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**NEWS
RELEASE**

04/13/2023

City of El Paso Bond Rating Upgraded to AA+

National Rating Agency Increases City's Bond Rating

EL PASO, TX —The City of El Paso is pleased to announce that we have received an upgrade to the City's bond rating from AA to AA+, the second-highest rating an issuer can award.

"This is incredible, historic news for our community and speaks to the tremendous recognition of the work accomplished over the last nine years. Almost nine years ago, we inherited 21 external audit findings and only had 9 days of operating fund balance. Today, we have 7 years in a row with NO audit findings and we have 91 days in our fund balance," said City Manager Tommy Manager. "This is very important for our taxpayers because we can potentially save millions of dollars in interest over the life of debt we issue or refinance. In many ways, the bond rating can be compared to an individual's personal credit score. If you have an excellent credit score you can get lower interest rates and refinance your home to lower your debt faster. Similarly, a strong bond rating for the City will help the City save millions of dollars for our community, and we can reduce the City's debt."

The upgrade was provided by Kroll Bond Rating Agency, LLC (KBRA). Some of the factors that influenced the increased positive outlook included:

- Conservative budget practices that have supported increasing financial flexibility since 2014.
- An improved fund balance that was increased by \$118 million—going from 9 days of fund balance to 91 days.
- Strong pension funding progress and modest Other Postemployment Benefits (OPEB) obligations
- A comprehensive budget process, active financial monitoring with monthly, a clearly defined reserve policy, and multi-year budgeting for operating and capital purposes.
- moderate debt metrics balanced by very strong pension and OPEB funding progress.
- Consistent revenue growth and conservative budget practices have produced a trend of growing general fund balance each year since 2014.
- Economic strength through the post-pandemic recovery, coupled with pandemic-related federal assistance, has helped to further boost reserves.

"To receive an upgrade to our bond rating which hasn't happened since the 1990s, an organization must have an exemplary management system, including continuous improvement in the delivery of products and services, efficient and effective operations, and responsiveness to customers and employees," Gonzalez said. "Our journey doesn't end with this historic bond rating upgrade. We will continue to improve our business practices, and we are committed to helping others do so as well."

According to KBRA, the City's tax base, strong budgeting, and financial management practices, historically well-balanced operations, and very manageable long-term liabilities led to the improved rating.

In the nearly last nine years, the City has seen a transformation with many financial results including:

- Creating stabilization funds to increase reserves and ensure long-term financial sustainability
- Implementing annual set-aside (pay-go) funding for the top priorities including streets and public safety
- Refinancing old debt that has created over \$68 million in savings – which allows us to minimize tax impact while completing critical capital investments
- Upcoming recommendation to create a "Pay-For-Futures Fund" (PF3) – making the City even further financially strong over the long-term

For more information about the City of El Paso, visit www.EIPasoTexas.gov.

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Promoting **Transparent & Consistent Communication**
Among All Members of the Community

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