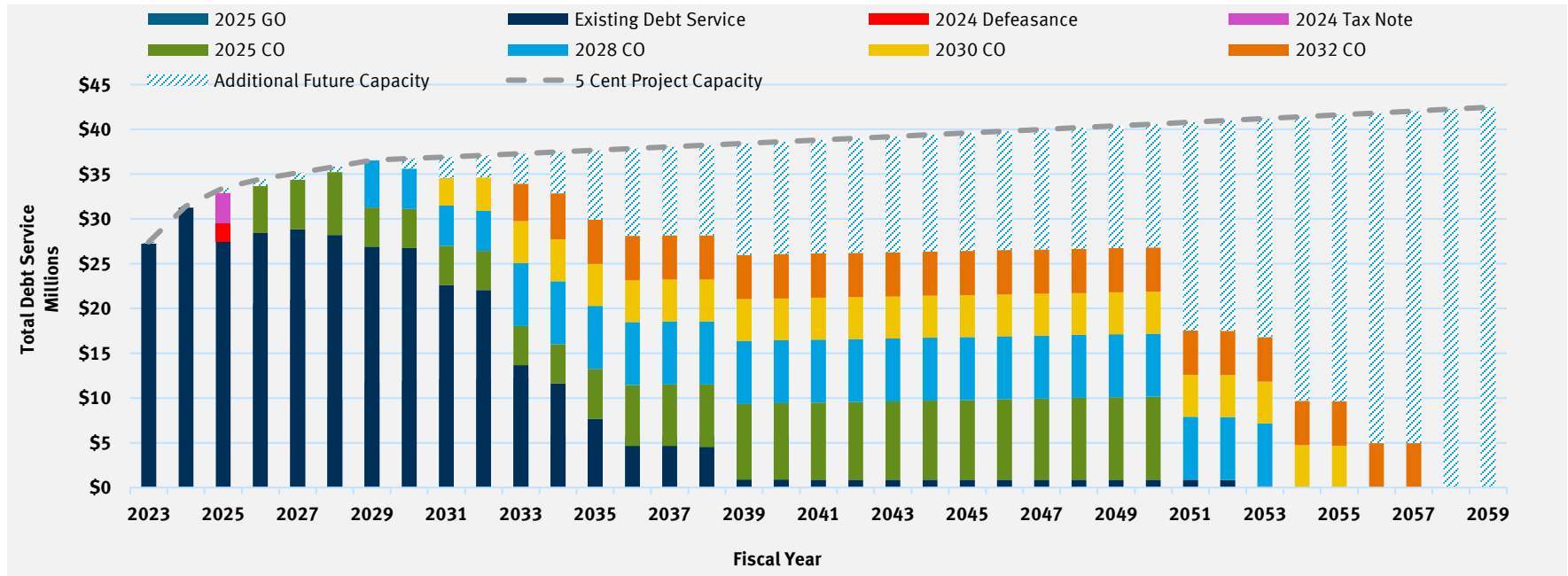
- The Essential Purpose Project Fund has been designed to perpetually provide funding options for the County's capital facility needs every two to three years through financing.
- A **5¢ I&S rate** structure to provide ongoing funding for County essential purpose projects such as storm water, public safety, and roadways.
- Various financing tools have been legislatively authorized for these types of projects. For Certificates of Obligation and Anticipation Notes, Issuers must describe purposes with enough specificity to **confirm the purposes constitute public works** as statutorily defined by Texas House Bill 4082 from the 88<sup>th</sup> Legislature (*Section 271.043, Local Government Code*).
- Current Capacity based on 5¢ rate = **\$135 to \$175 million available over the next three years** (FY2025-2028) depending on the type of debt and repayment period.
- Approx. **\$70 million available every other year thereafter** (2030 and on) without an increase to 5¢ rate.



# 5¢ Essential Purpose Project Fund – Financing Capacity\*

## Tax-Exempt Rates – Maximum Projected Capacity (based on rates as of September 2025)

| Recurring C/O Issues        | CO Series 2025      | CO Series 2028       | CO Series 2030      | CO Series 2032      |
|-----------------------------|---------------------|----------------------|---------------------|---------------------|
| Par Amount                  | \$68,560,000        | \$90,110,000         | \$62,945,000        | \$67,600,000        |
| <b>Project Fund</b>         | <b>\$75,000,000</b> | <b>\$100,000,000</b> | <b>\$70,000,000</b> | <b>\$70,000,000</b> |
| True Interest Cost          | 4.10%               | 4.25%                | 4.25%               | 4.25%               |
| Final Maturity              | 08/15/2050          | 08/15/2053           | 08/15/2055          | 08/15/2057          |
| Average Annual Debt Service | \$4,887,424         | \$6,610,477          | \$4,649,560         | \$4,860,088         |
| Total Debt Service          | \$122,973,038       | \$166,363,667        | \$116,032,373       | \$121,286,200       |



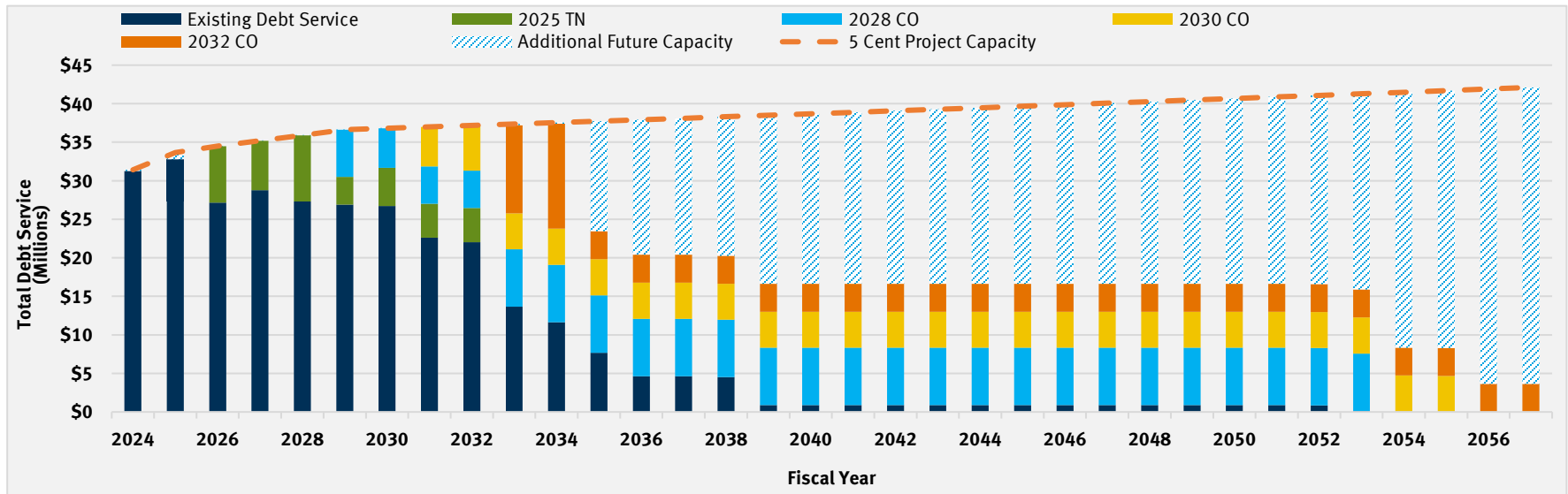
\*Financing Capacity was calculated using market interest rates from 09/04/2024 and has been provided for comparison and continuity to past presentations.

# 5¢ Essential Purpose Project Fund – Tax Note Scenario 1

## Tax-Exempt Rates – Maximum Projected Capacity

| Tax Note and CO Issues      | TN Series 2025      | CO Series 2028       | CO Series 2030      | CO Series 2032      |
|-----------------------------|---------------------|----------------------|---------------------|---------------------|
| Par Amount                  | \$33,655,000        | \$95,670,000         | \$66,320,000        | \$67,065,000        |
| <b>Project Fund</b>         | <b>\$35,000,000</b> | <b>\$100,000,000</b> | <b>\$70,000,000</b> | <b>\$70,000,000</b> |
| True Interest Cost          | 3.54%               | 4.52%                | 4.43%               | 4.40%               |
| Final Maturity              | 02/15/2032          | 02/15/2053           | 02/15/2053          | 02/15/2057          |
| Average Annual Debt Service | \$5,879,368         | \$6,884,741          | \$4,771,241         | \$4,321,754         |
| Total Debt Service          | \$39,408,099        | \$170,072,238        | \$117,862,911       | \$106,759,340       |

- When using a taxable component for 20% of the Series 2025 issuance, total debt service equals \$40.78 million, approximately \$1.3M higher, with the True Interest Cost estimated to be 3.60%.
- A \$35M Tax Note saves approximately \$8.46 million, or 17.67% in total debt service, compared to the same sized 25 year financing (C/O or GO).



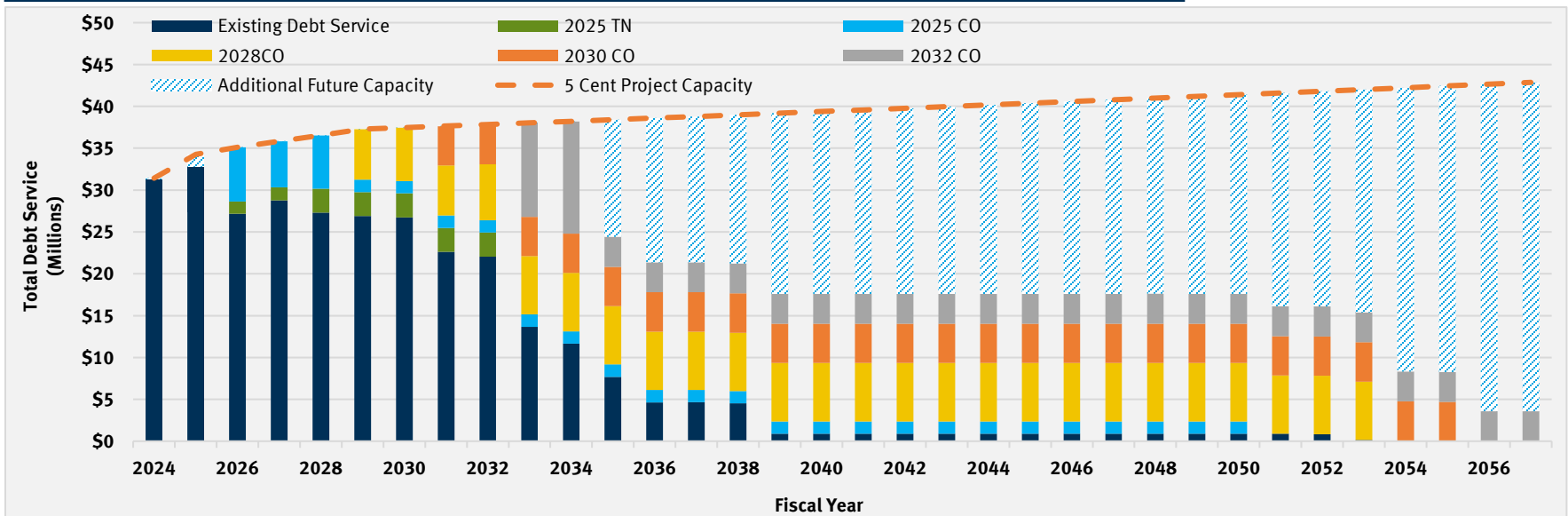
\*Financing scenarios have been calculated using current market interest rates as of 01/03/2025 plus 25 bps.

## 5¢ Essential Purpose Project Fund – Tax Note Scenario 2

### Tax-Exempt Rates – Maximum Projected Capacity

| Tax Note and CO Issues      | TN Series 2025      | CO Series 2025      | CO Series 2028       | CO Series 2030      | CO Series 2032      |
|-----------------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| Par Amount                  | \$14,240,000        | \$33,630,000        | \$96,075,000         | \$66,355,000        | \$67,045,000        |
| <b>Project Fund</b>         | <b>\$15,000,000</b> | <b>\$35,000,000</b> | <b>\$100,000,000</b> | <b>\$70,000,000</b> | <b>\$70,000,000</b> |
| True Interest Cost          | 3.53%               | 4.35%               | 4.56%                | 4.42%               | 4.40%               |
| Final Maturity              | 02/15/2032          | 02/15/2050          | 02/15/2053           | 02/15/2055          | 02/15/2057          |
| Average Annual Debt Service | \$2,594,577         | \$2,053,765         | \$6,950,350          | \$4,751,900         | \$4,333,141         |
| Total Debt Service          | \$17,390,877        | \$50,733,720        | \$171,692,969        | \$117,385,141       | \$107,040,636       |

- When using a taxable component for 20% of a Series 2025 Tax Note issuance, total debt service is \$17.48 million, approximately \$90k higher, with the True Interest Cost is estimated to be 3.65%.
- A taxable component for 20% of a Series 2025 C/O issuance, total debt service is \$50.91 million, approximately \$176k higher, with the True Interest Cost is estimated to be 4.39%.



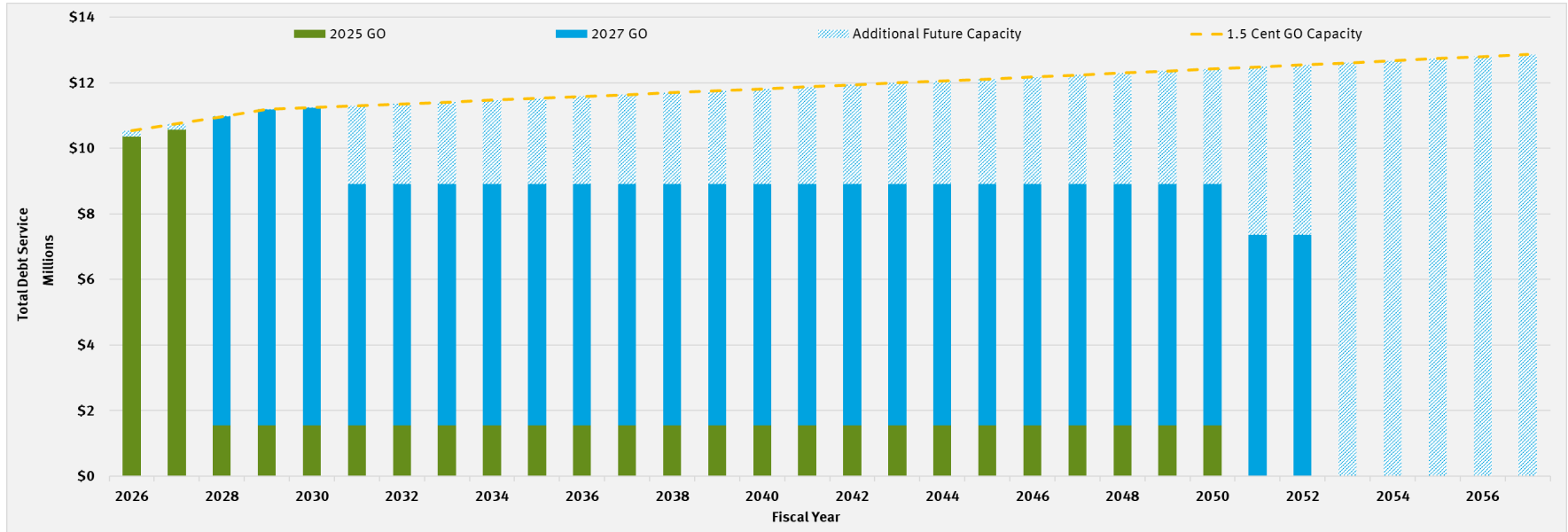
\*Financing Capacity has been calculated using current market interest rates as of 01/03/2025 plus 25 bps.

# Voter Authorized GO Bonds – \$40M Scenario in 2025

## Tax-Exempt Rates –Maximum Project Capacity

| GO Issues                   | GO Series 2025      | GO Series 2027       |
|-----------------------------|---------------------|----------------------|
| Par Amount                  | \$38,640,000        | \$110,155,000        |
| Project Fund                | <b>\$40,000,000</b> | <b>\$115,025,000</b> |
| True Interest Cost          | 4.37%               | 4.50%                |
| Final Maturity              | 02/15/2050          | 02/15/2052           |
| Average Annual Debt Service | \$2,286,099         | \$7,720,730          |
| Total Debt Service          | \$56,473,016        | \$190,723,474        |
| Estimated Tax Impact        | 1.5 cents           | 1.5 cents            |

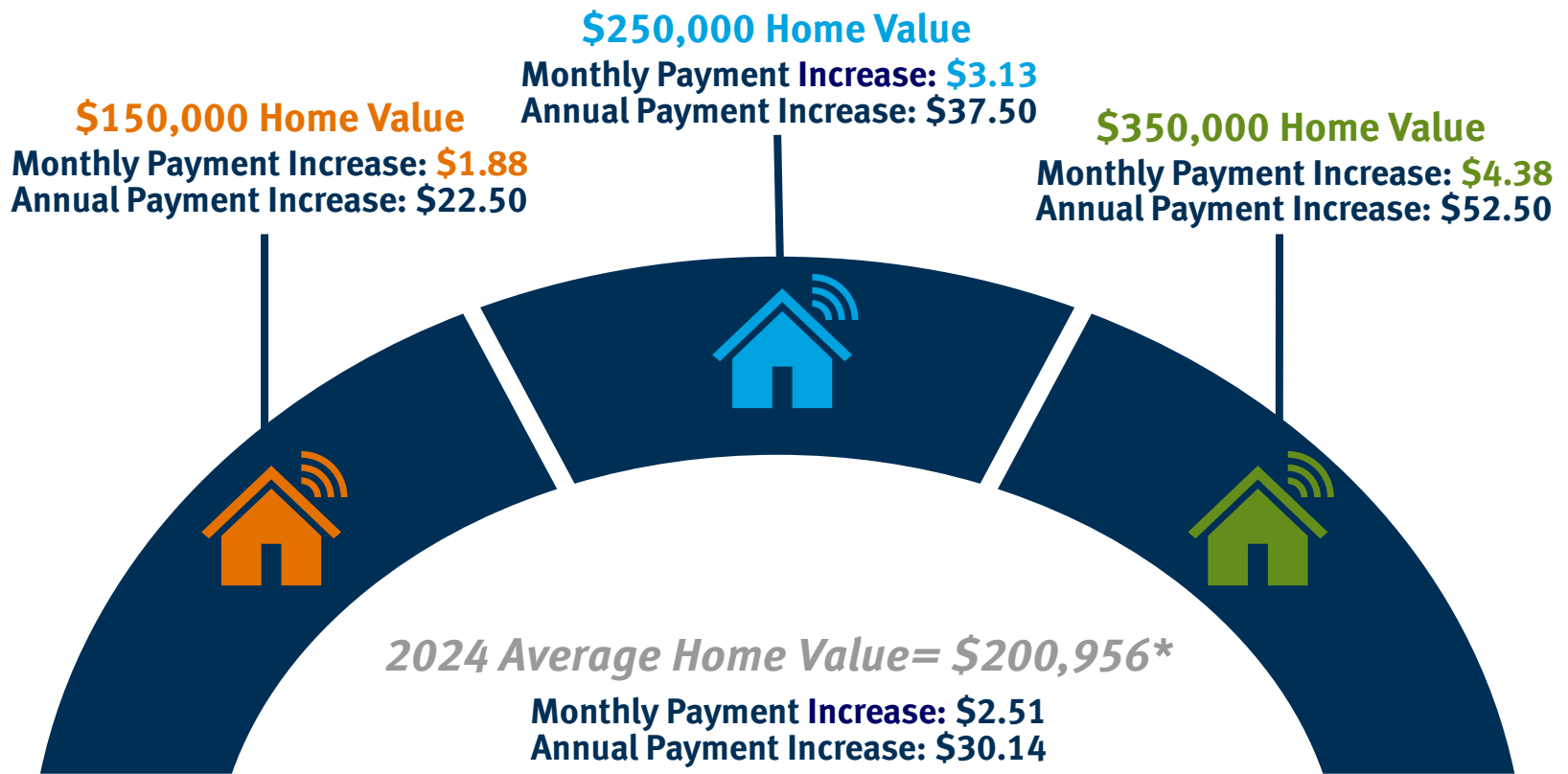
- When using a taxable component for 20% of the Series 2025 issuance, total debt service equals \$56.34 million, approximately \$128k higher, with the True Interest Cost estimated to be 4.40%
- Pending final project amounts and direction from County staff



# Tax Impact to Homeowners – 1.5 Cents to I&S Tax Rate

*\$155 Million GO Bonds Authorized on 11/05/2024*

## How will the \$155M Bond Impact Homeowner Taxes?



## Upcoming Dates and Timeline – GO Bonds & EPPF Financings

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- **Late January** Capital Planning Workshop
- **February 24<sup>th</sup>** Projects and Amounts Determined for FY25 Capital Project Financings
- **March 10<sup>th</sup>** Notice of Intent considered by Commissioners Court (only with C/O)
- **April** Preliminary Taxable Assessed Valuations provided from CAD
- **April 28<sup>th</sup>** **Commissioners Consider Authorization of Financings**  
(GO, TN, and/or CO)
- **May** Rating meetings, drafting of Preliminary Official Statement, and other preparations for issuance
- **June 3<sup>rd</sup>** **Targeted date to lock in interest rates and structures**
- **June 26<sup>th</sup>** Deadline to price and lock in interest rates
- **July 15<sup>th</sup>** Deadline to provide CAD with FY26 debt service schedules