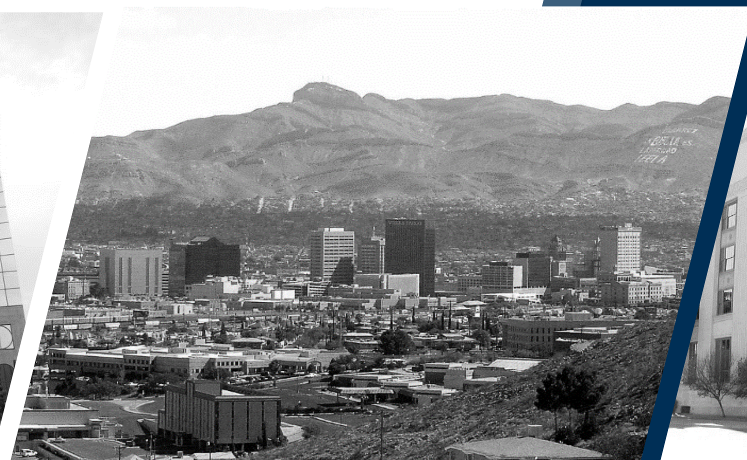

El Paso County, Texas

Capital Project Financing
December 12th, 2022

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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 capital financing this year.
  - 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
  - In the next three to five years, approximately $210 million is available 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

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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

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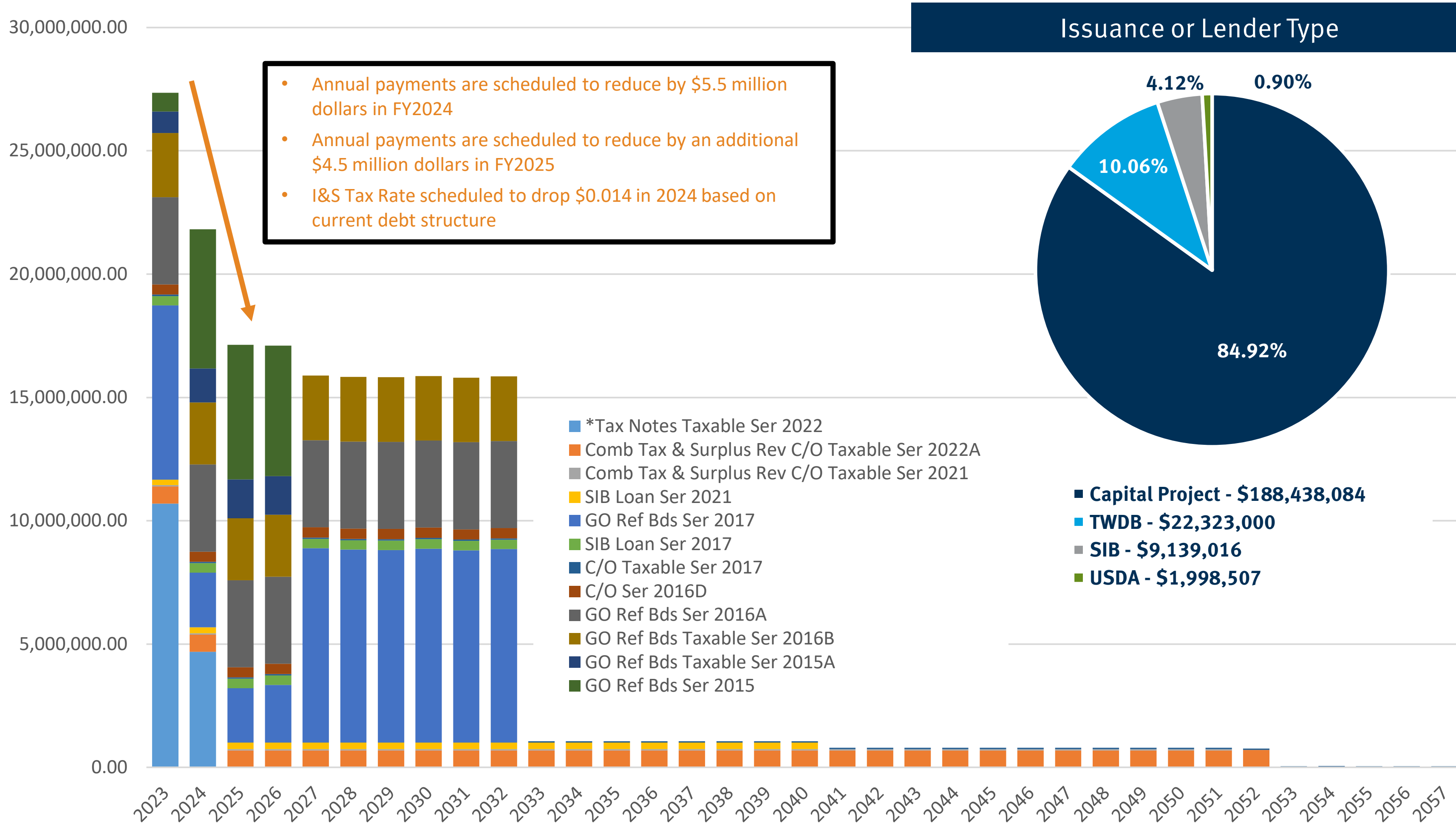
Source: Municipal Advisory Council of Texas and EPC Audits
**2022 Tax Year Assessed Valuation is preliminary and subject to change*

Total Debt Service Summary

Debt Service by Series/Maturity



Issuance or Lender Type

- $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

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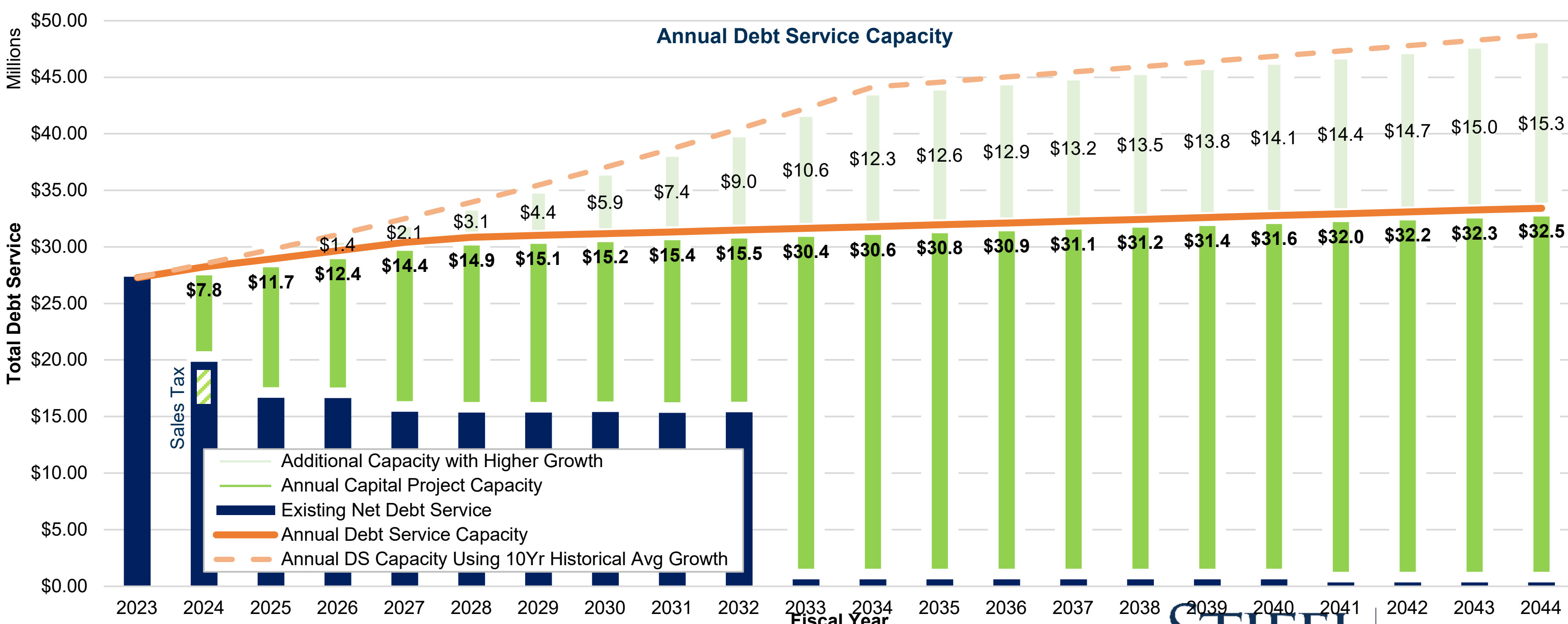
Source: Municipal Advisory Council of Texas

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

- 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**

<u>Capacity Analysis Assumptions:</u>

- The 5.0 cent I&S rate ceiling assumes a conservative 3.5% growth rate in 2023, 2.5% from 2024 to 2026, 1.5% in 2027, and 0.5% thereafter
- The 10 year historical growth rate is 4.47% which would provide a higher annual capacity (depicted with dotted orange line for 10 years, then 1%)
- $1.5M in sales tax revenues estimated to be available for debt service in 2024



PRELIMINARY NUMBERS – SUBJECT TO CHANGE

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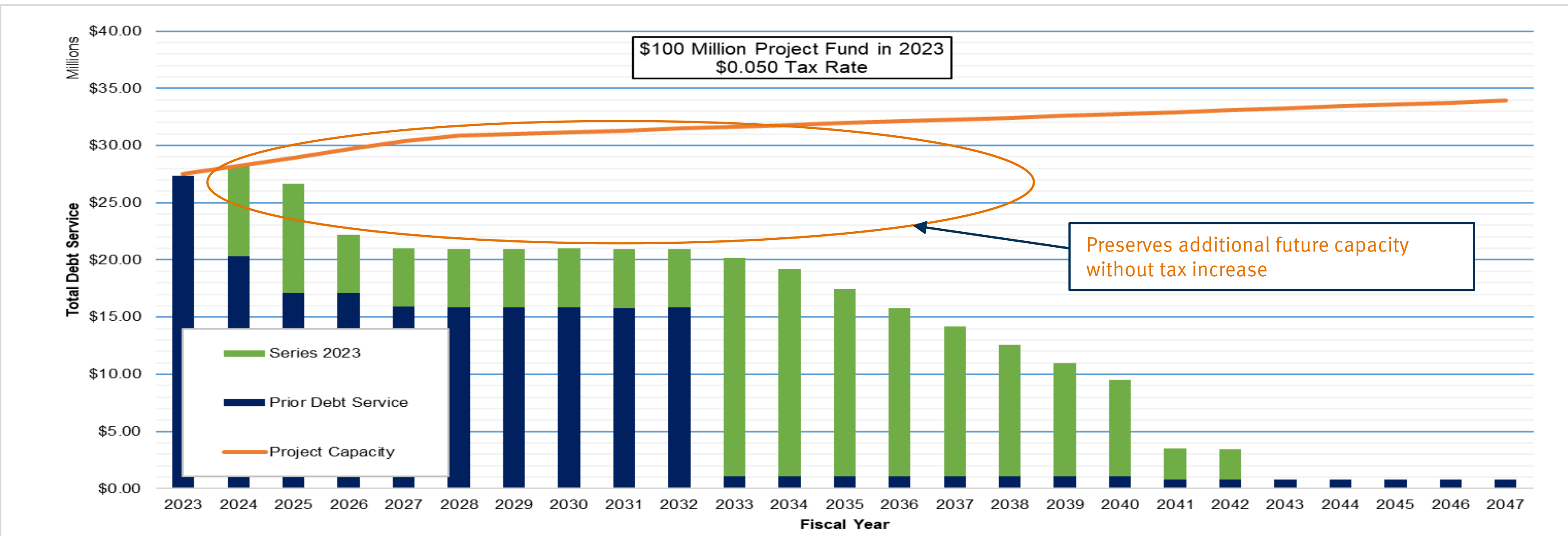
Original Proposed Structure - $100M Certificates of Obligation (“C/O”)

- Fits within the County’s current capacity and I&S tax rate
- Preserves future financing capacity for a $100 million GO Bond Election in November 2024
- Longer term structure of 19 years allows for lower annual payments and flexibility to smooth out aggregate debt service.
- Closing and funding in March 2023

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



PRELIMINARY NUMBERS – SUBJECT TO CHANGE
*Assumes taxable interest rates for conservative estimation purposes

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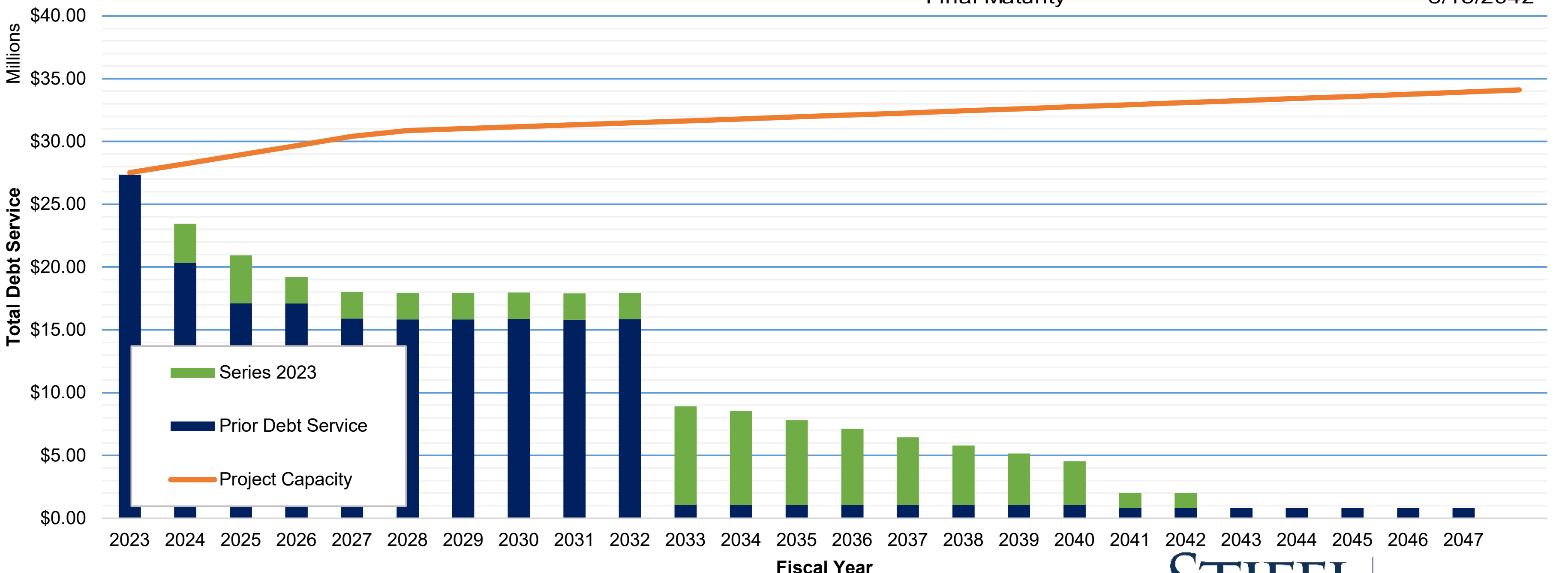
Alternative A)

$41M C/O for Public Safety Infrastructure

- Tax-Exempt Series = $22,600,000
- Taxable Portion = $18,400,000
- A Notice of Intent can be issued in December and a pricing and locking of interest rates could occur in February
- 19-year final maturity fits within the 25 year maximum allowable under Texas law
- Preserves future financing capacity for an additional $100 million of County projects at a November 2024 GO bond election

Capital Improvement Program	
$41 Million Certificate of Obligation	
	Series 2023
Par Amount of Bonds	$41,373,100
Premium / OID	0
Total Proceeds	$41,373,100
Project Fund Deposit	**$41,000,000**
Total Debt Service	**$69,912,233**
Maximum Annual Debt Service	**$7,849,645**
Average Annual Debt Service	**$3,679,591**
All-In-TIC	5.540%
Arbitrage Yield	5.438%
Final Maturity	8/15/2042



PRELIMINARY NUMBERS – SUBJECT TO CHANGE
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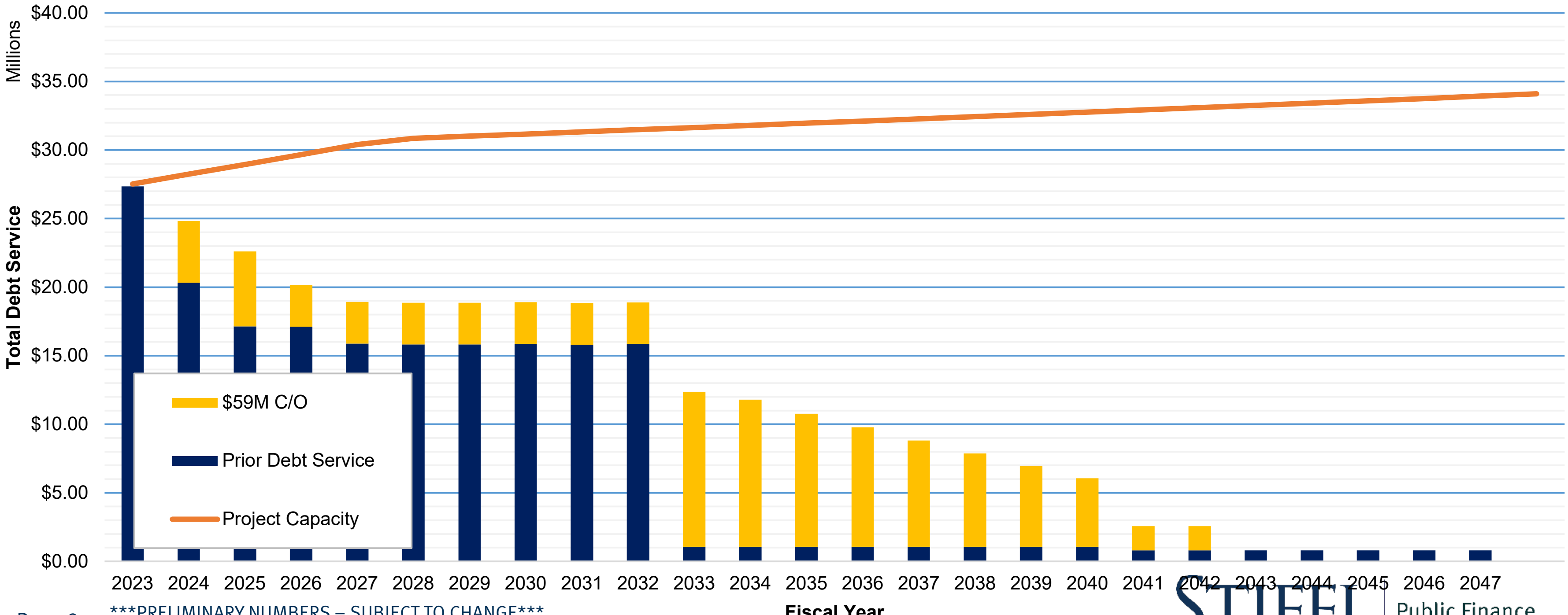
Alternative B)

$59M C/O for Tier 1 Essential Infrastructure

- Tax-Exempt Series = $25,500,000
- Taxable Portion = $33,500,000
- A Notice of Intent can be issued in December and a pricing and locking of interest rates could occur in February
- 19-year final maturity fits within the 25 year maximum allowable under Texas law
- Alternatives A & B can both be issued while preserving future financing capacity for an additional $100 million of County projects at a November 2024 GO bond election

Capital Improvement Program	
$59 Million Certificate of Obligation	
	Series 2023
Par Amount of Bonds	$59,536,900
Premium / OID	0
Total Proceeds	$59,536,900
Project Fund Deposit	**$59,000,000**
Total Debt Service	**$100,605,409**
Maximum Annual Debt Service	**$11,295,830**
Average Annual Debt Service	**$5,295,022**
All-In-TIC	5.540%
Arbitrage Yield	5.438%
Final Maturity	8/15/2042



PRELIMINARY NUMBERS – SUBJECT TO CHANGE

*Assumes taxable interest rates for conservative estimation purposes

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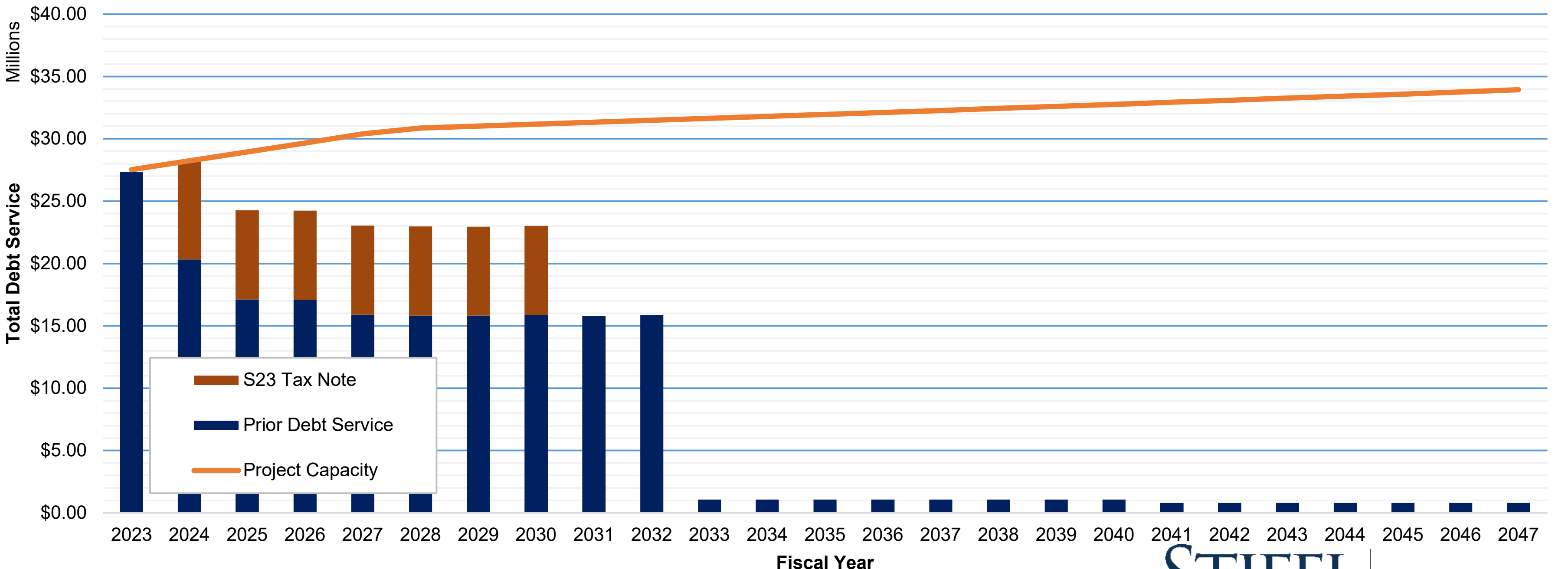
Alternative C)

$41M Tax Note for Public Safety Infrastructure

- Tax-Exempt Series = $22,600,000
- Taxable Portion = $18,400,000
- Tax Notes require one approval from the Commissioners Court
- The short-term financing option is limited to a 7 year maximum final maturity which lowers interest cost
  - Lowers interest cost by $19.2M compared to C/O option
  - Increases annual payment by $3.1M compared to C/O option
- Alternatives B & C can both be issued while preserving future financing capacity for an additional $100 million of County projects at a November 2024 GO bond election

Capital Improvement Program	
$41 Million Tax Note	
	Series 2023
Par Amount of Bonds	$41,375,000
Premium / OID	0
Total Proceeds	$41,375,000
Project Fund Deposit	**$41,000,000**
Total Debt Service	**$50,745,347**
Maximum Annual Debt Service	**$7,918,407**
Average Annual Debt Service	**$6,731,144**
All-In-TIC	4.976%
Arbitrage Yield	4.758%
Final Maturity	8/15/2030



PRELIMINARY NUMBERS – SUBJECT TO CHANGE
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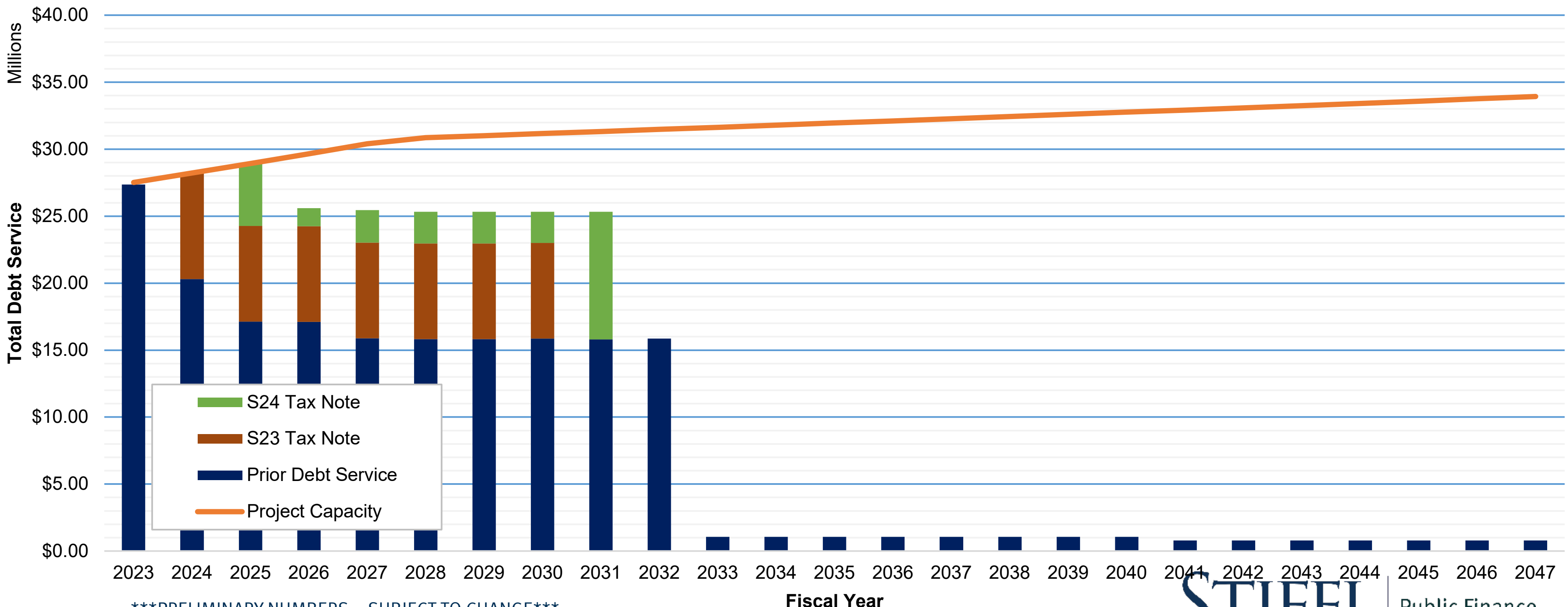
Alternative D)

$20M Tax Note for Tier 1 Essential Infrastructure *(in 2024; Partial Portion of Projects)*

- The higher annual payments for tax notes reduce the amount of projects that can be financed in the next 2 years
- The short-term financing option is limited to a 7 year maximum final maturity which lowers interest cost
- 2024 $20M Tax Note size is based on $41M Tax Note being issued in 2023 and not increasing the tax rate
- Alternatives C & D can both be issued while preserving future financing capacity for an additional $100 million of County projects at a November 2024 GO bond election

Capital Improvement Program	
$20 Million Tax Note	
	Series 2024
Par Amount of Bonds	$20,185,000
Premium / OID	0
Total Proceeds	$20,185,000
Project Fund Deposit	**$20,000,000**
Total Debt Service	**$24,487,713**
Maximum Annual Debt Service	**$4,668,301**
Average Annual Debt Service	**$3,498,245**
All-In-TIC	5.060%
Arbitrage Yield	4.825%
Final Maturity	8/15/2031



PRELIMINARY NUMBERS – SUBJECT TO CHANGE
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