

El Paso County, Texas

Capital Project Financing
November 14th, 2022

Disclosure

Stifel is providing information and is declaring to any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as a financial advisor, as defined therein, and not an underwriter to the issuer for this proposed issuance of municipal securities. A “financial advisory relationship” shall be deemed to exist when a firm enters into an agreement to render financial advisory or consultant services to or on behalf of an issuer with respect to the issuance of municipal securities, including advice with respect to the structure, timing, terms and other similar matters. Accordingly, any services provided by Stifel as they relate to our role as financial advisor should not be construed as those of an underwriter or placement agent.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and /or counsel as you deem appropriate.

Project and Capital Improvement Finance – Preserving County Capacity

▪ The El Paso County debt portfolio is designed to continuously provide project capacity and flexibility for the financing of capital projects

- By using debt, the County can complete a capital project today with a repayment schedule that spreads the cost of that project over its useful life
- Debt financing also allows for the payment of a project over time by all of the people who benefit from the projects, a *pay-as-you-use approach*
- A large reduction in debt service in 2023 and 2024 were structured to allow for additional County projects without an increase to the tax rate
- The County's I&S tax rate and associated project and financing capacity will reduce by approximately 27%, or \$8 million per year in the coming year. This equates to roughly \$110 million in future capital financing.
- Sales Tax revenues are expected to additionally reduce debt service in FY 2024 by approximately \$1.5 million
- 2012 was the last year a project in excess of \$25 million was financed through the County's debt program
- Approximately \$210 million is available in the next three to five years without increasing the tax rate

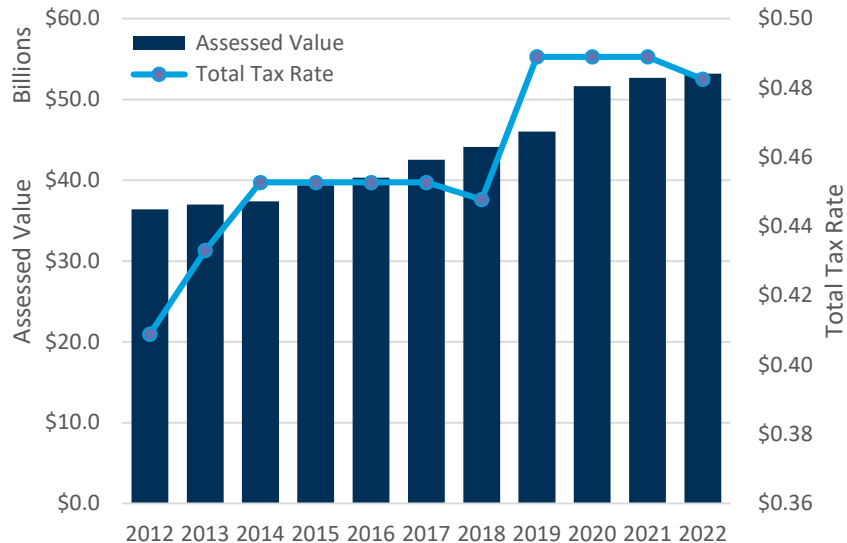
▪ SB2 limited the County's M&O tax levy to a maximum annual growth rate of 3.5%

- Previously, Texas counties could increase budgets and the M&O tax by 8% above its no-new-revenue tax rate without potentially triggering a petition. SB 2 lowered the voter-approval rate, to 3.5%
- The projected M&O loss of revenues as a result of SB2 when applied to the County's past budget years range in amounts from \$533k in 2015 to \$10.5mm in 2012
- Various types of debt obligations and use of the I&S levy are eligible and authorized by the State of Texas to allow the County fund capital maintenance and projects and help offset those M&O losses

General Obligation Tax Base

Tax Year	Assessed Value (\$mm)	Annual Growth %	M&O	I&S	Total Tax Rate	Adjusted Levy (\$mm)
2022	*\$ 54,553	11.5%	\$0.3763	\$0.0500	\$0.4263	-
2021	\$ 48,919	6.3%	\$0.4320	\$0.0382	\$0.4702	\$214*
2020	\$ 46,026	4.3%	\$0.4503	\$0.0387	\$0.4890	\$253
2019	\$ 44,117	4.2%	\$0.4446	\$0.0444	\$0.4890	\$214
2018	\$ 42,536	5.1%	\$0.4060	\$0.0418	\$0.4478	\$188
2017	\$ 40,302	2.4%	\$0.4047	\$0.0480	\$0.4527	\$180
2016	\$ 39,354	5.3%	\$0.4015	\$0.0512	\$0.4527	\$175
2015	\$ 37,374	1.0%	\$0.4018	\$0.0509	\$0.4527	\$172
2014	\$ 37,002	1.6%	\$0.3979	\$0.0548	\$0.4527	\$168
2013	\$ 36,419	3.8%	\$0.3790	\$0.0541	\$0.4331	\$159

*Preliminary and subject to change

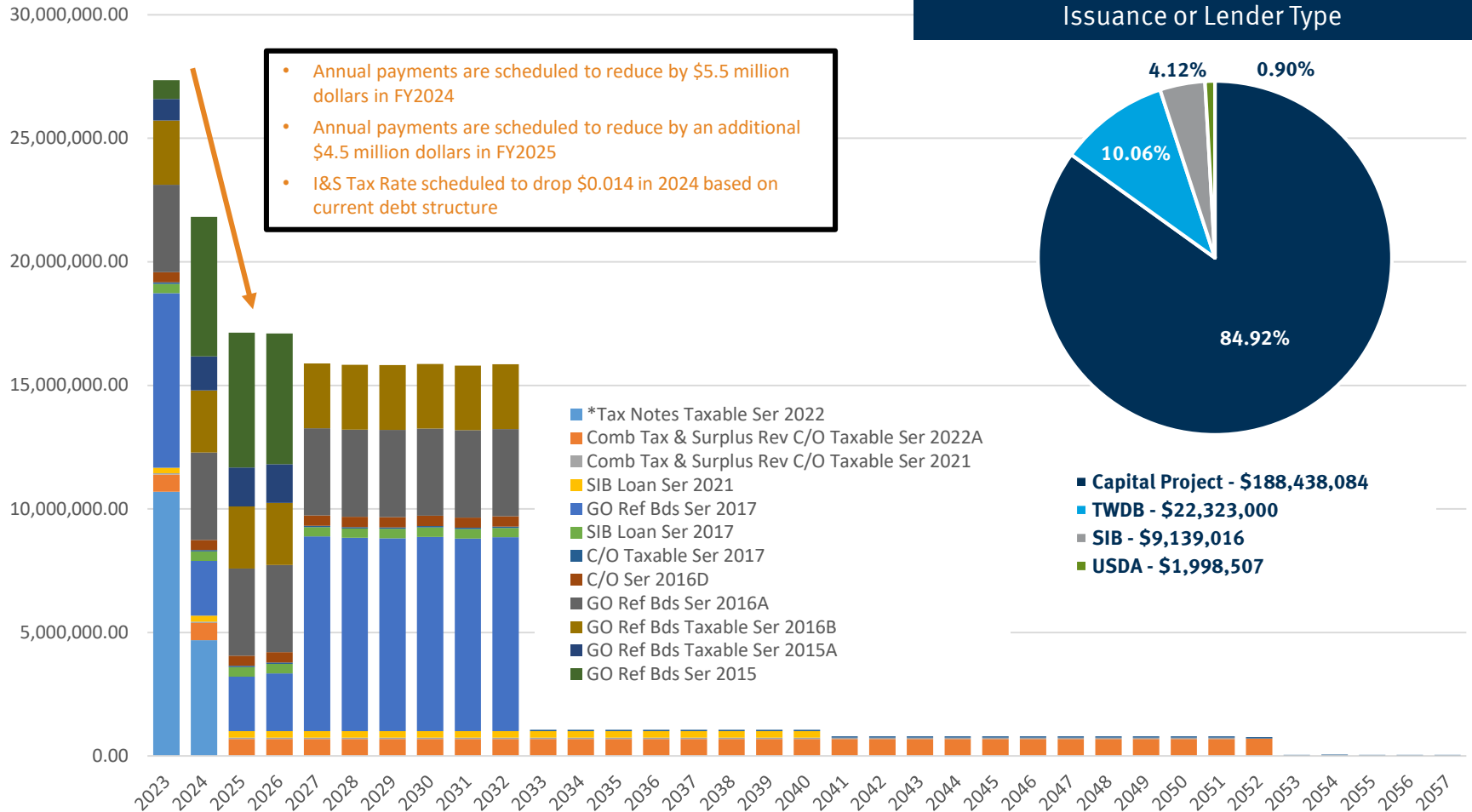


Taxpayer	Industry	AV (\$mm)	% AV
El Paso Electric	Electric Utility/Power Plant	\$ 638.5	1.24%
Western Refining ("Tesoro")	Oil & Gas Refinery	\$ 484.1	0.94%
Wal-Mart Stores	Retail Store	\$ 293.5	0.57%
Sierra Providence Hospital	Rehabilitation Center	\$ 213.2	0.41%
River Oaks Properties	Commercial Land	\$ 203.7	0.39%
Texas Gas Service	Oil & Gas	\$ 153.1	0.30%
Union Pacific Railroad	Railroad	\$ 137.4	0.27%
Simon Property Group	Shopping Center/Mall	\$ 121.1	0.23%
Hawkins & I-10 Acquisition	Shopping Center/Mall	\$ 97.0	0.19%
Tenet Hospitals	Hospital	\$ 89.7	0.17%
Total			5.42%

Employer	Industry	Employees
Fort Bliss	Military Base	47,628
Tenet Hospital Ltd.	Healthcare	3,300
El Paso County	County Government	2,980
University Medical Center	Healthcare	2,619
GC Services	Call Center	2,250
Las Palmas Medical Center	Healthcare	2,184
UTEP	Education	2,000
WBAMC Internal Medicine Clinic	Healthcare	2,000
Helen of Troy Limited	Marketing	1,443
Genpact	Professional Services	1,200

Total Debt Service Summary

Debt Service by Series/Maturity



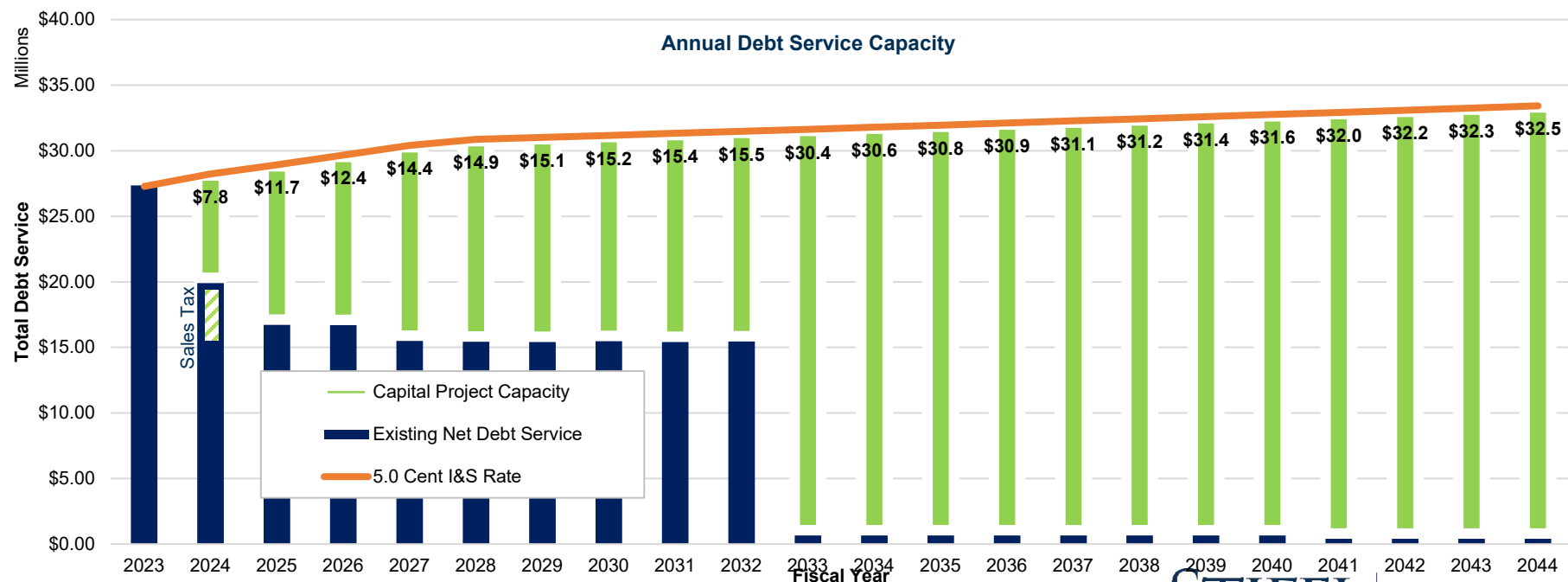
- \$5.194 million of excess sales tax revenues has been netted against debt service in 2023
- Approximately \$1.5 million of excess sales tax expected for 2024

Capital Improvement Financing - Capacity Analysis of \$0.05 I&S Rate

- The El Paso County debt portfolio is designed to continuously provide project capacity and flexibility for the financing of capital projects
- Large reductions in debt service in 2024 were strategically structured to allow for additional County projects
- Substantial project capacity is obtainable while capping the annual I&S tax rate at the current level of 5 cents
- The analysis below **does not represent a tax rate increase**

Capacity Analysis Assumptions:

- 5.0 cent I&S rate ceiling assuming 3.5% growth rate in 2023, 2.5% from 2024 to 2026, 1.5% in 2027, and 0.5% thereafter
- The County estimates \$1.5M in sales tax revenues available for debt service in 2024



El Paso County Maintains Strong “AA” Bond Ratings

- Most recent bond ratings from Moody’s and Fitch

- Moody’s – “Aa2” / Stable
- Fitch – “AA” / Stable

- Summary of Key Rating Factors

- Overall strong economy and tax base**, however values per capita are below US medians and incomes equate to 68% of the US level. (Moody’s 2020)
- Extremely small debt burden** compared to peers
- Financial position is very healthy**

Current Underlying
Bond Ratings

Credit Rating Scale	
Aaa/AAA	Highest Quality Credit (Lowest default risk)
Aa1/AA+	
Aa2/AA	High Grade / High Quality
Aa3/AA-	
A1/A+	
A2/A	Upper Medium Grade
A3/A-	
Baa1/BBB+	
Baa2/BBB	Minimum Investment Grade
Baa3/BBB-	
Ba/BB	Non-Investment Grade / Speculative
C	Highly Speculative
D	Imminent or in Default

- Fitch: “Property tax revenues are the county's largest operating revenue source. Fitch believes natural revenue growth prospects are solidly above inflation but below U.S GDP based on steady local expansion of the residential and retail/commercial sectors. The county's independent legal ability to increase ad valorem revenues is diminished by a new statewide cap on property tax revenue growth that becomes effective for fiscal 2021. However, the county's revenue-raising ability remains high relative to modest expected revenue volatility.”
- Moody’s: “El Paso County has an extremely small debt burden and is a credit strength when compared to its Aa2 rating position. The net direct debt to full value (0.4%) is on par with the US median, and remained the same between 2015 and 2019. However, the pension liability of the county is very burdensome and is a weakness relative to the assigned rating of Aa2. The Moody's-adjusted net pension liability to operating revenues (4.1x) unfavorably far surpasses the US median.”

5 Year Plan of Finance Capacity Scenario: No Tax Rate Increase

- The County can issue approximately **\$210 million for projects** within the next three years **without increasing the total tax rate**, dependent on final terms and sizing of each particular transaction.
- Includes **Tax Note option** in 2024 for projects, design and planning.
- The financing capacity is available while capping the I&S tax rate at the current level of 5 cents.
- Additional future capacity is maintained to provide for future projects and capital improvements.
- This scenario **does not represent a tax rate increase**.

Capital Improvement Program

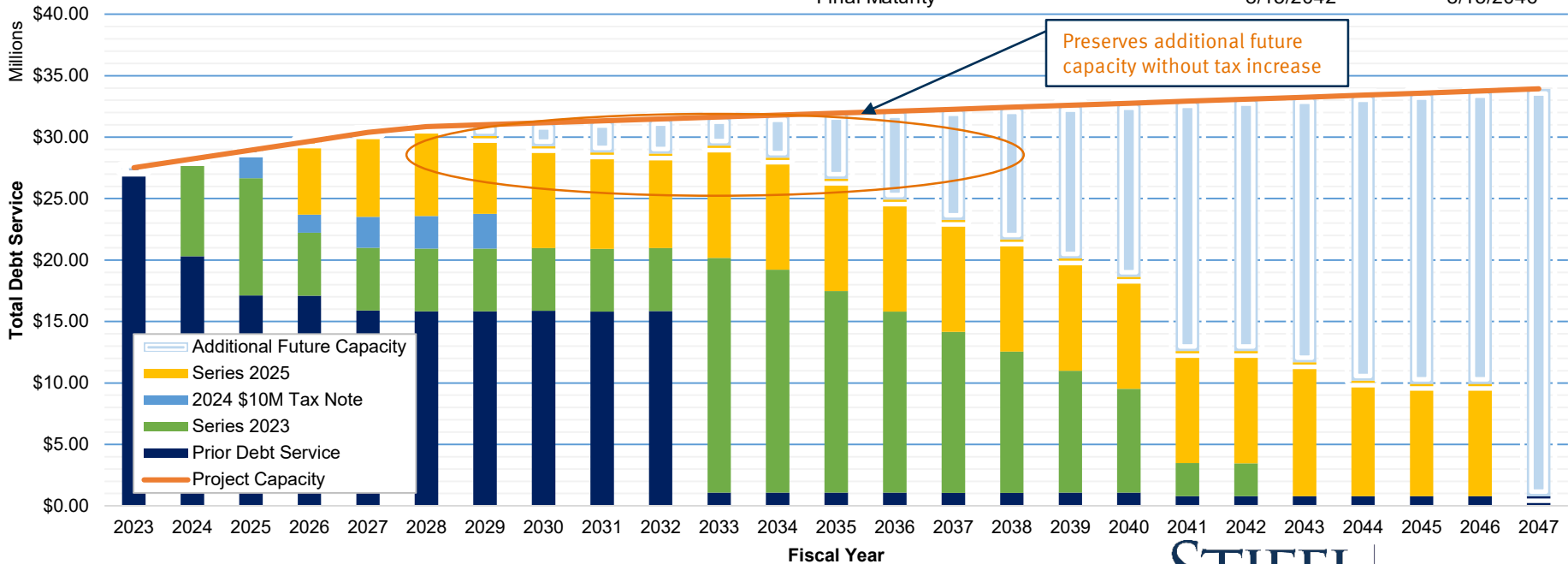
Capacity Analysis - 5 Cent I&S Cap

	Series 2023	Series 2025
Par Amount of Bonds	\$100,910,000	\$100,910,000
Premium / OID	0	0

Total Proceeds	\$100,910,000	\$100,910,000
----------------	---------------	---------------

Project Fund Deposit	\$100,000,000	\$100,000,000
----------------------	----------------------	----------------------

Total Debt Service	\$169,971,704	\$180,028,043
Maximum Annual Debt Service	\$19,113,850	\$10,892,710
Average Annual Debt Service	\$8,945,879	\$8,538,880
All-In-TIC	5.540%	5.596%
Arbitrage Yield	5.540%	5.596%
Final Maturity	8/15/2042	8/15/2046



5 Yr Plan of Finance Scenarios: \$50M, \$75M or \$100M Certificates in 2023

Scenario A) \$100 Million Certificates in 2023

- 5 cent I&S rate (maintains current capacity)
- Average Home Pays \$82.69

Scenario B) \$75 Million Certificates in 2023

- 4.9 cent I&S rate
- Average Home Pays \$80.69
- \$2.28 of Annual Savings on Average Home* for I&S

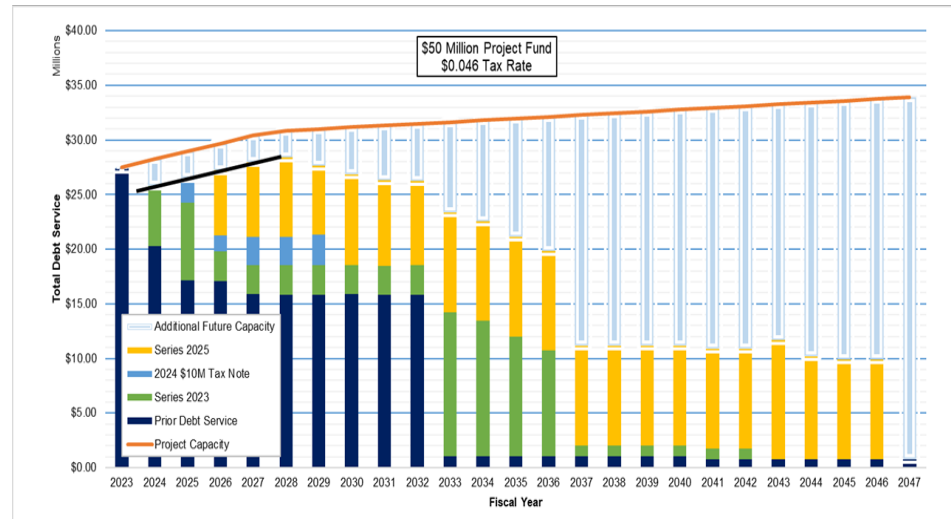
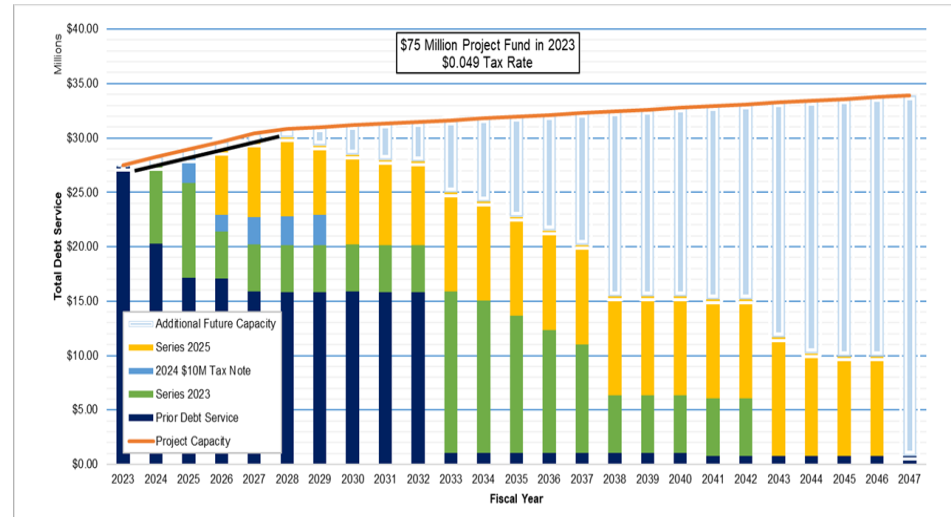
Scenario C) \$50 Million Certificates in 2023

- 4.6 cent I&S rate
- Average Home Pays \$76.33
- \$6.65 of Annual Savings on Average Home* for I&S

Financing Assumptions

Current I&S Tax Rate	\$0.05
Maintain Future GO Option	\$100 Million
Maintain MTN Options	\$10M/2-3 Years

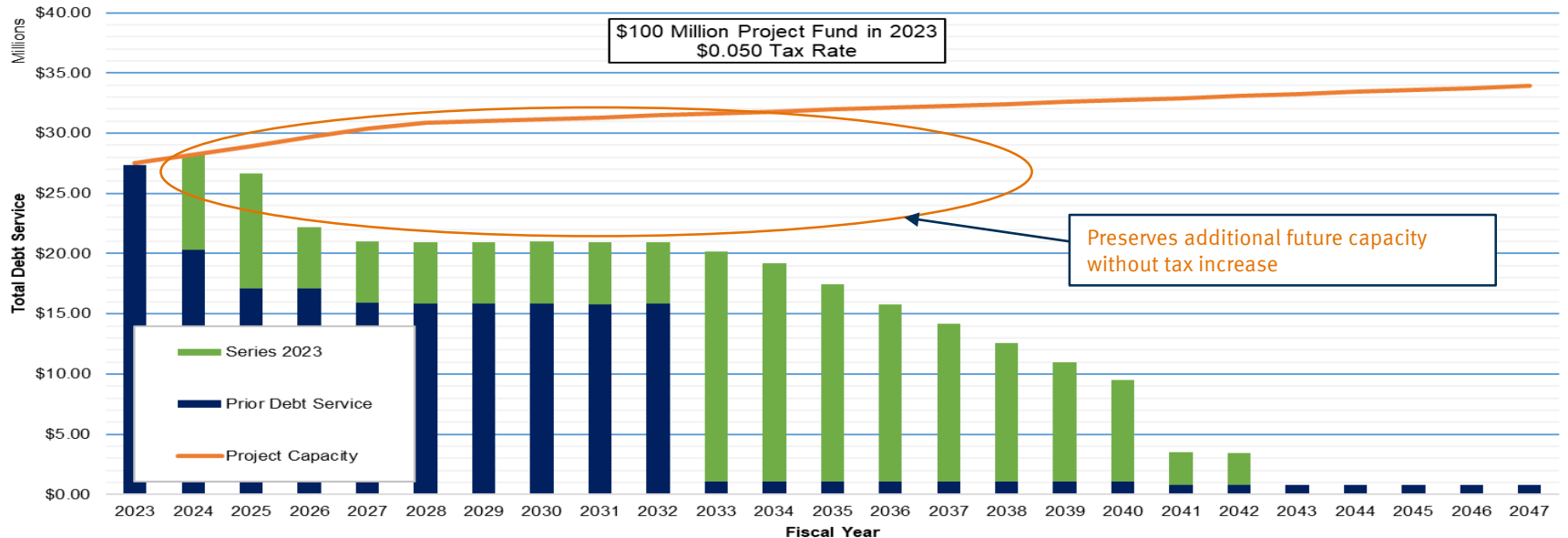
	2023 Certificates of Obligation		
	\$ 100,000,000	\$ 75,000,000	\$ 50,000,000
Project Funds	Taxable	Taxable	Taxable
Tax-Treatment	8/15/2042	8/15/2042	8/15/2042
Final Maturity			
Avg Annual Debt Service	\$ 8,945,894	\$ 7,101,829	\$ 4,385,777
Total Debt Service	\$ 169,971,979	\$ 134,934,753	\$ 83,329,771
Average I&S Tax Rate	\$ 0.050	\$ 0.049	\$ 0.046
EPC Avg Home Taxable Value	\$ 165,000	\$ 165,000	\$ 165,000
Tax Bill for Debt Service	\$ 82.97	\$ 80.69	\$ 76.33
Annual Savings	-	\$ 2.28	\$ 6.65
Current AV	54,553,395,284	54,553,395,284	54,553,395,284
Estimated I&S Tax Rate	\$ 0.050	\$ 0.049	\$ 0.046
I&S Levy	\$ 27,433,508.61	\$ 26,679,226.50	\$ 25,235,422.39
Annual Tax Levy Reduction	\$ 754,282.11	\$ 2,198,086.22	
Present Value, 25 Yr Financing		\$10,630,810.26	\$30,979,705.30



\$100M Series 2023 Certificate of Obligation – No Tax Rate Increase

- Fits within the County’s current capacity of a 5 cent I&S tax rate
- Preserves financing capacity for an additional \$110 million of County projects based on conservative assumptions
- Pricing in January 2023 with a closing in February 2023
- 19 year final maturity fits within the 25 year allowable under Texas law
- Assumes 2 ratings from Moody’s Investors Service and Fitch Ratings
 - Current ratings of “Aa2” and “AA” respectively

Capital Improvement Program	
\$100 Million Certificate of Obligation	
	Series 2023
Par Amount of Bonds	\$100,910,000
Premium / OID	0
Total Proceeds	\$100,910,000
Project Fund Deposit	\$100,000,000
Total Debt Service	\$180,597,018
Maximum Annual Debt Service	\$19,861,385
Average Annual Debt Service	\$9,505,106
Est. All-In-TIC	6.000%
Arbitrage Yield	5.790%
Final Maturity	8/15/2042



Tax Rate Allocation for the Debt Portfolio – Tax Impact for Avg. Home Value

Current Adopted County Tax Rate

- **Total Rate = \$0.4263**
- **M&O Portion = \$0.3763**
- **I&S Portion = \$0.0500** (will not increase with these projects)
- **2024 Projected Portion for \$100M Project = \$0.014**

County Tax Rate Allocations

M&O Portion Rate - \$0.376

Total
Tax
Rate -
\$0.426

FY2024 County Tax Payment Allocations* by Average Taxable Home Value

Average Net Taxable Home Value = \$163,195* in 2022

\$165,000 Home Tax Value Annual Payment Monthly Payment

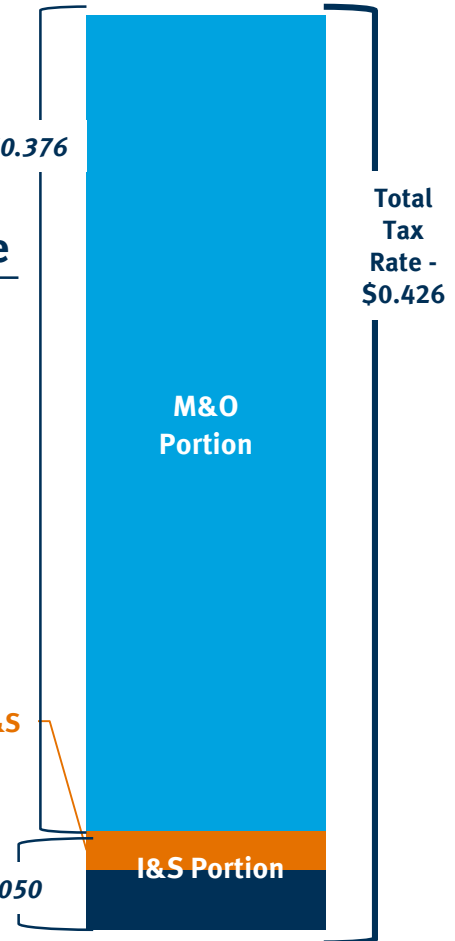
Total County Payment	\$703.38	\$58.61
M&O Portion	\$620.84	\$51.74
Existing I&S Portion	\$59.71	\$4.98
\$100mm Project Portion	\$22.83	\$1.90

\$100,000 Home Tax Value Annual Payment Monthly Payment

Total County Payment	\$426.29	\$35.52
M&O Portion	\$376.26	\$31.36
Existing I&S Portion	\$36.19	\$3.02
\$100mm Project Portion	\$13.84	\$1.15

**\$100M
Project I&S
\$0.014**

Total I&S Rate - \$0.050



** Tax Payment Allocations use FY 2023 I&S and M&O rates held steady for next fiscal year. However, the M&O tax rate is expected to compress and decrease further with additional County growth.

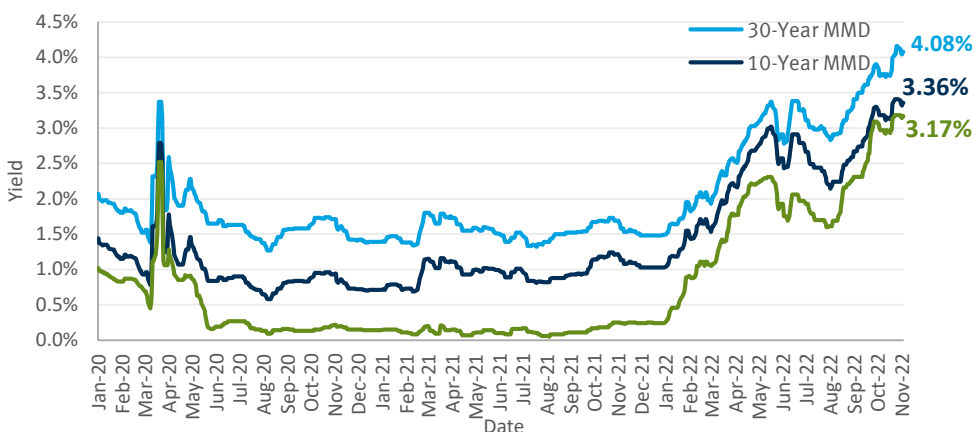
** Source: County Budget and Finance Dept.

Tax-Exempt Interest Rate Movement

Last Week, AAA MMD Yields Decreased Across the Curve

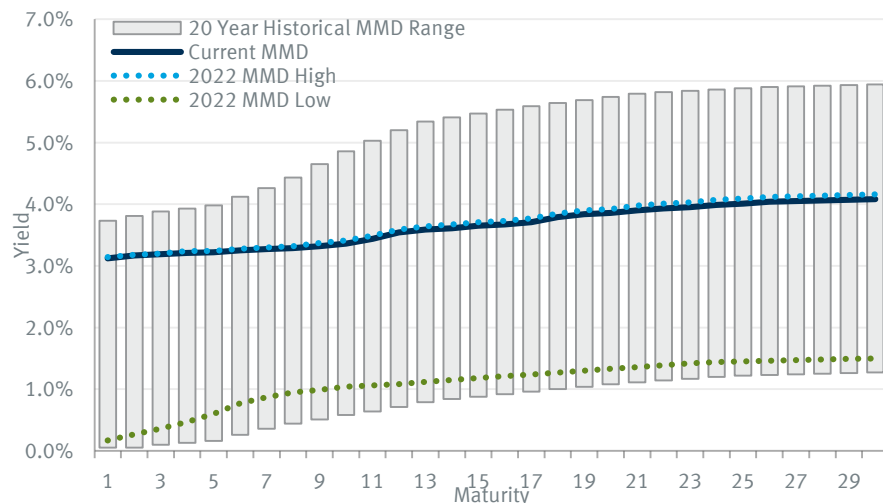
AAA MMD Yields Decreased

Comparing 2, 10 and 30-Year AAA MMD since January 1, 2020



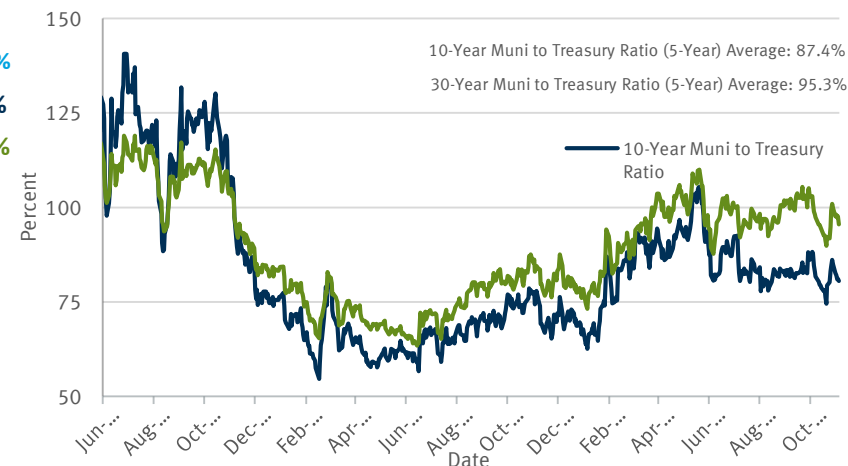
Current MMD Yields

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



10-Year and 30-Year Muni to Treasury Ratios

Muni to Treasury Ratios Since June 2020



AAA MMD Summary Statistics

	5-Year	10-Year	30-Year
Current	3.22%	3.36%	4.08%
Weekly Change	-2 bps	-5 bps	-6 bps

2022 Year-to-Date

YTD Change	+262 bps	+232 bps	+258 bps
High	3.24%	3.41%	4.16%
Low	0.60%	1.04%	1.50%
Average	2.08%	2.40%	2.90%
Year Ending 2021	0.59%	1.03%	1.49%

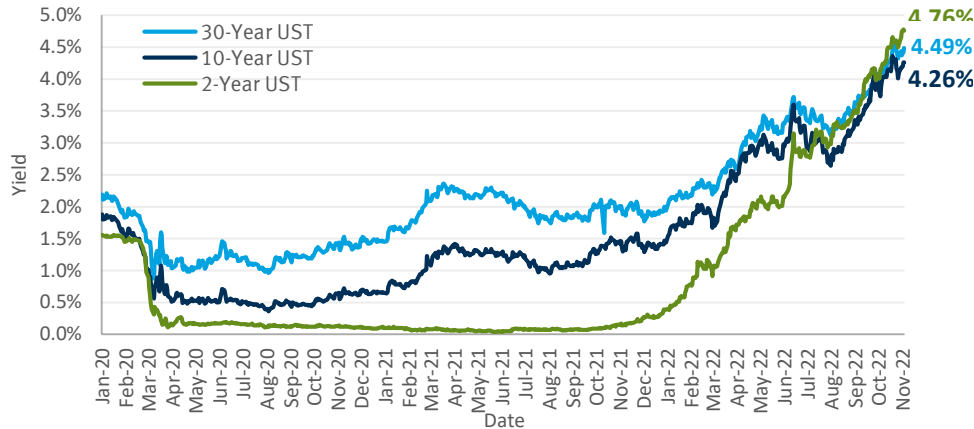
Since January 1, 2018

High	3.24%	3.41%	4.16%
Low	0.16%	0.58%	1.27%
Average	1.28%	1.68%	2.30%

Taxable Interest Rate Movement

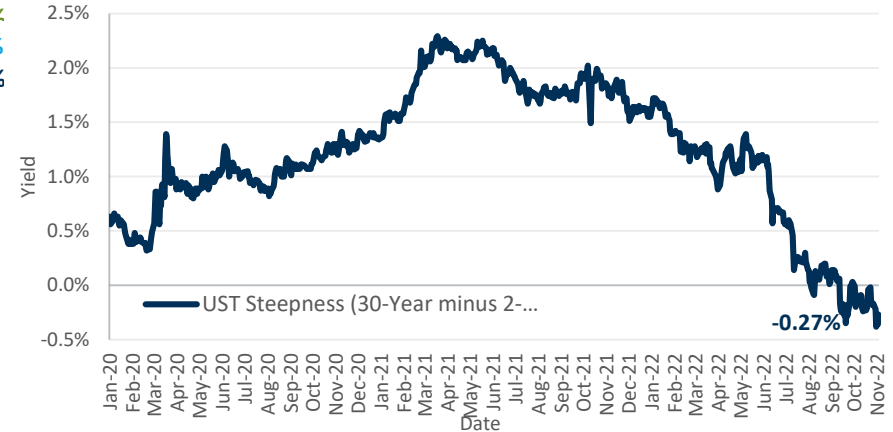
Last Week, UST Yields Increased Across the Curve

UST Yields Increased In Every Maturity Across the Curve
Comparing 2, 10 and 30-Year UST since January 1, 2020

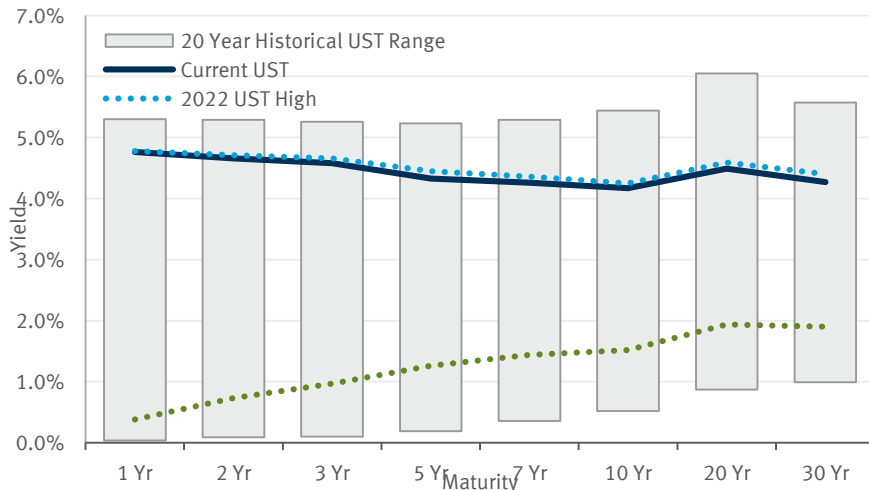


Yield Curve Remains Inverted

Tracking the Gap Between the 30-Year and 2-Year UST since January 1, 2020



Current UST Yields



UST Summary Statistics

	5-Year	10-Year	30-Year
Current	4.33%	4.17%	4.27%
Weekly Change	+14 bps	+15 bps	+12 bps

2022 Year-to-Date

YTD Change	+329 bps	+262 bps	+222 bps
High	4.45%	4.25%	4.40%
Low	1.26%	1.52%	1.90%
Average	2.85%	2.82%	3.00%
Year Ending 2021	1.26%	1.52%	1.90%

Since January 1, 2018

High	4.45%	4.25%	4.40%
Low	0.19%	0.52%	0.99%
Average	1.76%	2.02%	2.44%

Key Financing Dates and Timeline

- **November 3rd**
 - Project and financing presentation to the County Commissioners for consideration of sizing and timing
- **November 14th**
 - Commissioners consider project listing and financing structure
- **November 17th**
 - Commissioners consider Publication of Notice of Intent to Issue Certificates of Obligation
- **January 19th**
 - Commissioner's Special Session Presentation (Ahead of Certificate Sale)
- **January 23rd**
 - Commissioner's Court to authorize sale
 - *Post offering document ("Preliminary Official Statement") for investors and premarketing*
- **January 31st**
 - Certificate pricing and lock-in interest rates
- **February 22nd**
 - Closing of debt obligation (Texas Attorney General approves validity of the transaction prior to closing)



El Paso County, Texas
Certificates of Obligation, Series 2023
Draft Financing Timeline – NOI on 11/17/2022

STIFEL

November 2022							December 2022							January 2023						
Su	M	T	W	Th	F	S	Su	M	T	W	Th	F	S	Su	M	T	W	Th	F	S
			1	2	3	4	5				1	2	3	1	2	3	4	5	6	7
6	7	8	9	10	11	12		4	5	6	7	8	9	10	8	9	10	11	12	13
13	14	15	16	17	18	19		11	12	13	14	15	16	17	15	16	17	18	19	20
20	21	22	23	24	25	26		18	19	20	21	22	23	24	22	23	24	25	26	27
27	28	29	30					25	26	27	28	29	30	31	29	30	31			

February 2023						
Su	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

DATE	ACTION ITEMS	RESPONSIBILITY
TBD	Engage Engineers/Architects to provide preliminary design and cost estimates	EPC
Sep. 5 th , 2022	Holiday – Labor Day	ALL
	Project List, Design and Costs Estimates	EPC
Nov. 3 rd , 2022	Special Commissioner's Court – C/O Work Session with FA and Bond Counsel	EPC/Stifel/McCall
Nov. 17 th , 2022	<ul style="list-style-type: none"> • Commissioner's Court Consideration of Project List • Financial Advisor Presentation of Recommended Financing Structure and Projected Tax Impact • Commissioners Court to Consider Approval of Resolution directing Publication of Notice of Intent to Issue Certificates of Obligation and Delegation Authority (46-day waiting period begins after publication) 	All Parties
Nov. 24 th , 2022	Holiday – Thanksgiving	ALL
Dec. 2 nd , 2022	Deadline to Publish Notice of Intent to Issue and Meet 46-day Statutory Requirement (46 th day falls on 01/17/2023)	All Parties
Wk of Dec. 12 th , 2022	Rating Presentations (2 Agencies – Moody's and Fitch)	EPC/Stifel
Dec. 16 th , 2022	Engagement of Underwriting Team	EPC/Stifel
Dec. 26 th , 2022	Holiday – Christmas Observed	ALL
Jan. 2 nd , 2023	Holiday – New Year's Day Observed	ALL
Jan. 10, 2023	88 th Legislative Session Begins	
Jan. 12, 2022	Receive Bond Ratings from Agencies	EPC/Stifel
Jan. 16 th , 2023	Holiday – MLK Jr. Day	ALL
Jan. 17 th , 2023	46 th day of NOI Publication	
Jan. 23 rd , 2023	• Commissioners Court to Consider Authorization to Issue Certificates of Obligation and Delegation Authority	EPC/McCall/Stifel
Jan. 24, 2023	Due Diligence Call with Underwriters	EPC/BC/UWC
Jan. 25, 2023	Post Preliminary Official Statement ("POS") to EMMA	EPC/Stifel/McCall
Jan. 31 st , 2023	BOND PRICING – Delegated Sale	All Parties
	Transcript Filed with the AG's Office	McCall
	Report Sale Results to EPC Commissioners - C/O Final Terms and Structure	Stifel/McCall
Feb. 20, 2023	Holiday – President's Day	ALL
Feb. 22 nd , 2023	CLOSING and Flow of Funds	All Parties