PRELIMINARY OFFICIAL STATEMENT
Dated: June 9, 2025

NEW ISSUE - Book-Entry-Only

Ratings: Fitch: "A-" (negative outlook)/Uninsured
KBRA: "AA-" (stable outlook)/Uninsured
"AA+" (stable outlook)/Insured
S&P: "AA" (stable outlook)/Insured
(See "BOND INSURANCE" and OTHER INFORMATION - Ratings")

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters" herein.

UNIVERSITY MEDICAL CENTER OF EL PASO

$265,455,000*
EL PASO COUNTY HOSPITAL DISTRICT
(El Paso County, Texas)

GENERAL OBLIGATION BONDS, SERIES 2025

Dated Date: July 10, 2025 **Due: August 15, as shown on Page 2**
Interest to Accrue from the Date of Delivery (defined below)

Payment Terms . . . Interest on the $265,455,000* El Paso County Hospital District General Obligation Bonds, Series 2025 (the "Bonds") will accrue from the date of their delivery to the underwriters identified below (the "Underwriters"), will be payable February 15 and August 15 of each year, commencing February 15, 2026, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (identified below) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "The BONDS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The BONDS - Paying Agent/Registrar").

Authority for Issuance . . . The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 281, Texas Health and Safety Code, as amended, and Chapter 1371, Texas Government Code, as amended, and an order adopted by the Commissioners Court (the "Commissioners Court") of El Paso County, Texas (the "County"), on behalf of the District, on April 14, 2025 (the "Bond Authorization"), in which the Commissioners Court delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and complete the sale of the Bonds (the Bond Authorization and the Pricing Certificate for the Bonds are jointly referred to as the "Order"). The Bonds constitute direct obligations of the District, payable from the levy and collection of an ad valorem tax levied on all taxable property within the District, within the limits prescribed by law. **The Bonds are not obligations of the County and the holders of the Bonds are not entitled to demand payment from any tax revenues or any other revenues or assets of the County.** (see "The BONDS - Security and Source of Payment").

Purposes of the Bonds . . . Proceeds from the sale of the Bonds will be used to (i) provide funds for acquiring, constructing, equipping, renovating and/or enlarging the District's hospital system, including (a) expansion of cancer treatment facilities, (b) improvements to the University Medical Center of El Paso campus including expansion of treatment services for burn victims, (c) construction of, and/or improvements to, new clinical facilities in Central El Paso focused on older adult/geriatric care, and additional clinical, surgical, and rehabilitation facilities across the County of El Paso, and (d) the acquisition of land and/or other property rights for authorized system purposes, and (ii) pay certain costs of issuance for the Bonds.

Bond Insurance . . . The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc.

ASSURED GUARANTY®

CUSIP PREFIX: 283590
SEE MATURITY SCHEDULE and 9 DIGIT CUSIP
ON PAGE 2

Legality . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel (see Appendix D, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by Bracewell LLP, Dallas, Texas, Counsel for the Underwriters.

Delivery . . . It is expected that the Bonds will be available for delivery through the facilities of DTC on July 10, 2025 (the "Date of Delivery").

J.P. MORGAN

BOFA SECURITES **JEFFERIES**

RAYMOND JAMES **PIPER SANDLER & CO**

* Preliminary, subject to change.

MATURITY SCHEDULE **CUSIP Prefix: 283590** [(1)]

$265,455,000*
GENERAL OBLIGATION BONDS, SERIES 2025

Maturity August 15	Principal Amount	Rate	Yield	CUSIP Suffix[(1)]	Maturity August 15	Principal Amount	Rate	Yield	CUSIP Suffix[(1)]

(Interest to accrue from the Date of Delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Factset Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the District, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

REDEMPTION OF THE BONDS . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 20__, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption of the Bonds").

If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order and will be described in the final Official Statement (see "THE BONDS – Mandatory Sinking Fund Redemption").

* Preliminary, subject to change.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof ("Rule 15c2-12"), this document constitutes an "official statement" with respect to the Bonds that has been "deemed final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriters. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Assured Guaranty Inc. ("AG or the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE" and in "Appendix E - Specimen Municipal Bond Insurance Policy".

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Bonds or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE DISTRICT, ITS FINANCIAL ADVISOR, OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM OR AG OR ITS MUNICIPAL BOND INSURANCE POLICY.

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds (defined herein) to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE DISTRICT............................. The El Paso County Hospital District (the "District") is a political subdivision of the State of Texas (the "State"), located in, and having boundaries contiguous with, El Paso County, Texas (the "County"). The District covers approximately 1,058 square miles. The District is managed by a Board of Managers who are appointed by the El Paso County Commissioners Court (the "Commissioners Court"). Under State law, the Commissioners Court also levies taxes and authorizes the issuance of general obligation bonds on behalf of the District on the District's faith and credit. The principal health care asset of the District is University Medical Center of El Paso, which is located in El Paso, Texas (see "Appendix A - General Information Regarding the District").

THE BONDS…............................ The $265,455,000* El Paso County Hospital District General Obligation Bonds, Series 2025 (the "Bonds") are expected to be issued as serial bonds maturing August 15 in each of the years 2026* through 2055* unless the Underwriters (as defined on the cover page hereof) elect to group two or more consecutive maturities into one or more term bonds (see "THE BONDS - Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the date of their delivery to the Underwriters and is payable on February 15, 2026, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS - Optional Redemption of the Bonds").

AUTHORITY FOR ISSUANCE OF THE BONDS............................ The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 281, Texas Health and Safety Code, as amended, and Chapter 1371, Texas Government Code, as amended, and an order adopted by the Commissioners Court, on behalf of the District, on April 14, 2025 (the "Bond Authorization"), in which the Commissioners Court delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and complete the sale of the Bonds (the Bond Authorization and the Pricing Certificate for the Bonds are jointly referred to as the "Order") (see "THE BONDS - Authority for Issuance of the Bonds").

SECURITY FOR THE BONDS .... The Bonds constitute direct obligations of the District, payable from the levy and collection of an ad valorem tax levied on all taxable property within the District, within the limits prescribed by law. **The Bonds are <u>not</u> obligations of the County and the holders of the Bonds are not entitled to demand payment from any tax revenues or any other revenues or assets of the County**.

REDEMPTION .... The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 20__, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption of the Bonds"). If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order and will be described in the final Official Statement (see "THE BONDS – Mandatory Sinking Fund Redemption").

TAX EXEMPTION........................... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein.

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* Preliminary, subject to change.

USE OF BOND PROCEEDS .... Proceeds from the sale of the Bonds will be used to (i) provide funds for acquiring, constructing, equipping, renovating and/or enlarging the District's hospital system, including (a) expansion of cancer treatment facilities, (b) improvements to the University Medical Center of El Paso campus including expansion of treatment services for burn victims, (c) construction of, and/or improvements to, new clinical facilities in Central El Paso focused on older adult/geriatric care, and additional clinical, surgical, and rehabilitation facilities across the County of El Paso, and (d) the acquisition of land and/or other property rights for authorized system purposes, and (ii) pay certain costs of issuance for the Bonds.

RATINGS .... Kroll Bond Rating Agency, LLC ("KBRA") and S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC ("S&P"), are expected to assign respective ratings of "AA+" (stable outlook) and "AA" (stable outlook) to the Bonds based on the financial guaranty insurance policy of Assured Guaranty Ltd. to be issued simultaneously with the delivery of the Bonds (see "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" for a description of the current state of the financial guaranty insurance industry and information regarding downgrading and negative changes to the ratings outlook of multiple financial guaranty insurers). The Bonds have an unenhanced rating from Fitch Ratings ("Fitch") and KBRA of "A-" (negative outlook) and "AA-" (stable outlook), respectively, to the Bonds, without regard to credit enhancement (see "OTHER INFORMATION - Ratings").

INSURANCE .... The scheduled payment of principal and interest on the Bonds when due will be guaranteed under the Policy to be issued concurrently with the delivery of the Bonds by AG. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" for a description of the current state of the financial guarantee insurance industry and information regarding downgrading and negative changes to the ratings outlook of multiple financial guaranty insurers.

BOOK-ENTRY-ONLY SYSTEM .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD .... The District has never defaulted in payment of its general obligation tax debt.

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9-30	Estimated Population [1]	Taxable Assessed Valuation [2]	Taxable Assessed Valuation Per Capita	Gross G.O. Tax Debt Outstanding at End of Year	Ratio of Gross G.O. Tax Debt to Taxable Assessed Valuation	Gross G.O. Tax Debt Per Capita
2021	839,238	$ 47,911,680,417	57,090	$ 318,330,000	0.66%	$ 379
2022	865,657	50,841,369,096	58,732	309,920,000	0.61%	358
2023	867,947	57,989,141,420	66,812	301,115,000	0.52%	347
2024	868,763	63,925,404,167	73,582	277,745,000	0.43%	320
2025	875,784	69,413,944,594 [3]	79,259	533,470,000 [4]	0.77% [4]	609 [4]

(1) Source: District Officials.
(2) As reported by the El Paso Central Appraisal District; subject to change during the ensuing year.
(3) The 2024/25 Net Taxable Assessed Valuation includes a difference in exemptions amounts from the Appraisal District of $130,379,631.
(4) Projected, includes the Bonds. Preliminary, subject to change.

For additional information regarding the District, please contact:

Michael Nunez
District Chief Financial Officer
El Paso County Hospital District
4815 Alameda Avenue
El Paso, Texas 79905
(915) 521-7626

or

Maria Fernanda Urbina
Managing Director
Hilltop Securities Inc.
221 N. Kansas, Ste. 600
El Paso, Texas 79901
(915) 351-7228

or

Chris Janning
Managing Director
Hilltop Securities Inc.
717 N. Harwood St., Suite 3400
Dallas, Texas 75201
(214) 953-4042

DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS – EL PASO COUNTY COMMISSIONERS COURT

Officials	Length of Service	Term Expires
Ricardo A. Samaniego, County Judge	6 years	2026
Jackie Butler, Commissioner Pct. #1	1 year	2028
David Stout, Commissioner Pct. #2	9 years	2026
Illiana Holguin, Commissioner Pct. #3	4 years	2028
Sergio Coronado, Commissioner Pct. #4	2 years	2026

APPOINTED OFFICIALS – BOARD OF MANAGERS OF THE DISTRICT

Board of Managers	Length of Service as of April 30, 2025	Term Expires	Occupation
Kristina Mena Ph.D., Board Chair	5 years	2026	Educator – Regional Dean, Higher Education
Anna Perez, Ed.D., Board Vice Chair	4 years	2027	Retired Education
Senior District Judge Linda Chew, Board Secretary	1 year	2027	Retired State District Judge
Miguel Fernandez	8 years	2026	Business Owner, Technology
James Stephen DeGroat	15 years	2028	Retired Financial Advisor
Isidro Torres	2 years	2028	Not For Profit Executive Director
Henry Gallardo	9 years	2025 [1]	Founding Partner/Business Owner, Financial Advisor

[1] Mr. Gallardo's term expired as of March 31, 2025 and no replacement member has been appointed. Mr. Gallardo will remain a member until the Commissioners Court of the County either reappoints him or appoints a new member in July 2025.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service	Length of Healthcare Service
R. Jacob Cintron	President & CEO	9 Years	36 Years
Michael L. Nunez	District Chief Financial Officer	15 Years	24 Years
Amyra Daher	Chief Nursing Officer	4 Years	23 Years
Omar Villa	Chief Legal Officer	7 Years	13 Years
Cathy Gibson	Chief Compliance Officer	20 Years	37 Years
Lorena Navedo	Chief Administrative Officer	8 Years	20 Years
Maria Zampini	Chief Operating Officer	12 Years	31 Years
Joel Hendryx	Chief Medical Officer	8 Years	39 Years
Ray Davis	Chief Information Officer	6 Years	40 Years
Leticia Flores	Chief Financial Officer	5 Years	23 Years
Jon Law	District Chief Strategy Officer	1 Year	21 Years
Ruben Vogt	District Chief Advocacy Officer	1 Year	6 Years
Chris Chacon	Chief Executive Officer, UMC Surgical Hospital	2 Years	19 Years
Jose Rodriguez	Chief Operating Officer, UMC Surgical Hospital	2 Years	20 Years

CONSULTANTS AND ADVISORS

Auditors .... Forvis Mazars, LLP.
Dallas, Texas

Bond Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor.. Hilltop Securities Inc.
El Paso, Texas

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OFFICIAL STATEMENT

RELATING TO

$265,455,000*
EL PASO COUNTY HOSPITAL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2025

INTRODUCTION

This Official Statement, which includes the cover page and the Appendices hereto, provides certain information regarding the issuance of $265,455,000* El Paso County Hospital District General Obligation Bonds, Series 2025 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order (defined herein), except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District's Financial Advisor, Hilltop Securities Inc., El Paso, Texas, upon payment of reasonable copying, handling, and delivery charges.

DESCRIPTION OF THE DISTRICT . . . The District is a political subdivision of the State of Texas (the "State"), being a Hospital District created pursuant to a vote of the qualified electors of El Paso County, Texas (the "County") in 1958 in accordance with Article IX, Section 4 of the Texas Constitution and began operations in 1959. The boundaries of the District are coterminous with those of the County. The District covers approximately 1,058 square miles. The principal medical facility operated by the District is University Medical Center of El Paso (the "Hospital"). The management, control and administration of the affairs of the District have been delegated to a Board of Managers (the "Board") consisting of seven members appointed to three-year terms by the Commissioners Court of the County (the "Commissioners Court"). The Commissioners Court, acting on behalf of the District, retains certain governance responsibilities in addition to the appointment of the Board, including levying the annual tax rate and authorizing the issuance of general obligation bonds. See "Appendix A – General Information Regarding the District" for more detailed description of the District and the Hospital.

PLAN OF FINANCING

PURPOSE OF THE BONDS . . . Proceeds from the sale of the Bonds will be used to (i) provide funds for acquiring, constructing, equipping, renovating and/or enlarging the District's hospital system, including (a) expansion of cancer treatment facilities, (b) improvements to the University Medical Center of El Paso campus including expansion of treatment services for burn victims, (c) construction of, and/or improvements to, new clinical facilities in Central El Paso focused on older adult/geriatric care, and additional clinical, surgical, and rehabilitation facilities across the County of El Paso, and (d) the acquisition of land and/or other property rights for authorized system purposes, and (ii) pay certain costs of issuance for the Bonds.

SOURCES AND USES OF FUNDS . . . Proceeds from the sale of the Bonds will be used approximately as follows:

Sources of Funds	
Par Amount	
[Net] Reoffering Premium/Discount	
Total Sources of Funds	
Uses of Funds	
Deposit to Construction Fund	
Cost of Issuance	
Underwriters' Discount	
Total Uses of Funds	

* Preliminary, subject to change.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated their date of delivery and mature on August 15 in each of the years and in the amounts shown on page two hereof. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months and will be payable on February 15 and August 15 of each year, commencing February 15, 2026, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (defined herein) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System" herein).

Interest on the Bonds is payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (as defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at maturity or upon prior redemption, upon their presentation and surrender to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

AUTHORITY FOR ISSUANCE OF THE BONDS . . . The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 281, Texas Health and Safety Code, as amended, and Chapter 1371, Texas Government Code, as amended, and an order adopted by the Commissioners Court, on behalf of the District, on April 14, 2025 (the "Bond Authorization"), in which the Commissioners Court delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and complete the sale of the Bonds (the Bond Authorization and the Pricing Certificate for the Bonds are jointly referred to as the "Order").

SECURITY AND SOURCE OF PAYMENT . . . The Bonds constitute direct obligations of the District, payable from the levy and collection of an ad valorem tax levied on all taxable property within the District, within the limits prescribed by law. **The Bonds are not obligations of the County and the holders of the Bonds are not entitled to demand payment from any tax revenues or any other revenues or assets of the County.**

TAX RATE LIMITATION . . . All taxable property within the District is subject to the assessment, levy and collection by the Commissioners Court for the benefit of the District of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article IX, Section 4, of the Texas Constitution is applicable to county-wide hospital districts and limits the maximum ad valorem tax rate to $0.75 per $100 of assessed valuation for all purposes (see "TAX INFORMATION - General Obligation Debt Limitation").

OPTIONAL REDEMPTION OF THE BONDS . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 20__, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the District may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

MANDATORY SINKING FUND REDEMPTION . . . If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order and will be described in the final Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY

BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Order have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied or sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

AMENDMENTS TO THE ORDER . . . The Commissioners Court, on behalf of the District and with the consent of the District, may amend the Order without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including, but not limited to, the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the Commissioners Court, on behalf of the District and with the consent of the District may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition, or rescission may (i) change the date specified as to the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Bond or interest thereon is payable, or in any other way modify the terms of payment of the principal or of interest on the Bonds; (ii) give any preference to any Bond; (iii) extend a waiver of default to subsequent defaults; or (iv) reduce the aggregate principal amount of the Bonds as required for consent to any amendment, addition or waiver.

DISCHARGE OF THE BONDS . . . The Order provides that the Bonds may be discharged, defeased, redeemed or refunded in any manner now or hereafter permitted by law. Under current State law, such discharge may be accomplished either: (i) by depositing with the Comptroller of Public Accounts of the State (the "State Comptroller") a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption, and/or (ii) by depositing with the Paying Agent/Registrar, or other authorized escrow agent, amounts sufficient, together with the investments earnings thereon, to provide for the payment of such Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iii) any combination of (i) and (ii) above. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Bonds. The Bond Authorization provides that the Pricing Officer may limit the eligible defeasance securities as deemed necessary in connection with the sale of the Bonds, and if so limited, the final Official Statement will include the final list of the eligible defeasance securities.

Under current State law, after such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the obligations for redemption or take any other action amending the terms of such Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other defeasance security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure* *documents such as this Official Statement. The District and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The District and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or any notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or any notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments on the Bonds to DTC are the responsibility of the District, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered. (See "REGISTRATION, TRANSFER AND EXCHANGE" herein)

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) with respect to the Bonds. In that event, Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District, the Financial Advisor or the Underwriters.

Effect of Termination of Book-Entry-Only System. In the event the Book-Entry-Only System with respect to the Bonds is discontinued by DTC, or the use of the Book-Entry-Only System with respect to the Bonds is discontinued by the District, printed Bond certificates will be issued to the respective holders of the Bonds, and the respective Bonds will be subject to transfer, exchange, and registration provisions as set forth in the Order, summarized under "THE BONDS - Registration, Transfer and Exchange" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"). In the Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, financial institution, or trust company organized under the laws of the United States or any state or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar, and the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

REGISTRATION, TRANSFER AND EXCHANGE . . . In the event the Book-Entry-Only System is discontinued for the Bonds, printed Bond certificates will be delivered to the beneficial owners thereof, and thereafter the Bonds may be transferred, registered and assigned on the registration books only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment must be acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bond or Bonds being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States Mail, first class postage prepaid, to the new registered owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in authorized denominations and for a like kind and aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds.

LIMITATION ON TRANSFER OF BONDS . . . Neither the District nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond called for redemption in part.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . The Order does not specify events of default with respect to the Bonds. If the District defaults in the payment of principal of or interest on the Bonds when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Order, the registered owners may seek a writ of mandamus to compel District officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or Order and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. Under State law there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Order. Although a registered owner of Bonds could presumably obtain a judgment against the District if a default occurred in the payment of principal of or interest on any such Bonds, such judgment could not be satisfied by execution against any property of the District. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the County, on behalf of the District, to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the District, permits the District to waive sovereign immunity in the proceedings authorizing the issuance of the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds, the District has not waived the defense of sovereign immunity with resect thereto. Because it is unclear whether the Texas legislature has effectively waived the District's governmental immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or covenants set forth in the Order. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

The Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the District to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Bondholders. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

BOND INSURANCE

BOND INSURANCE POLICY . . . Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

ASSURED GUARANTY INC. . . . AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Capitalization of AG

At March 31, 2025:

- The policyholders' surplus of AG was approximately $3,522 million.

- The contingency reserve of AG was approximately $1,421 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,416 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE".

BOND INSURANCE GENERAL RISKS

GENERAL . . . The District has obtained a commitment from AG to provide the Policy relating to the Bonds. See "BOND INSURANCE" herein. The Bonds will be insured by AG in accordance with the terms of the commitment and the Policy. AG will have certain subrogation rights and be deemed to be the sole holder of the Bonds for purposes of exercising any voting and directing any remedies that the holders of the Bonds may have.

In the event of default in the payment of scheduled principal or interest with respect to the Bonds when all or some becomes due, the Paying Agent shall have a claim under the Policy on behalf of the holders for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy will not insure redemption premium payable on the Bonds, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is expected to be covered by the Policy, however, such payments will be made by AG at such time and in such amounts as would have been due absent such prepayment by the District unless AG chooses to pay such amounts at an earlier date.

Principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment may exist.

In the event AG is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent/Registrar pursuant to the Order. In the event AG becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of AG and its claims paying ability. AG's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of AG and of the ratings on the Bonds will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See “BOND INSURANCE” herein.

The obligations of AG under the Policy are unsecured contractual obligations of AG, and, in an event of default by AG, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency of insurance companies.

AG may direct, and must consent to, any remedies that are exercised and AG’s consent may be required in connection with amendments to the Order.

Neither the District nor the Underwriters have made independent investigation into the claims-paying ability of AG and no assurance or representation regarding the financial strength or projected financial strength of AG is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay the principal of and interest on the Bonds and the claims-paying ability of AG over the life of the investment.

CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS . . . S&P Global Ratings, a Standard & Poor's Financial Services LLC business, Moody's Investor Services, Inc., and Fitch Ratings (the "Rating Agencies") have, in the past, downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers are possible. Thus, when making an investment decision, potential investors should carefully consider the ability of AG to pay principal and interest on the Bonds and the claims-paying ability of AG, particularly over the life of the investment.

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TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the El Paso Central Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). See Table 1 for the reduction in taxable valuation attributable to the 10% Homestead Cap.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2025 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,160,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026 (unless extended by the Texas Legislature), the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates. See "TAX INFORMATION – District and Taxpayer Remedies."

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. See Table 1 for the reduction in taxable valuation attributable to state-mandated homestead exemptions.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. Cities, counties and school districts that adopted an optional homestead exemption described in (1), above, for the 2022 tax year are prohibited from repealing or reducing the exemption through December 31, 2027. The exemption described in (2), above, may be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. See Table 1 for the reduction in taxable valuation attributable to local option homestead exemptions.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

TAX INCREMENT FINANCING ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment." During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions, TIRZ and tax abatement agreement participation described above are applicable to the District, see "TAX INFORMATION – District Application of Tax Code" herein.

PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's maintenance and operation tax levy (adjusted) from the current year's values (unadjusted) multiplied by 1.08, plus a rate that will produce the current year's debt service from the prior year's values (adjusted).

The District's tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures in the current year (its "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (its "debt service tax rate"). Under State law, the assessor for the District must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the District to the Commissioners Court, on behalf of the District, by August 1 or as soon as practicable thereafter.

A county, acting for the benefit of a hospital district, must annually calculate and prominently post on its internet website, and submit to the District tax assessor-collector its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller. A county must adopt a tax rate for the hospital district before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the county, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If the county fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the county for the benefit of the hospital district for the preceding tax year.

As described below, the Property Tax Code provides that if a county adopts a tax rate for a hospital district that exceeds the hospital district's voter-approval tax rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A county may not adopt a tax rate for a hospital district that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until the appraisal district has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the county, on behalf of the hospital district, has held a public hearing on the proposed tax increase.

If a hospital district's adopted tax rate for any tax year exceeds the voter-approval tax rate, the county acting on behalf of that hospital district must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate for the hospital district to the voter-approval tax rate.

State law provides cities, counties and hospital districts in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the County's ability to set a debt service tax rate for the District in each year sufficient to pay debt service on all of the District's tax-supported debt obligations, including the Bonds.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the District is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65-years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1. Taxpayers who are 65-years old or older may also defer payment of taxes on a homestead without penalty until 181 days after the person no longer owns the property or occupies it as a residence homestead.

DISTRICT AND TAXPAYER REMEDIES . . . Under certain circumstances, the District and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the District may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount," as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more as of the most recent federal decennial census may additionally protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $61,349,201 for the 2025 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the County, on behalf of the District, and provides for taxpayer referenda that could result in the repeal of certain tax increases (See "– Public Hearing and Maintenance and Operation Tax Rate Limitations".) The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7%	2%	9%
April	8%	3%	11%
May	9%	4%	13%
June	10%	5%	15%
July	12%	6%	18%

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to incur the penalty as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, a taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may provide for a fee up to 20% of the amount of delinquent tax, penalty, and interest collected.

Taxes levied by the District are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of all other such taxing units. A tax lien on real property has priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty and interest. At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. The ability of the District to collect delinquent taxes by foreclosure may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

2025 REGULAR AND SPECIAL LEGISLATIVE SESSIONS . . . The 89th Texas Legislature convened on January 14, 2025, and concluded on June 2, 2025 (the "89th Regular Session"). When the Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. As of the date of this Official Statement, the Governor has not called a special session. The Governor may call a special session in the future and, during such time, the Legislature may enact laws that materially change current law as it relates to property tax exemption and procedures. During the 89th Regular Session, the Legislature adopted certain legislation affecting the Property Tax Code and other current law as it relates to ad valorem taxation. The District is in the process of analyzing the effect of legislation adopted during the 89th Regular Session. The District can make no representations or predictions regarding any actions the Legislature may take during any special session, or concerning the substance or effect of any legislation that may be passed during a future session of the Legislature.

DISTRICT APPLICATION OF TAX CODE . . . The District does not grant an exemption to the market value of the residence homestead of persons 65 years of age or older or the disabled.

The District has not granted an additional exemption of 20% of the market value of residence homesteads.

Ad valorem taxes are not levied by the District against the exempt value of residence homesteads for the payment of debt.

The District does not tax nonbusiness personal property.

The District does not permit split payments, and discounts are not allowed.

The District has taken action to authorize exceptions for freeport property.

The District does tax “Goods-in-Transit.”

The County has established on behalf of the District a tax abatement policy and has entered into tax abatement agreements.

The District does not participate in any tax increment financing zones.

The District contracts with the City of El Paso for the collection of District taxes.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2024/25 Taxable Assessed Valuation (excluding totally exempt property)		$ 82,763,351,092
Less Exemptions/Reductions at 100% Market Value:		
Disabled or Deceased Veterans	$ 2,904,179,074	
Charity	39,979,903	
Pollution Control	108,918,248	
Productivity Loss	237,747,854	
Homestead Cap	5,692,479,737	
Circuit Breaker Limitation	1,011,542,299	
Solar and Wind Powered, Prorations, and Other Exemptions	4,754,890	
Medical/Biomedical	57,492,456	
Freeport Exemption	3,422,691,668	
Adjustment for County Appraisal District Freeport Reporting (3)	(130,379,631)	13,349,406,498
2024/25 Net Taxable Assessed Valuation		$ 69,413,944,594
2025/26 Net Taxable Assessed Valuation (2)		$ 77,637,740,409
General Obligation Debt Payable from Ad Valorem Taxes (as of 4/30/2025)		$ 277,445,000
The Bonds (1)		$ 265,455,000
General Obligation Debt Payable from Ad Valorem Taxes (1)		$ 542,900,000
Ratio Tax Supported Debt to 2024/2025 Net Taxable Assessed Valuation (1)		0.78%

2025 Estimated Population – 875,784
Per Capita Net Taxable Assessed Valuation - $79,259
Per Capita General Obligation Debt Payable from Ad Valorem Taxes - $620 (1)

(1) Preliminary, subject to change.
(2) Value provided by the El Paso County Appraisal District and is net of exemptions and reductions (see "TAX INFORMATION – District Application of Tax Code" for a discussion of the exemptions currently granted by the District). The El Paso County Appraisal District has indicated that the preliminary taxable assessed value for 2025/26 is $77,637,740,409. Such amount is subject to protest, review and downward adjustment prior to certification, and such adjustments may be material. The District expects to receive the certified appraisal value from the El Paso County Appraisal District not later than July 25, 2025.
(3) Adjustment due to miscategorized exemptions by the El Paso County Appraisal District system.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Fiscal Year Ended September 30,					
	2025		2024		2023	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 52,542,310,660	63.48%	$ 48,503,264,378	64.06%	$ 42,851,296,899	63.70%
Real, Residential, Multi-Family	4,122,567,212	4.98%	3,086,232,456	4.08%	3,262,707,160	4.85%
Real, Vacant Lots/Tracts	696,114,854	0.84%	697,553,476	0.92%	661,672,655	0.98%
Real, Acreage (Land Only)	274,203,119	0.33%	285,497,078	0.38%	294,658,110	0.44%
Real, Farm and Ranch Improvements	393,051,118	0.47%	384,367,615	0.51%	338,785,944	0.50%
Real, Commercial	12,150,079,548	14.68%	10,638,004,568	14.05%	9,637,978,328	14.33%
Real, Industrial	1,620,724,213	1.96%	1,332,841,545	1.76%	1,169,334,934	1.74%
Real, Oil, Gas and Other Mineral Reserves	11,473	0.00%	11,473	0.00%	11,473	0.00%
Real and Tangible Personal, Utilities	1,113,116,803	1.34%	1,092,749,300	1.44%	1,062,893,965	1.58%
Personal, Commercial	5,872,451,743	7.10%	5,983,547,536	7.90%	4,826,951,356	7.18%
Personal, Industrial	2,849,945,232	3.44%	2,677,731,573	3.54%	2,275,544,027	3.38%
Tangible Personal, Other (Mobile Home)	346,670,824	0.42%	230,629,346	0.30%	228,726,859	0.34%
Real Property	512,251,957	0.62%	531,169,041	0.70%	402,327,715	0.60%
Special Inventory	269,852,336	0.33%	270,761,375	0.36%	256,458,739	0.38%
Total Appraised Value Before Exemptions	$ 82,763,351,092	100.00%	$ 75,714,360,760	100.00%	$ 67,269,348,164	100.00%
Less: Total Exemptions/Reductions	(13,349,406,498)		(11,788,956,593)		(9,280,206,744)	
Taxable Assessed Value	$ 69,413,944,594		$ 63,925,404,167		$ 57,989,141,420	

	Fiscal Year Ended September 30,			
	2022		2021	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 34,413,702,669	61.36%	$ 29,356,029,125	56.99%
Real, Residential, Multi-Family	2,689,171,970	4.79%	2,658,505,460	5.16%
Real, Vacant Lots/Tracts	657,252,297	1.17%	632,977,567	1.23%
Real, Acreage (Land Only)	307,600,464	0.55%	295,542,555	0.57%
Real, Farm and Ranch Improvements	307,011,447	0.55%	266,408,448	0.52%
Real, Commercial	8,860,043,656	15.80%	9,254,225,447	17.97%
Real, Industrial	1,177,248,090	2.10%	1,230,019,647	2.39%
Real, Oil, Gas and Other Mineral Reserves	11,473	0.00%	11,473	0.00%
Real and Tangible Personal, Utilities	1,019,729,818	1.82%	930,170,206	1.81%
Tangible Personal, Commercial	4,004,961,116	7.14%	4,232,540,505	8.22%
Tangible Personal, Industrial	1,863,537,083	3.32%	1,981,117,353	3.85%
Tangible Personal, Other (Mobile Home)	216,875,874	0.39%	157,697,915	0.31%
Intangible Personal	368,652,384	0.66%	311,714,911	0.61%
Real Property & Special Inventory	198,120,596	0.35%	201,532,778	0.39%
Total Appraised Value Before Exemptions	$ 56,083,918,937	100.00%	$ 51,508,493,390	100.00%
Less: Total Exemptions/Reductions	(5,242,549,841)		(3,596,812,973)	
Taxable Assessed Value	$ 50,841,369,096		$ 47,911,680,417	

NOTE 1: Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9-30	Estimated Population [1]	Taxable Assessed Valuation [2]	Taxable Assessed Valuation Per Capita	Gross G.O. Tax Debt Outstanding at End of Year	Ratio of Gross G.O. Tax Debt to Taxable Assessed Valuation	Gross G.O. Tax Debt Per Capita
2021	839,238	$47,911,680,417	$57,090	$318,330,000	0.66%	$379
2022	865,657	50,841,369,096	58,732	309,920,000	0.61%	358
2023	867,947	57,989,141,420	66,812	301,115,000	0.52%	347
2024	868,763	63,925,404,167	73,582	277,445,000	0.43%	319
2025	875,784	69,413,944,594 [3]	79,259	533,470,000 [4]	0.77% [4]	609 [4]

(1) Source: District Officials.
(2) As reported by the Appraisal District; subject to change during the ensuing year.
(3) The 2024/25 Net Taxable Assessed Valuation includes a difference in exemptions amounts from the Appraisal District of $130,379,631.
(4) Projected, includes the Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

FYE 9-30	Tax Rate	Operation and Maintenance	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2021	$0.267747	$0.216875	$0.050872	$128,292,438	97.35%	98.30%
2022	0.258145	0.210760	0.047385	131,430,396	97.32%	98.31%
2023	0.235153	0.193259	0.041894	136,552,407	96.37%	98.13%
2024	0.235650	0.197663	0.037987	150,835,062	96.25%	97.01%
2025	0.219526	0.185607	0.033919	156,891,517	94.72% [1]	95.41% [1]

(1) Partial collections as of April 30, 2025.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2024/25 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
El Paso Electric Co.	Electric Utility	$ 888,486,909	1.28%
Western Refining Co.	Refinery	561,100,033	0.81%
Wal-Mart Stores Inc	Retail	366,384,811	0.53%
Texas Gas Service	Gas Utility	249,678,970	0.36%
Amazon.com Services LLC	Retail Distribution	237,619,797	0.34%
River Oaks Properties Ltd.	Developer	217,654,503	0.31%
Emerald Pass 12101 Project LLC	Distribution	163,735,587	0.24%
Union Pacific Railroad Co.	Railroad	158,039,611	0.23%
Sierra Providence Physical Rehabilitation Hospital	Healthcare	135,000,000	0.19%
Simon Property Group	Developer	103,230,027	0.15%
		$3,080,930,248	4.44%

General Obligation Debt Limitation . . . The District's ability to issue general obligation debt is limited by tax rate limitations imposed on the District by the State Constitution. The District's ad valorem tax rate for all purposes cannot exceed $0.75 per $100 of valuation. Administratively, the Attorney General of the State of Texas will not approve limited tax obligations in an amount which produces debt service requirements exceeding that which can be paid from two-thirds (2/3) of the foregoing $0.75 maximum tax rate, as calculated at the time of issuance. (see "THE BONDS - Tax Rate Limitation").

Table 6 - Estimated Overlapping Debt

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District.

	2024/2025 Taxable Assessed Valuation	2024/2025 Tax Rate	Total Tax-Supported Debt(2)	Estimated % Applicable	Overlapping Funded Debt As of 5/31/2025	Authorized but Unissued Debt As of 5/31/2025
Anthony ISD	$ 231,307,435	$ 0.9147	$ 2,255,000	100.00%	$ 2,255,000	$ -
Anthony, Town of	286,278,105	0.8886	3,585,000	100.00%	3,585,000	-
Canutillo ISD	3,708,142,214	1.1552	150,809,627	100.00%	150,809,627	278,955,000
Clint ISD	1,963,597,519	1.1352	129,461,416	100.00%	129,461,416	-
El Paso Co	67,345,088,235	0.4263	220,574,094	100.00%	220,574,094	155,025,000
El Paso Co WC&ID #4	218,419,860	0.1340	15,381,000	100.00%	15,381,000	242,000
El Paso ISD	18,724,322,193	1.0807	847,610,000	100.00%	847,610,000	-
El Paso Municipal Management District #1	37,762,788	0.2500	7,590,000	100.00%	7,590,000	880,410,000
El Paso, City of	52,929,666,571	0.7614	1,410,460,000	100.00%	1,410,460,000	600,661,286
Fabens ISD	245,094,584	1.1231	18,245,000	100.00%	18,245,000	-
Horizon City, Town of	1,582,478,555	0.5594	46,740,000	100.00%	46,740,000	-
Horizon Regional MUD	2,763,924,261	0.6628	219,394,985	100.00%	219,394,985	99,345,000
Horizon Regional MUD (Rancho Desierto Bello)	80,521,046	0.2250	1,615,000	100.00%	1,615,000	5,855,000
Lower Valley Water Dist	4,013,537,892	0.1447	24,045,000	100.00%	24,045,000	35,000,000
Paseo del Este MUD #1	801,652,566	0.7500	13,065,000	100.00%	13,065,000	56,295,000
Paseo Del Este MUD #2	242,474,727	0.7308	10,945,000	100.00%	10,945,000	3,760,000
Paseo Del Este MUD #3	330,260,790	0.6937	6,535,000	100.00%	6,535,000	3,770,000
Paseo del Este MUD #4	107,298,594	0.1340	10,180,000	100.00%	10,180,000	19,715,000
Paseo Del Este MUD #5	259,414,229	0.6852	8,450,000	100.00%	8,450,000	21,980,000
Paseo del Este MUD #6	218,296,000	0.7500	17,270,000	100.00%	17,270,000	10,320,000
Paseo del Este MUD #7	240,125,214	0.6894	12,330,000	100.00%	12,330,000	19,210,000
Paseo del Este MUD #8	321,837,344	0.6278	7,130,000	100.00%	7,130,000	17,350,000
Paseo Del Este MUD #9	274,625,438	0.7050	8,975,000	100.00%	8,975,000	19,900,000
Paseo Del Este MUD #10	356,814,408	0.6591	8,530,000	100.00%	8,530,000	1,460,000
Paseo del Este MUD #11	90,134,340	0.7423	2,840,000	100.00%	2,840,000	15,975,000
San Elizario ISD	312,294,870	0.8853	22,845,000	100.00%	22,845,000	-
Socorro ISD	15,366,729,246	1.0589	714,859,806	100.00%	714,859,806	-
Socorro, City of	2,224,719,517	0.6669	27,858,000	100.00%	27,858,000	-
Tornillo ISD	97,513,045	1.1358	12,835,800	100.00%	12,835,800	-
Vinton, Village of	176,539,636	0.8014	7,897,000	100.00%	7,897,000	-
Ysleta ISD	7,808,120,652	1.2315	862,248,032	100.00%	862,248,032	-
Total Overlapping Debt:					$4,852,559,760	$2,245,228,286
El Paso Co Hospital District:	$69,413,944,594	0.2195	$542,900,000 (1)	100.00%	$542,900,000 (1)	$131,145,000 (1)
Total Direct and Overlapping Debt:					$5,395,459,760 (1)	$2,376,373,286 (1)
Total Direct and Overlapping Debt to 2024/2025 Taxable Assessed Valuation:					7.77% (1)	
Total Direct and Overlapping Debt per Capita:					$6,210.51 (1)	

(1) Projected, includes the Bonds, as of July 30, 2025. Preliminary, subject to change.
(2) Gross Debt.

TABLE 7 - INTEREST AND SINKING FUND BUDGET PROJECTION

2024/25 Net Taxable Assessed Valuation	$	69,413,944,594
Projected 2024/25 Total Debt Service Requirements	$	22,582,406
Required 2024/25 Interest & Sinking Fund Tax Rate @ 100% Collections	$	0.032533

TABLE 8 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Approved	Amount	Amount Previously Issued	Amount Being Issued (1)	Unissued (2)
Healthcare Facility	11/5/2024	$396,600,000	-	$265,455,000	$131,145,000

(1) Amount may include premium allocated against voted authorization, as set forth in the Pricing Certificate. Preliminary, subject to change.
(2) This amount may be increased as provided in the Pricing Certificate if the amount being issued is reduced. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The District does not anticipate the issuance of additional general obligation debt within the next 12 months.

TABLE 9 - OTHER OBLIGATIONS

As of May 1, 2025, the District's Revenue Refunding Bonds, Series 2024 are outstanding with a principal balance of $53,430,000. See Table 10 for more information.

TABLE 10 - REVENUE BONDED DEBT

On November 6, 2024, the District issued its $54,800,000 Revenue Refunding Bonds, Series 2024 (the "Revenue Bonds") which have a final maturity of February 15, 2054. The Revenue Bonds are not payable from ad valorem taxes.

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DEBT INFORMATION

TABLE 11 – PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending	General Obligation Debt Service			The Bonds (1)(2)			Total Outstanding
9/30	Principal	Interest	Total	Principal	Interest	Totals	Debt Service (1)
2025	$ 9,430,000	$ 13,152,406	$ 22,582,406	$ -	$ -	$ -	$ 22,582,406
2026	9,535,000	13,044,750	22,579,750	7,140,000	16,451,008	23,591,008	46,170,758
2027	10,015,000	12,568,000	22,583,000	9,500,000	14,087,788	23,587,788	46,170,788
2028	10,520,000	12,067,250	22,587,250	9,980,000	13,612,788	23,592,788	46,180,038
2029	11,040,000	11,541,250	22,581,250	10,475,000	13,113,788	23,588,788	46,170,038
2030	11,595,000	10,989,250	22,584,250	11,000,000	12,590,038	23,590,038	46,174,288
2031	12,170,000	10,409,500	22,579,500	11,550,000	12,040,038	23,590,038	46,169,538
2032	12,780,000	9,801,000	22,581,000	12,125,000	11,462,538	23,587,538	46,168,538
2033	13,375,000	9,205,250	22,580,250	12,730,000	10,856,288	23,586,288	46,166,538
2034	14,045,000	8,536,500	22,581,500	13,365,000	10,219,788	23,584,788	46,166,288
2035	14,750,000	7,834,250	22,584,250	14,035,000	9,551,538	23,586,538	46,170,788
2036	15,490,000	7,096,750	22,586,750	4,405,000	8,849,788	13,254,788	35,841,538
2037	16,110,000	6,471,750	22,581,750	4,625,000	8,629,538	13,254,538	35,836,288
2038	16,915,000	5,666,250	22,581,250	4,860,000	8,398,288	13,258,288	35,839,538
2039	18,035,000	4,983,750	23,018,750	5,115,000	8,143,138	13,258,138	36,276,888
2040	18,940,000	4,082,000	23,022,000	5,380,000	7,874,600	13,254,600	36,276,600
2041	19,890,000	3,135,000	23,025,000	5,665,000	7,592,150	13,257,150	36,282,150
2042	20,885,000	2,140,500	23,025,500	5,975,000	7,280,575	13,255,575	36,281,075
2043	21,925,000	1,096,250	23,021,250	6,305,000	6,951,950	13,256,950	36,278,200
2044				6,650,000	6,605,175	13,255,175	13,255,175
2045				7,015,000	6,239,425	13,254,425	13,254,425
2046				7,400,000	5,853,600	13,253,600	13,253,600
2047				7,845,000	5,409,600	13,254,600	13,254,600
2048				8,315,000	4,938,900	13,253,900	13,253,900
2049				8,815,000	4,440,000	13,255,000	13,255,000
2050				9,345,000	3,911,100	13,256,100	13,256,100
2051				9,905,000	3,350,400	13,255,400	13,255,400
2052				10,500,000	2,756,100	13,256,100	13,256,100
2053				11,130,000	2,126,100	13,256,100	13,256,100
2054				11,800,000	1,458,300	13,258,300	13,258,300
2055				12,505,000	750,300	13,255,300	13,255,300
	$277,445,000	$153,821,656	$431,266,656	$265,455,000	$235,544,620	$500,999,620	$932,266,276

(1) Preliminary, subject to change.
(2) Average life of the Bonds is 15.569 years. Interest calculated at an average rate for purposes of illustration. Preliminary, subject to change.

FINANCIAL INFORMATION

TABLE 12 - CHANGE IN NET POSITION

	Fiscal Years Ended September 30,				
	2024	2023	2022 (***)	2021 (**)	2020 (*)
OPERATING REVENUE:					
Net Patient Service Revenue	$ 724,913,000	$ 623,839,000	$ 570,657,000	$ 501,360,000	$ 392,551,000
Premium Revenue	333,453,000	375,653,000	337,559,000	236,353,000	199,333,000
Medicaid Supplemental Revenue	148,993,000	124,776,000	140,257,000	124,600,000	125,802,000
Contract Revenues (1)	148,993,000	16,659,000	12,647,000	11,266,000	9,084,000
Other Operating Revenue	148,993,000	75,797,000	41,890,000	44,648,000	42,707,000
Total Operating Revenues	1,258,041,000	1,216,724,000	1,103,010,000	918,227,000	769,477,000
OPERATING EXPENSES:					
Salaries and Employee Benefits	490,862,000	439,795,000	365,753,000	322,172,000	289,418,000
Medical Claims Expense	296,948,000	322,815,000	294,673,000	195,534,000	162,760,000
Purchased Services	151,532,000	144,126,000	144,459,000	148,657,000	70,193,000
Physician Fees (3)	144,785,000	141,623,000	125,708,000	112,059,000	107,590,000
Supplies and Other	282,952,000	256,659,000	233,816,000	220,885,000	188,711,000
Intergovernmental Transfers (2)(3)	-	-	-	-	21,000
Depreciation and Amortization	56,417,000	52,082,000	50,403,000	38,656,000	33,722,000
Total Operating Expenses	1,423,496,000	1,357,100,000	1,214,812,000	1,037,963,000	852,415,000
OPERATING INCOME (LOSS)	(165,455,000)	(140,376,000)	(111,802,000)	(119,736,000)	(82,938,000)
NON-OPERATING REVENUE (EXPENSES):					
Investment Return	10,547,000	7,039,000	275,000	475,000	773,000
Interest Expense	(18,105,000)	(15,516,000)	(15,492,000)	(14,823,000)	(13,804,000)
Property Tax Revenue	148,473,000	133,442,000	129,390,000	127,490,000	122,635,000
Provider Relief Fund Revenue	4,861,000	32,445,000	12,846,000	63,257,000	-
Tobacco Settlement	2,553,000	2,493,000	2,293,000	2,280,000	2,295,000
Debt Issuance Costs	(1,796,000)	-	-	-	-
Miscellaneous	525,000	2,832,000	2,506,000	4,917,000	1,928,000
Total Non-Operating Revenue, Net	147,058,000	162,735,000	131,818,000	183,596,000	113,827,000
CHANGE IN NET POSITION	(18,397,000)	22,359,000	20,016,000	63,860,000	30,889,000
NET POSITION - Beginning of Year	231,373,000	209,014,000	188,998,000	125,138,000	94,249,000
NET POSITION - End of Year	$212,976,000	$231,373,000	$209,014,000	$188,998,000	$125,138,000

(*) Fiscal year 2020 operating expenses include COVID-19 expenditures. The COVID-19 pandemic presented new healthcare challenges worldwide, and its impact on the District's operations in 2020 continued in 2021.

(**) On October 1, 2021. The District adopted GASB Statement No. 87, Leases, using a retrospective method of adoption to all leases in place and not yet completed at the beginning of the fiscal year. The 2021 financial statements were restated to reflect the impact of this adoption.

(***) On October 1, 2022. The District adopted GASB Statement No. 96, Subscriptions, using a retrospective method of adoption to all subscriptions in place and not yet completed at the beginning of the fiscal year. The 2022 financial statements were restated to reflect the impact of this adoption.

(1) In May 2019, the District began earning contract revenue from sources other than El Paso Children's Hospital.

(2) The Intergovernmental Transfers represents (i) contributions made pursuant to an affiliation agreement with a privately-owned safety net hospital (to provide the nonfederal share of the Medicaid Supplemental Payment Program) to improve the level of health care provided to the County indigent population and (ii) contributions to fund the nonfederal share of the Medicaid Supplemental Payment Program for the benefit of El Paso Children's Hospital.

(3) The affiliation program mentioned in note (2) ended on September 30, 2019, resulting in physician contracts reverting back to UMC and increasing physician fees.

FINANCIAL POLICIES

Budget Process . . . The District prepares an annual budget to project the financial plan of the operations for the coming fiscal year. The budget includes an operational budget and a capital expenditure budget. The budget preparation begins at the Department Head level, working in conjunction with the Administrative Associates. Completed Departmental budgets are then submitted to the Administrative Associates for finalization. Subsequent reviews and revisions prior to final review and approval by the Board of Managers typically approve an annual operating budget no later than September of each year. The Budget is then submitted to the Commissioners Court for approval.

Presentation of Financial Records, Basis of Accounting . . . The District's financial statements are prepared in conformity with generally accepted accounting principles, including those recommended in the American Institute of Certified Public Accountants' *Audit and Accounting Guide for Health Care Organizations* and other pronouncements applicable to health care organizations, except for reporting where guidance from the Governmental Accounting Standards Board is applicable. See Note 1 to the District's audited financial statements for the fiscal year ended September 30, 2024, which are attached hereto as Appendix C, for additional information with respect to the accounting standards utilized by the District.

Other Financial Policies . . . The District has a goal of adopting a budget each year which includes balanced amounts of revenues and expenditures. In addition, the District has in recent years followed a policy of funding capital items from the current year's funds, in lieu of issuing debt. In recent years, the District has received significant amounts of matching funds from Medicaid in accordance with federal and State legislation pertaining to the Disproportionate Share program.

INVESTMENTS

The District invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board. Both State law and the District's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under State law, the District is authorized to make investments meeting the requirements of Chapter 2256, Texas Government Code, as amended (the "PFIA"), which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7)interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this state that the District selects from a list the governing body or designated investment committee of the District adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the District selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the District appoints as the District's custodian of the banking deposits issued for the District's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for District deposits, or (ii) certificates of deposits where (a) the funds are invested by the District through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the District, (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above, which require the securities being purchased by the District or cash held by the District to be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a bank organized under the laws of the United States or any state, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the District with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 (15 U.S.C Section 80a-1 et seq.) and complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. Under State law, the District may also contract with an investment management firm that is registered under either the Investment Advisers Act of 1940 (15 U.S.C. Sections 80b-1 et seq.) or the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution. The District also is authorized to invest its funds in certificates of deposit issued by one or more federally insured depository institutions, wherever located, in accordance with procedures set forth in the PFIA.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Except as stated above or inconsistent with its investment policy, the District may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the District is not required to liquidate the investment unless it no longer carries a required rating, in which case the District is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

INVESTMENT POLICIES . . . Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board.

ADDITIONAL PROVISIONS . . . Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

TABLE 13 - CURRENT INVESTMENTS

As of January 31, 2025, the District's investable funds were invested in the following categories:

Description	Book Value	Percent	Market Value	Percent
Debt Service Funds	15,049,294	35.68%	15,049,294	35.68%
Other Restricted Investments	9,182,793	21.77%	9,182,793	21.77%
Unrestricted Investments	17,951,125	42.56%	17,951,125	42.56%
	$ 42,183,212	100.00%	$ 42,183,212	100.00%

The District's funds are currently invested in cash and cash equivalents. A summary of cash and investments of the District as of September 30, 2020 to 2024 is set forth below:

	Fiscal Year Ended September 30, ($ Thousands)				
	2024(4)	2023	2022	2021	2020
Cash and Cash Equivalents - Current Portion and Restricted	$ 108,374	$ 182,089	$ 188,024	$ 175,634	$ 181,628
Long-Term Investments, Board Designated	-	-	-	-	
Total Cash and Investments	$ 108,374	$ 182,089	$ 188,024	$ 175,634	$ 181,628
Days Cash on Hand (1) (2) (3)	37	46	58	63	80

(1) Operating expense includes Inter-Governmental Transfer Expense for the purposes of Days Cash on Hand.
(2) Operating expense excludes Bad Debt Expense and Depreciation for the purposes of Days Cash on Hand.
(3) Days Cash on Hand has been restated to include El Paso Children's Hospital.
(4) The Hospital received $16.9 million from the Texas Division of Emergency Management ("TDEM") on May 20, 2025, for its request to the Federal Emergency Management Agency for reimbursement of COVID-19 contract labor costs incurred between April 2021 through June 2022. The Hospital expects to receive an additional $5 million upon TDEM's invoice and costs review of these claimed COVID-19 contract labor costs.

TAX MATTERS

TAX EXEMPTION . . . The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinions (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel's opinion is reproduced as Appendix D. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the District with the provisions of the Order subsequent to the issuance of the Bonds. The Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN BONDS . . . The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the “Premium Bonds”) paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond).

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains an “obligated person” with respect to the Bonds within the meaning of the United States Securities and Exchange Commission (“SEC”) Rule 15c2-12 (the “Rule”). Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the “MSRB”).

ANNUAL REPORTS . . . The District will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the District of the general type included in this Official Statement (i) in Tables numbered 1 through 5 and 7 through 13, (ii) in Tables numbered 1 through 11 in Appendix A to the Official Statement, and (iii) in Appendix C. The District will update and provide the information in the above-referenced Tables in the Official Statement and in Appendix A to the Official Statement within six months after the end of each fiscal year ending in or after 2025. If not submitted as part of such information, the District will provide its audited annual financial statements when and if available, and in any event within 12 months after the end of each fiscal year ending in or after 2025. If the audit of such financial statements is not complete within the 12 months after any such fiscal year end, then the District shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable year, when and if such audit report on such statements becomes available. Any financial statements to be so provided shall be prepared in accordance with the accounting principles described in Appendix C or such other accounting principles as the District may be required to employ from time to time pursuant to Texas law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet website or filed with the SEC, as permitted by the Rule.

The District’s current fiscal year end is September 30. Accordingly, it must provide updated financial information and operating data in the above-referenced Tables in the Official Statement and in Appendix A to the Official Statement by March 31 in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 of each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this section.

NOTICE OF CERTAIN EVENTS . . . The District will also provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information or operating data in accordance with their agreement described above under "Annual Reports."

For these purposes, (a) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, and (b) the District intends the words used in items (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION . . . The District has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The District has agreed to update information and to provide notices of certain specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of the Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (1) the agreement, as amended would have permitted an underwriter to purchase or sell the Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of the Order that authorizes such amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of information and data provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Bonds are rated "A-" (negative outlook) by Fitch Ratings ("Fitch") and "AA-" (stable outlook) by Kroll Bond Rating Agency, LLC ("KBRA"). In addition to the above underlying ratings, KBRA and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, are expected to assign respective ratings of "AA+" (stable outlook) and "AA" (stable outlook) to the Bonds by virtue of a municipal bond insurance policy to be issued by AG at the time of delivery of the Bonds. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS." An explanation of the significance of such ratings may be obtained from the rating agencies furnishing the ratings. The ratings reflect only the respective views of such rating companies and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies if, in the judgment of either or both of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

LITIGATION

It is the opinion of the Chief Legal Officer of the District and District Staff that there is no pending litigation against the District that would have a material adverse financial impact upon the District or its operations or has been filed or is pending to enjoin the issuance and delivery of the Bonds or which would affect the provisions made for the payment or security or in any manner questioning the validity of the Bonds.

At the time of the initial delivery of the Bonds, the District will provide the Underwriters with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041, Texas Government Code, provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the PFIA requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" above. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, provides that the Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the District has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

The District has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The District has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The District will furnish the Underwriters a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel to the District to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, a form of which opinion is attached to this Official Statement as Appendix D.

Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Bonds. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions and subcaptions "PLAN OF FINANCING" (excluding the information under the subcaption "Sources and Uses of Funds"), "THE BONDS" (excluding the information under the subcaptions "Book-Entry-Only System" and "Bondholders' Remedies"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings"), "OTHER INFORMATION - Registration and Qualification of Bonds for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER INFORMATION - Legal Matters" (excluding the last sentence of the first paragraph thereof), and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the provisions of the Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Bracewell LLP, Dallas, Texas, whose legal fees are contingent upon the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR

Hilltop Securities Inc. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Hilltop Securities Inc., in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed to purchase from the District, upon the satisfaction of certain conditions, all of the Bonds, if any are purchased, at a purchase price equal to the aggregate principal amount of the Bonds, less an underwriting discount of $____________, and will offer the Bonds initially at the offering prices stated on page two hereof. The Underwriters may offer and sell the Bonds to certain dealers (including depositing the Bonds into investment trusts) and to others at prices lower than the prices stated on page two hereof. After the Bonds are released for sale, the public offering prices and other selling terms may from time to time be varied by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their respective affiliates may, from time to time, perform various financial advisory and investment banking services for the District, for which they will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

BofA Securities, Inc., one of the Underwriters of the Bonds, has entered into a distribution agreement with its affiliate, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

CYBERSECURITY

Computer networks and data transmission and collection are vital to the operations of the District. Information technology and infrastructure of the District may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the District. To mitigate these risks, the District continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture, including required training for District staff and administration.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the District's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Any statements made in this Official Statement or the Appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized. The District has reviewed the information contained herein which relates to it, its property and operations, and has approved all such information for use within this Official Statement. Reference is made to original documents in all respects.

The Bond Authorization authorized the Pricing Officer to approve and the Pricing Officer will approve in the Pricing Certificate the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Bonds by the Underwriters.

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APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

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EL PASO COUNTY HOSPITAL DISTRICT

Organization and Statutory Authority

El Paso County Hospital District (the "District") was established pursuant to a vote of the qualified electors of El Paso County, Texas (the "County") in 1958 in accordance with Article IX, Section 4 of the Texas Constitution and began operations in 1959. The boundaries of the District are coterminous with those of the County. The principal medical facility operated by the District is University Medical Center of El Paso, in El Paso, Texas (the "Hospital" or "UMC"). Pursuant to the State Constitution and Chapter 281, Texas Health and Safety Code, as amended, the District is empowered to purchase, acquire, construct and maintain the Hospital and has full responsibility for providing medical and hospital care to indigent and needy residents of the County.

The Hospital

The Hospital is a 394 licensed bed acute care facility owned and operated by the District, and provides medical and hospital services to the residents of the County and surrounding communities, and to indigent and needy residents of the County regardless of their ability to pay. The Hospital originated as El Paso County General Hospital in 1915 and was enlarged in 1932 and renamed the El Paso City-County Hospital. When the District was created in 1959, the name of the Hospital was changed to R.E. Thomason General Hospital. In 1973, the Hospital affiliated with Texas Tech University School of Medicine and a Health Sciences Center was built on the Hospital campus. It also established affiliation agreements with the University of Texas at El Paso School of Nursing and Allied Health, the Texas Tech University Gayle Greve Hunt School of Nursing, the El Paso Community College and Dona Ana Community College's nursing programs and numerous other institutions of higher education. In 2009, Texas Tech University expanded its El Paso presence by opening a full-fledged, four-year Medical School on the Hospital campus. That's when the Hospital changed its name to University Medical Center to reflect its evolution from a general hospital to a major academic medical center. Three years later, El Paso Children's Hospital, the region's only separately licensed children's hospital, opened on the Hospital campus.

The Hospital is a vital community health service resource. In addition to being a full-service licensed and accredited acute care hospital with 18,267 admissions in fiscal year 2024 and 16,855 admissions in fiscal year ended 2023, it also provides the El Paso community with a large network of ambulatory care services and access to primary and specialty care, including family practice, obstetrics and gynecology, internal medicine, orthopedics, pediatrics, surgery, neurosurgery, neurology, psychiatry and other subspecialties.

In 2001, the Hospital was designated as a Level I Trauma Center by the State of Texas, the only facility of its kind within 280 miles of the City of El Paso. As the region's only Trauma 1 hospital, the Hospital provides 24-hour/365 full physician coverage in all medical specialties and is the only comprehensive emergency facility in the County.

Services provided at the Hospital include medical-surgical, obstetrics & gynecology, cardiology, gastroenterology, geriatrics, neurosurgery, nephrology, orthopedics, cardiac intensive care, trauma intensive care, surgical intensive care, neuro intensive care, medical intensive care, respiratory therapy and inpatient physical therapy. Ancillary services provided include diagnostic radiology, cardiopulmonary testing, electroencephalography, physical therapy, ambulatory surgery, clinical and histopathology laboratory, full-body C.T. scanning, MRI, interventional radiology services, ultrasound, respiratory therapy, cardiac catheterization, blood banking, occupational and speech therapy, robotics surgery, echocardiography, social services and volunteer services.

The District opened a new Surgical Hospital in January 2024, enhancing surgical capabilities and patient care delivery. The addition of this modern facility contributed to a 10.7% year-over-year increase in total surgical cases. This investment focused on broadening access to quality healthcare for residents of the County and nearby communities.

The Hospital serves as the primary teaching hospital for the Texas Tech University School of Medicine campus in El Paso. The Hospital is instrumental in the clinical training of 120 third and 99 fourth year medical students and in the post-graduate specialty training of approximately 323 resident physicians and fellows. The residencies offered are Emergency Medicine, Family Medicine, Internal Medicine, Neurology, Obstetrics/Gynecology, Orthopedic Surgery, Pathology, General Pediatrics, Psychiatry, Radiology, and General Surgery. The medical education and residency programs are directed by 226 faculty members. Fellowship training available at the Hospital includes Cardiovascular Disease, Critical Care/Trauma Surgery, Gastroenterology, Interventional Neurology, Nephrology, Psychiatry-Child/Adolescent, and Sports Medicine. As of September 30, 2024, the Hospital's total Medical Staff roster includes 764 members.

In accordance with the Hospital's affiliation agreements with multiple educational institutions, students from all healthcare backgrounds come to the Hospital to learn and perfect their skills through observation and clinical training.

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GOVERNANCE

The Board

The management, control and administration of the affairs of the District are vested in a Board of Managers (the "Board") consisting of seven members appointed to serve staggered three-year terms by the Commissioners Court of the County. All Board members serve without pay. The Board elects a Chair, Vice Chair and Secretary from among its members. The Board also appoints an Administrator (CEO) to supervise and direct the activities and affairs of the District. The Board also appoints physicians to the medical staff of the Hospital.

Board of Managers	Length of Service as of April 30, 2025	Term Expires	Occupation
Kristina Mena Ph.D., Board Chair	5 years	2026	Educator – Regional Dean, Higher Education
Anna Perez, Ed.D., Board Vice Chair	4 years	2027	Retired Education
Senior District Judge Linda Chew, Board Secretary	1 year	2027	Retired State District Judge
Miguel Fernandez	8 years	2026	Business Owner, Technology
James Stephen DeGroat	15 years	2028	Retired Financial Advisor
Isidro Torres	2 years	2028	Not For Profit Executive Director
Henry Gallardo	9 years	2025 (1)	Founding Partner/Business Owner, Financial Advisor

(1) Mr. Gallardo's term expired as of March 31, 2025 and no replacement member has been appointed. Mr. Gallardo was the previous Board Chair. Mr. Gallardo will remain a member until the Commissioners Court of the County either reappoints him or appoints a new member in July 2025.

Source: District records.

Management

The District's Administrative Staff consists of the following individuals:

R. Jacob Cintron, District President & CEO

R. Jacob Cintron serves as President and Chief Executive Officer of the District which includes the Hospital, El Paso Health, El Paso Children's Hospital (122 licensed bed facility), a Surgical Hospital, an Ambulatory Surgical Center, 5 Neighborhood Health Clinics, 2 Freestanding Emergency Departments, and the University Medical Center Foundation of El Paso. Mr. Cintron has over 40 years of healthcare management experience. He began his healthcare career at Thomason General Hospital, now named University Medical Center of El Paso – which he leads today. Mr. Cintron came to the District in July 2016 from Del Sol Medical Center in El Paso, where he served as its Chief Executive Officer from 2007 to 2016. Other leadership positions he previously held at Del Sol Medical Center include Chief Operating Officer, Associate Administrator II, and Vice President of Support Services. He also served in senior leadership positions (Chief Operating Officer) at Vanguard Healthcare in Chicago, ASIS Healthcare at Southwest General Hospital in San Antonio, and UHS' Southwest Healthcare System in California. Mr. Cintron is a Fellow of the American College of Healthcare Executives, board chair of the America's Essential Hospitals, board member of the TCAA, member and past board chair of the Teaching Hospitals of Texas, board member of the Texas Hospital Association ("THA"), committee member of the THA's Council on Policy Development, past board chair of the Emergency Health Network, board member of the Greater El Paso Chamber of Commerce, past board chair of the United Way of El Paso, member and past board chair of the Paso Del Norte Health Information Exchange and serves on various other El Paso committees and boards. Mr. Cintron holds a Bachelor of Science – Industrial Engineering, a Master of Business Administration, and a Master of Accountancy, all from the University of Texas at El Paso. Mr. Cintron also oversees important affiliations and partnerships between the Hospital and Texas Tech University Health Science Center of El Paso. These affiliations with Texas Tech include the Paul L. Foster School of Medicine, the Gayle Greve Hunt School of Nursing, and the Graduate School of Biomedical Sciences. Other affiliations include the University of Texas at El Paso Nursing & Pharmacy Programs, El Paso Community College Nursing Programs, Dona Ana Community College, New Mexico State University, Texas Women's University, Western New Mexico University, and New Mexico State University. Together, these programs are responsible for training more than a thousand future healthcare providers each year at the Hospital's Campus.

Michael L. Nunez, District Chief Financial Officer

Michael L. Nuñez serves as the District's Chief Financial Officer, a position he has held since 2020. Prior to his current position, he was the Chief Financial Officer of the Hospital, a position he held since 2010. Mr. Nuñez has more than 30 years of financial management experience, with the last 23 years as a Chief Financial Officer at two major hospitals: the Hospital and Memorial Medical Center in Las Cruces, New Mexico. Prior to his arrival at the Hospital in 2006, Mr. Nuñez was the Chief Financial Officer at Memorial Medical Center in Las Cruces, New Mexico. Prior to his work at Memorial Medical Center, he was in public accounting for 16 years and with REDW, LLC, Neff & Company, and Arthur Andersen & Co. Mr. Nuñez is a Certified Healthcare Financial Professional, a member of the Healthcare Financial Management Association (since October 2009), and a Certified Public Accountant (since January 1988). He has a Bachelor of Accountancy degree from New Mexico State University, Las Cruces, New Mexico. He serves on the Texas Medicaid Hospital Payment Advisory Committee (since 2016), and the Texas Tobacco Permanent Trust Account Investment Advisory Committee (since 2023).

Amyra Daher, Hospital Chief Nursing Officer

Amy Daher, MSN, RN, NE-BC, brings over two decades of nursing expertise to her role as Chief Nursing Officer at the Hospital. With a career spanning 23 years, Ms. Daher has demonstrated unwavering commitment and leadership across various healthcare sectors. Graduating with her Bachelor of Science in Nursing from the University of Texas at El Paso in December 2001, Ms. Daher's dedication to nursing excellence led her to pursue advanced education, earning her Master of Science in Nursing Administration from the same institution in July 2007. Throughout her career, Ms. Daher has held pivotal leadership roles in Labor and Delivery, Quality Management, Emergency Services, and Perioperative Services, showcasing her versatility and depth of experience. Certified by the American Nurses Credentialing Center and holding a Nurse Executive certification, Ms. Daher is a recognized member of the American Nurses Association, actively contributing to the advancement of nursing standards and practices. Ms. Daher's leadership extends beyond the hospital walls, having served as President for the Southwest Organization of Nurse Leaders for the El Paso region from 2018 to 2020. Embracing innovation, in 2023, the Hospital launched its first Virtual Nursing program under Ms. Daher's guidance, pioneering a telenursing platform for virtual discharges, with plans for further expansion into admissions, mentoring, and rounding.

Omar Villa, District Chief Legal Officer

Omar Villa has served as Chief Legal Officer of the District since 2018. Mr. Villa has more than twelve years' experience in healthcare law in addition to previous experience in governmental, civil, criminal and real estate law. He received his Doctor of Jurisprudence degree from Texas Tech University and completed a master's and bachelor's degree in urban planning from the University of Southern California. Mr. Villa is licensed to practice law in the State of Texas and for the Western District of Texas and is a member of the American Health Law Association and the American College of Healthcare Executives.

Cathy Gibson, Hospital Chief Compliance Officer

Cathy Gibson serves as Chief Compliance Officer of the Hospital, a position she has held at the hospital since 2012. Prior to her current position, she was Corporate Compliance Officer at the Hospital since 2008. Ms. Gibson has more than 30 years of experience in the healthcare profession. She has served her community as lead Anchor once the Hospital became an Anchor facility for the Medicaid 1115 Waiver and the Regional Health Partnership 15. Since 2006, she received her certification from Certified in Healthcare Compliance through the national organization, Healthcare Compliance Association. Cathy earned her Bachelor of Science Degree in Zoology from Ohio University and a Master of Business Administration from the University of Phoenix in Albuquerque, New Mexico. She is affiliated with the Health Care Compliance Association and American College of Healthcare Executives.

Lorena Navedo, Hospital Chief Administrative Officer

Lorena Navedo serves as Chief Administrative Officer of the Hospital, a position she has held since Thomason Hospital became UMC El Paso. Prior to her current position, Ms. Navedo was Chief of Staff since 2008. She has more than 18 years in healthcare administration. Ms. Navedo has served the community in many capacities including as a member of the Diversity Council for El Paso Community College and as a board member of Villa Maria, a shelter for homeless women. In the past, she has participated in the Hispanic Heritage Committee, Women's History Month, Junior Women's Club, Southwest Healthcare Executives Association, and the Juvenile Probation Department. Ms. Navedo was recognized twice as Volunteer of the Year for Juvenile Probation, was named Junior Woman of the Year by the Junior Women's Club of El Paso, and was also awarded the Reach Award by the YWCA of El Paso. She actively supports finding a cure for Multiple Sclerosis and breast cancer. Ms. Navedo is a member of the American College of Healthcare Executives as well as the Executive Network of the Society of Human Resources Management ("SHRM") and is designated a SHRM Senior Certified Professional. She received her Bachelor's degree in Political Science from Arizona State University and her Master's in Public Administration from the University of Texas at El Paso.

Maria M. Zampini, Hospital Chief Operating Officer

Maria Zampini serves as Chief Operating Officer ("COO") of the Hospital, a position she has held at the hospital since 2013. Prior to her current position, she was the hospital's Vice President of Operations. Ms. Zampini has more than 25 plus years of proven track record of superior performance and leadership in effective healthcare C-Suite experience at the Hospital. Prior to her position as COO, she served the hospital as Vice President of Ancillary & Support Services and Director of Guest Services. Ms. Zampini is a member of the American College of Healthcare Executives. She has served her community as an active volunteer with the El Paso Art Association as well as sitting on the Board. She is a member of the Texas Hospital Association Foundation Board and the University of Texas at El Paso Alumni Association. Ms. Zampini is a speaker for El Paso community events and for healthcare architecture and design conferences. She has a Bachelor's of Business Administration and Master's of Business Administration, both from the University of Texas at El Paso.

Joel Hendryx, Hospital Chief Medical Officer

Joel Hendryx serves as Chief Medical Officer of the Hospital, a position he has held at the hospital since June 2017. Prior to his current position, he was an OB/GYN at the Advanced Center for Women's Health at Tenet, Baptist Healthcare System in El Paso. Dr. Hendryx has more than 35 years of experience as a physician, with the last 23 years having served in senior leadership roles throughout healthcare. He served as a Trustee on the Hospitals of Providence East as well as the Baptist Health Care Systems boards. He also served as the Chief of Staff at Del Sol Medical Center in El Paso, as well as Vice Chief of Maternal Child at Hospitals of Providence East. Dr. Hendryx has Board Certification from the American Board of Osteopathic Obstetricians and Gynecologists. Dr. Hendryx is a graduate of the University of Texas at El Paso (1977) with a Bachelor of Philosophy degree; and he is a graduate of the Texas College of Osteopathic Medicine with a Doctor of Osteopathic Medicine degree. He has current Affiliations with the American Osteopathic Association, the American College of Osteopathic Obstetricians and Gynecologists (Fellow).

Ray Davis, Hospital Chief Information Officer

Ray Davis serves as Chief Information Officer of the Hospital, a position he has held at the hospital since 2019. Prior to his current position, Mr. Davis was the Senior IT Delivery Director for Hospitals of Providence. He has more than 35 years of hospital IT experience and leadership. Mr. Davis serves his community at THSA, Texas Tech West Texas Regional HIE and El Paso HIE. Mr. Davis was recently appointed to the THA Management Board. He is a graduate of the University of Texas at El Paso with a Bachelor's of Business Administration.

Leticia Flores, Hospital Chief Financial Officer

Leticia Flores serves as Chief Financial Officer of the Hospital, a position she has held since 2020. Prior to her current position, she was the hospital's District Controller. Ms. Flores has more than 20 years of financial experience with the Hospital. She spent 16 years in various for profit industries before moving to the not for profit environment. Prior to her arrival at the District hospital, Ms. Flores worked in the gas pipeline industry and a few years in the wireless phone industry. She is a member of the Texas Society of CPAs and the local chapter. She also served on the Board for El Paso MHMR. She is currently helping the El Paso County Hospital District achieve the Malcolm Baldrige National Quality Award. Ms. Flores has a Master's of Public Health from the University of Houston School of Public Health, a Bachelor's degree in Accounting from the University of Texas at El Paso and has been a Certified Public Accountant in the state of Texas since 1990.

Jon Law, District Chief Strategy Officer

Jon Law serves as the District's Chief Strategy Officer. Mr. Law is shaping strategic initiatives across several institutions for the District, including the Hospital, El Paso Children's Hospital, and El Paso Health. Mr. Law's career trajectory includes a significant 12-year tenure at the Paso del Norte Health Foundation, where he held various positions, including Chief Operating Officer and President. During this time, Mr. Law spearheaded efforts to address pressing public health concerns, such as binge drinking and tobacco use. His most notable achievement was the establishment of PHIX, a health information exchange that has revolutionized healthcare delivery across the greater El Paso area. Jon's experience also encompasses board service to many organizations, including the FEMAP Foundation, a non-profit that supports a hospital system and a nursing school in Cd. Juárez, Chihuahua. Mr. Law earned a Bachelor of Arts in Political Science from the University of Arizona, a Master of Public Administration from the University of Texas at El Paso, and a Doctor of Science (DSc) in Health Services Administration from the University of Alabama at Birmingham.

Ruben Vogt, District Chief Advocacy Officer

Ruben Vogt serves as the District Chief Advocacy Officer, a position he has held since April 2024. Mr. Vogt began his career with the District in 2019 as Director of Government Relations and later served as Assistant Administrator for Government Affairs and External Communications. Prior to his current position, Mr. Vogt served as the founding Director of the CYnergy (civic.youth.energy) program at UTEP's Center for Civic Engagement and a Legislative Analyst for the Texas Senate focusing on healthcare, local government, and border policy issues. Upon returning to El Paso, Mr. Vogt worked for the County in various roles including Policy and Programs Coordinator, Public Policy Director, and Chief of Staff for County Judge Veronica Escobar. On October 2, 2017, Mr. Vogt was appointed to serve as El Paso County Judge by the El Paso County Commissioners Court to complete then-County Judge Escobar's unexpired term. Ruben holds dual Bachelor's degrees in Political Science and English/American Literature from the University of Texas at El Paso, where he also earned a Master's of Science in Intelligence and National Security Studies.

Chris Chacon, Chief Executive Officer, UMC Surgical Hospital

Christopher Chacon serves as the Chief Executive Officer at UMC Surgical Hospital in El Paso, Texas. He has over 20 years of experience in healthcare and has held significant roles including Market Associate Administrator of Perioperative Services in El Paso and Regional Vice President overseeing multiple surgical hospitals and ambulatory surgical centers in the San Antonio and Austin area. He joined the Hospital in March 2023 and played a pivotal role in the establishment of UMC Surgical Hospital. Mr. Chacon attended the University of Texas at El Paso and graduated with a Bachelor's degree in Nursing and holds a Master's degree in Healthcare Administration from Texas Tech University. Mr. Chacon is a member of American College of Healthcare Executives, board member of Southwest University, and a student of Healthcare Innovation.

Jose Rodriguez, Chief Operating Officer, UMC Surgical Hospital

Jose Rodriguez serves as the Chief Operating Officer and Assistant Chief Nursing Officer at University Medical Center Surgical Hospital in El Paso. Mr. Rodriguez's career journey began with a Bachelor of Science in Nursing from the University of Texas at El Paso, followed by a Master of Science in Healthcare Administration from Texas Tech University Health Sciences Center. His has over 19 years of experience encompassing clinical leadership and executive roles including 15 years of hands-on experience in the operating room and 4 years as a circulating RN. This deep clinical expertise underpins his innovative approach to healthcare management. Before joining University Medical Center Surgical Hospital, Mr. Rodriguez held the role of Chief Operating Officer and Chief Nursing Officer at Legent Hospital, where he was a key figure in enhancing clinical operations and implementing strategic initiatives. Mr. Rodriguez is also an active member of the American College of Healthcare Executives.

MEDICAL STAFF

As of September 30, 2024, the Hospital has an organized medical staff of 764 physicians from thirteen clinical departments. The medical staff is composed of four categories.

Active	Physicians who participate in the care of a minimum of forty (40) patients during a reappointment cycle
Associate	Physicians who participate in the care of less than forty (40) patients in a reappointment cycle
Courtesy	Physicians who have had no patient encounters in the past reappointment cycle; they do not take part in or direct patient care, admit patients or write orders for care; they have Medical Staff membership, but no clinical privileges
Provisional	Initial appointment year for all practitioners

Medical Staff by Category (Table 1)

The table below reflects the composition of the medical staff for the Hospital as of September 30, 2024.

Category	Number of Physicians
Active	647
Associate	69
Courtesy	48
Total	764

Source: District records.

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Medical Specialties (Table 2)

The table below reflects the number of physicians by specialty for the Hospital as of September 30, 2024.

Specialty	Number of Physicians	Number of Active Physicians	Active Board Certified	Active Average Age
Anesthesiology	34	28	21	50
Emergency Medicine	62	60	54	44
Family Practice	18	7	7	46
Internal Medicine	118	90	83	49
Neurology	28	26	24	49
Obstetrics/Gynecology	26	24	22	45
Ophthalmology	15	8	8	44
Orthopedics	39	33	30	47
Pathology	10	9	9	54
Pediatrics	61	25	24	50
Psychiatry	11	9	9	46
Radiology	221	215	211	52
Community Medicine	42	41	37	44
Surgery	79	72	68	49
Total	764	647	607	48

Source: District records.

Top Ten Physicians by Discharges (Table 3)

The table below reflects the top ten physicians by number of discharges for the fiscal year ended September 30, 2024 and their percent of the Hospital's total discharges for such period.

Specialty	Discharges	Age	% of Admissions	Cumulative %
Hospitalist	1427	44	6.9%	6.9%
Surgery - Trauma Surgery	652	70	3.1%	10.0%
Surgery - Surgical Critical Care	558	64	2.7%	12.7%
Hospitalist	538	49	2.6%	15.3%
Hospitalist	530	60	2.6%	17.9%
Internal Medicine	487	45	2.4%	20.3%
Internal Medicine	457	34	2.2%	22.5%
Pediatrics	452	65	2.2%	24.6%
OBGYN - Obstetrics	442	62	2.1%	26.8%
Internal Medicine	432	43	2.1%	28.9%

Source: District records.

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Nursing Turnover Report (Table 4)

The table below reflects turnover in nurses and employees for the Hospital in the fiscal years ended September 30, 2020 through 2024.

Fiscal Year	% Vacancy Nurses	% Turnover Nurses	% Turnover Others
2020	5.5	16.2	12.8
2021	18.8	35.8	21.3
2022	11.5	22.4	16.2
2023	16.1	16.8	11.8
2024	11.4	12.4	10.8

Source: District records.

Utilization (Table 5)

Set forth below is certain utilization information for the fiscal years ended September 30, 2020 through 2024.

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
Total Patient Days (1)	98,560	95,620	93,812	98,123	80,649
Discharges (1)	18,214	16,818	15,998	15,487	15,396
Admissions (1)	18,267	16,855	15,897	15,522	15,408
Births	2,871	3,007	2,849	2,080	2,365
Average Length of Stay (1)	5.48	5.69	5.86	6.34	5.24
Average Daily Census (1)	269	262	257	269	220
Percent Occupancy (1)(2)	84%	81%	77%	78%	74%
Outpatient Visits (1)(3)	1,045,532	1,001,734	972,431	910,798	838,106
Emergency Room Visits (1)	97,326	93,421	91,455	70,698	62,336
Surgical Cases (1)	11,727	10,597	9,618	9,177	7,737

(1) Adults and pediatrics, excluding well-baby.
(2) Includes an average of 6 beds added due to the COVID-19 emergency status.
(3) Does not include Occupational Health previously reported in prior years.

Source: District records.

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SELECTED FINANCIAL AND OPERATING DATA

Summary of Revenues and Expenses (Table 6)

The following table presents a summary of the District's historical revenues and expenses for each of the five fiscal years ended September 30, 2020 through September 30, 2024. The summary of financial information for each of the fiscal years has been derived from the District's audited financial statements. In management's opinion, such data includes all adjustments necessary for fair presentation of the results of operations.

	Fiscal Years Ended September 30,				
	2024	2023	2022 (***)	2021 (**)	2020 (*)
OPERATING REVENUE:					
Net Patient Service Revenue	$ 724,913,000	$ 623,839,000	$ 570,657,000	$ 501,360,000	$ 392,551,000
Premium Revenue	333,453,000	375,653,000	337,559,000	236,353,000	199,333,000
Medicaid Supplemental Revenue	148,993,000	124,776,000	140,257,000	124,600,000	125,802,000
Contract Revenues	17,621,000	16,659,000	12,647,000	11,266,000	9,084,000
Other Operating Revenue	33,061,000	75,797,000	41,890,000	44,648,000	42,707,000
Total Operating Revenues [1]	1,258,041,000	1,216,724,000	1,103,010,000	918,227,000	769,477,000
OPERATING EXPENSES:					
Salaries and Employee Benefits	490,862,000	439,795,000	365,753,000	322,172,000	289,418,000
Medical Claims Expense	296,948,000	322,815,000	294,673,000	195,534,000	162,760,000
Purchased Services	151,532,000	144,126,000	144,459,000	148,657,000	70,193,000
Physician Fees [3]	144,785,000	141,623,000	125,708,000	112,059,000	107,590,000
Supplies and Other	282,952,000	256,659,000	233,816,000	220,885,000	188,711,000
Intergovernmental Transfers [2][3]	-	-	-	-	21,000
Depreciation and Amortization	56,417,000	52,082,000	50,403,000	38,656,000	33,722,000
Total Operating Expenses	1,423,496,000	1,357,100,000	1,214,812,000	1,037,963,000	852,415,000
OPERATING INCOME (LOSS)	(165,455,000)	(140,376,000)	(111,802,000)	(119,736,000)	(82,938,000)
NON-OPERATING REVENUE (EXPENSES):					
Investment Return	10,547,000	7,039,000	275,000	475,000	773,000
Interest Expense	(18,105,000)	(15,516,000)	(15,492,000)	(14,823,000)	(13,804,000)
Property Tax Revenue	148,473,000	133,442,000	129,390,000	127,490,000	122,635,000
Provider Relief Fund Revenue	4,861,000	32,445,000	12,846,000	63,257,000	-
Tobacco Settlement	2,553,000	2,493,000	2,293,000	2,280,000	2,295,000
Debt Issuance Costs	(1,796,000)	-	-	-	-
Miscellaneous	525,000	2,832,000	2,506,000	4,917,000	1,928,000
Total Non-Operating Revenue, Net	147,058,000	162,735,000	131,818,000	183,596,000	113,827,000
CHANGE IN NET POSITION	(18,397,000)	22,359,000	20,016,000	63,860,000	30,889,000
NET POSITION - Beginning of Year	231,373,000	209,014,000	188,998,000	125,138,000	94,249,000
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-
NET POSITION - End of Year	$ 212,976,000	$ 231,373,000	$ 209,014,000	$ 188,998,000	$ 125,138,000

(*) Fiscal year 2020 operating expenses include COVID-19 expenditures. The COVID-19 pandemic presented new healthcare challenges worldwide, and its impact on the District's operations in 2020 continued in 2021.

(**) On October 1, 2021. The District adopted GASB Statement No. 87, Leases, using a retrospective method of adoption to all leases in place and not yet completed at the beginning of the fiscal year. The 2021 financial statements were restated to reflect the impact of this adoption.

(***) On October 1, 2022. The District adopted GASB Statement No. 96, Subscriptions, using a retrospective method of adoption to all subscriptions in place and not yet completed at the beginning of the fiscal year. The 2022 financial statements were restated to reflect the impact of this adoption.

(1) In May, 2019, the District began earning contract revenue from sources other than El Paso Children's Hospital.

(2) The Intergovernmental Transfers represents (i) contributions made pursuant to an affiliation agreement with a privately-owned safety net hospital (to provide the nonfederal share of the Medicaid Supplemental Payment Program) to improve the level of health care provided to the County indigent population and (ii) contributions to fund the nonfederal share of the Medicaid Supplemental Payment Program for the benefit of El Paso Children's Hospital.

(3) The affiliation program mentioned in note (2) ended on September 30, 2019, resulting in physician contracts reverting back to UMC and increasing physician fees.

Source: District records.

Summary Balance Sheet (Table 7)

	Fiscal Year Ended September 30, ($ Thousands)				
	2024	2023	2022 (**)	2021 (*)	2020
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and Cash Equivalents	$ 108,374	$ 182,089	$ 188,024	$ 175,634	$ 181,628
Medicaid Supplemental Receivable	18,433	64,258	79,859	33,623	4,491
Patients Receivable, Net	118,729	92,425	77,800	71,694	54,627
Other Assets, Current	126,324	95,244	48,528	54,042	37,185
Total Current Assets	371,860	434,016	394,211	334,993	277,931
Noncurrent Assets					
Noncurrent Cash and Investments	10,657	18,135	11,125	18,221	19,871
Capital Assets, Net	455,423	450,311	408,781	427,646	434,188
Lease, Net	20,497	7,853	9,801	9,620	-
Subscription Assets, Net	26,445	33,771	32,328	-	-
Net Pension Asset	-	-	11,783	-	-
Other Assets, Noncurrent	13,529	4,925	1,077	1,140	1,549
Total Noncurrent Assets	526,551	514,995	474,895	456,627	455,608
Total Assets	898,411	949,011	869,106	791,620	733,539
Deferred Outflows of Resources	35,952	57,561	50,372	57,722	30,378
Total Assets and Deferred Outflows of Resources	$ 934,363	$ 1,006,572	$ 919,478	$ 849,342	$ 763,917
Liabilities, Deferred Inflows of Resources and Net Position					
Current Liabilities					
Accounts Payable and Accrued Expenses	$ 221,022	$ 261,159	$ 217,008	$ 191,566	$ 125,313
Current Maturities of Long-Term Debt	12,635	11,407	11,507	10,656	10,398
Current Portion of Lease Liabilities	6,008	3,054	3,190	2,925	-
Provider Relief Funds Received in Advance	-	4,861	28,844	-	62,949
Other Liabilities, Current	30,765	19,897	17,296	27,571	11,180
Total Current Liabilities	270,430	300,378	277,845	232,718	209,840
Noncurrent Liabilities					
Long-term Debt	343,964	372,200	328,937	339,038	353,953
Lease Liabilities	15,596	5,340	7,371	7,505	-
Subscription Liabilities	16,074	22,663	22,417	-	-
Net Pension Liability	46,654	66,301	-	61,278	38,134
Other Liabilities, Noncurrent	13,759	7,631	4,022	3,650	26,097
Total Noncurrent Liabilities	436,047	474,135	362,747	411,471	418,184
Total Liabilities	706,477	774,513	640,592	644,189	628,024
Deferred Inflows of Resources	14,910	686	69,872	16,155	10,755
Net Position	212,976	231,373	209,014	188,998	125,138
Total Liabilities Deferred Inflows of Resources and Net Position	$ 934,363	$ 1,006,572	$ 919,478	$ 849,342	$ 763,917

(*) On October 1, 2021. The District adopted GASB Statement No. 87, Leases, using a retrospective method of adoption to all leases in place and not yet completed at the beginning of the fiscal year. The 2021 financial statements were restated to reflect the impact of this adoption.

(**) On October 1, 2022. The District adopted GASB Statement No. 96, Subscriptions, using a retrospective method of adoption to all subscriptions in place and not yet completed at the beginning of the fiscal year. The 2022 financial statements were restated to reflect the impact of this adoption.

Source: District records.

Management's Discussion and Analysis

Please refer to the Management Discussion and Analysis included in the excerpts to the annual audited financial statements attached to this Official Statement as Appendix C.

Payor Mix (Table 8)

The Hospital derives its patient revenues from Medicare, Medicaid, County sponsored programs, self-paying patients and commercial insurance. Set forth below is a table showing the source of patient revenues (based on gross charges) of the Hospital for each of the fiscal years ended September 30, 2020 through 2024.

	Fiscal Year Ended September 30,				
PAYOR	2024	2023	2022	2021	2020
Medicare	23.2%	23.1%	22.4%	26.7%	27.5%
Medicaid	24.3%	25.4%	25.9%	16.4%	16.9%
Commercial	12.1%	11.7%	10.1%	9.8%	7.9%
Charity	10.1%	11.4%	11.3%	15.3%	17.3%
Self-Pay	11.3%	9.0%	12.8%	15.9%	15.0%
HMO/PPO	9.4%	9.0%	7.5%	8.0%	8.6%
Other	9.5%	10.4%	10.0%	7.9%	6.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: District records.

Supplemental Medicaid and Revenues (Table 9)

The Hospital also receives revenue from certain supplemental Medicaid Waiver Programs (replacing the former Upper Payment Limit Program) which are set forth in the table below for the fiscal years ended September 30, 2020 through 2024.

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
Uncompensated Care	$ 44,866,841	$ 67,082,569 (3)	$ 53,685,674	$ 41,344,801	$ 43,766,942
Disproportionate Share	57,569,384	18,284,437	13,391,725	12,882,632	13,070,809
Delivery System Reform Incentive Program	3,301	195,884 (2)	29,647,465	39,921,197	39,236,936
Network Access Improvement Program	16,120,666	18,777,648	20,490,647	22,657,137	18,566,336
Graduate Medical Education	5,150,147	4,317,553	3,229,824	3,157,237	3,322,736
Quality Incentive Payment Program	947,308	1,557,895	1,136,893	1,206,715	16,097
Public Hospital Augmented Reimbursement Program (1)	16,279,331	11,030,421 (3)	20,160,679	-	-
Texas Incentives for Physicians and Professional Services	781,923	894,494	585,888	-	-
Rural Access to Primary and Preventative Services	207,947	289,367	56,274	-	-
Comprehensive Hospital Increase Reimburesement Program	88,126	-	-	-	-
	$ 142,014,974	$ 122,430,268	$ 142,385,069	$ 121,169,719	$ 117,979,856

(1) In 2022 the Hospital began participating in the Public Hospital Augmented Reimbursement Program ("HARP"). HARP is a statewide supplemental program that provides Medicaid payments to hospitals for inpatient and outpatient services that serve Texas Medicaid fee-for-service patients. The program serves as a financial transition for providers historically participating in the DSRIP program (which ended on September 30, 2022) and provides additional funding to hospitals to assist in offsetting the cost hospitals incur while providing Medicaid services.

(2) The decrease in Delivery System Reform Incentive Program revenue was due to the program ending in 2022.

(3) HHSC program administrators updated the formulas to distribution calculations which resulted in the year over year variances.

Source: District records.

Cash and Investments (Table 10)

The District's funds are currently invested in cash and cash equivalents. A summary of cash and investments of the District as of September 30, 2020-2024 is set forth below:

	Fiscal Year Ended September 30, ($ Thousands)				
	2024[4]	2023	2022	2021	2020
Cash and Cash Equivalents - Current Portion and Restricted	$ 108,374	$ 182,089	$ 188,024	$ 175,634	$ 181,628
Long-Term Investments, Board Designated	-	-	-	-	-
Total Cash and Investments	$ 108,374	$ 182,089	$ 188,024	$ 175,634	$ 181,628
Days Cash on Hand [1] [2] [3]	37	46	58	63	80

[1] Operating expense includes Inter-Governmental Transfer Expense for the purposes of Days Cash on Hand.
[2] Operating expense excludes Bad Debt Expense and Depreciation for the purposes of Days Cash on Hand.
[3] Days Cash on Hand has been restated to include El Paso Children's Hospital.
[4] The Hospital received $16.9 million from the Texas Division of Emergency Management ("TDEM") on May 20, 2025, for its request to the Federal Emergency Management Agency for reimbursement of COVID-19 contract labor costs incurred between April 2021 through June 2022. The Hospital expects to receive an additional $5 million upon TDEM's invoice and costs review of these claimed COVID-19 contract labor costs.

Source: District records.

Debt to Capitalization (Table 11)

	Fiscal Year Ended September 30, ($ Thousands)				
	2024	2023	2022	2021	2020
Long-Term Debt:					
General Obligation Refunding Bonds, Series 2013	$ -	$ 82,370	$ 87,305	$ 92,000	$ 96,475
Combination Tax & Revenue Certificates of Obligation, Series 2013	-	125,495	126,585	127,645	128,660
General Obligation Refunding Bonds, Series 2017	90,325	93,250	96,030	98,685	101,215
Revenue Bonds, Series 2023	55,000	55,000	-	-	-
General Obligation Refunding Bonds, Series 2024	187,120				
Capital Lease Obligations	21,604	8,394	2,155	1,224	1,674
Subscription Lease Obligations	24,677	31,856	10,561	10,430	6,090
Total:	378,726	396,365	322,636	329,984	334,114
Long-Term Debt - Other:					
Bond Premium (Discount)	23,675	26,598	28,369	30,140	31,911
Other long-term debt	479	894			
Total Long-Term Debt	$ 402,880	$ 423,857	$ 351,005	$ 360,124	$ 366,025
Unrestricted Net Position, plus Net Capital	199,973	220,066	188,044	179,901	116,449
Total Capitalization	$ 602,853	$ 643,923	$ 539,049	$ 540,025	$ 482,474
Ratio of Long-Term Debt to Capitalization	66.8%	65.8%	65.1%	66.7%	75.9%

Source: District records.

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SERVICE AREA

Competition

The following table sets forth the operating beds and inpatient admissions of the major competitors of the District in El Paso County.

Hospital	Owner	Staffed Beds	FY 2024 Discharges
Del Sol Medical Center	HCA	314	16,360
Las Palmas Medical Center	HCA	327	14,380
Hospitals of Providence East Campus	Tenet	218	15,609
Hospitals of Providence Memorial Campus	Tenet	338	12,794
Hospitals of Providence Sierra Campus	Tenet	306	8,839
Hospitals of Providence Transmountain	Tenet	108	6,723

Source: Texas Hospital Association State-reported Data

THE DISTRICT'S RELATIONSHIP WITH EL PASO CHILDREN'S HOSPITAL

Background

In 2005, the District was approached by a group of El Paso community leaders seeking to establish a dedicated, pediatric specialty hospital. At the time, El Paso was the largest urban area in the country without a dedicated children's hospital. After extensive planning, the District agreed to cooperate with the group to seek voter approval for the District to issue general obligation bonds to fund the construction of a specialty children's hospital building on the District's campus. The plan envisioned that the District would lease the facility to an organization which became known as "El Paso Children's Hospital" ("EPCH" or "El Paso Children's") for operation of a children's hospital and that the District would provide support and administrative services to EPCH at fair market value. The plan also envisioned that EPCH would be a private, non-profit, tax-exempt organization, which would operate the children's hospital as an independent, separately licensed hospital.

In November of 2007, the voters of the County approved $120 million of general obligation bonds for the proposed children's hospital project. In April 2008, the District sold its General Obligation Bonds, Series 2008A to fund the construction of the children's hospital facility. In 2009, the children's hospital leadership incorporated the EPCH and, in 2012, entered into a facility lease and a series of support and administrative agreements under which the District provides services to EPCH and EPCH pays the District for the services provided based on negotiated fees at fair market value. In addition, under the terms of a Development Services Agreement entered into with the District, EPCH agreed to pay the District for certain start-up costs and working capital advanced by the District on behalf of EPCH. EPCH has not fully met all of its payment obligations under its agreements with the District; however, the District and EPCH have negotiated a separate agreement on obligations pursuant to which the District expects to receive current payments and payments in arrears over time. Any failure of EPCH to make such payments should not have a material adverse effect on the District's operations. EPCH achieved licensing and accreditation and initiated operations in 2012.

El Paso Children's has several service and lease-type agreements with UMC which include: Facility lease agreement; Medical equipment lease agreement; Information technology lease agreement; Contractual services agreement, primarily lab and imaging services; and Administrative Services agreement

In 2024, the facility lease was approximately $6.9 million and all other lease and service agreements approximated $19.5 million. All lease and service agreements owed to UMC are current.

EPCH Bankruptcy Filing

Subsequent to its opening, EPCH was unable to meet its payment obligations under its contracts with the District, Texas Tech University Health Science Center ("TTUHSC"), and other creditors, and on May 19, 2015, EPCH filed a voluntary petition for chapter 11 bankruptcy. To ensure the survival of EPHC and as part of an agreed joint plan of reorganization, the District agreed to (1) deposit seven million dollars ($7,000,000) into the depository of the bankruptcy court to provide funds for EPCH to pay all of EPCH's other creditors in full; (2) amend the Facility Lease to reduce EPCH's monthly rent to $500,000; (3) substantially reduce and restructure the more than $100 million owed to the District by EPCH as a $15 million secured claim and a $33 million unsecured claim; and (4) subordinate repayment of the District's claims to all other creditors. In addition, as part of the reorganization plan, EPCH and TTUHSC agreed to restructure the payment of the approximately $9 million which EPCH owed to TTUHSC through a $2 million cash payment made in January 2016 and the remainder to be paid over three years in annual amounts of $2,806,736, which includes interest at a rate of 4.5% per annum. The District has agreed to defer the payment of the amount it is owed until the EPCH's board of directors determines that payment of such debt would not jeopardize the financial viability of EPCH or its mission. A component of the bankruptcy agreement included a long-term obligation to repay UMC $48 million. El Paso Children's has been making their monthly debt payments to UMC and the forecast September 30, 2025, liability balance will be approximately $29 million.

Reorganized Entity

Due to the District's assistance, EPCH successfully emerged from bankruptcy on January 8, 2016 and the District became the sole corporate member of the reorganized EPCH. Although as EPCH's sole corporate member the District is more actively involved in EPCH's budgetary process, EPCH is managed by its own board, and the District does not have daily operational control over EPCH. The District is not a guarantor of EPCH debt obligations and is not otherwise obligated under any EPCH debt obligations.

The Hospital and EPCH are deemed as co-located hospitals as they occupy the same campus. In accordance with federal regulations, the control of operations of each hospital must be separately maintained. As such, each entity has their own governing board which is responsible for their respective entity's chief executive, operations, and administration. While the District is responsible for the approval of the budget of EPCH and the appointment of less than a majority of the members of the EPCH Board of Directors, the District does not have control of the administration, operation, employees, medical staff or policies of that facility. EPCH is a separate non-profit corporation, independently licensed by the State of Texas as a hospital and independently certified by the Centers for Medicare and Medicaid Services (CMS).

Supermajority Board Approval

The following actions require the affirmative vote of at least seven of the EPCH board members then in office:

(a) Approval of EPCH annual capital budgets;
(b) Approval of any debt outside the normal course of business;
(c) Approval of any Material Deviation from the Baseline Operating Budget for any EPCH fiscal year during which there is either (1) a EPCH Actual or Projected Net Operating Loss or (2) outstanding secured and unsecured amounts owed by EPCH to the District pursuant to the Second Amended Joint Chapter 11 Plan of Reorganization entered on December 10, 2015;
(d) Removal of EPCH's Chief Executive Officer;
(e) Removal of the EPCH's independent accounting firm and/or auditors;
(f) Any action by EPCH relating to bankruptcy, dissolution or receivership;
(g) Change in the name of the organization; and,
(h) Change in tax-exempt status of the organization.

The action set forth in clause (f) above also requires the approval of the District as the sole member of EPCH to be effective.

EPCH Officers

EPCH's board appoints the Chief Executive Officer ("CEO") of EPCH who is required to be qualified by training and experience to be the administrator of EPCH. The CEO cannot be under contract with or employed by the District. The CEO serves at the pleasure of EPCH's board and shall be reviewed at least annually by such board. The CEO shall be held accountable for the management of EPCH and its affiliates, in all activities within the limits prescribed by law and the policies adopted by and instructions of the board. The CEO shall appoint a Chief Financial Officer ("CFO") of EPCH. The CFO shall (i) keep complete and accurate books and records of account, showing accurately at all times the financial condition of EPCH; (ii) be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into the possession of EPCH; (iii) furnish at meetings of EPCH's board, or whenever requested, a statement of the financial condition of EPCH; (iv) establish and be responsible for all bank accounts and investments of EPCH; and (v) perform such other duties and exercise all powers incidents to the office of CFO and such other duties and powers as the EPCH board or CEO from time to time may assignor confer.

EPCH Ongoing Operations

EPCH has had annual positive earnings since fiscal year 2019, including in fiscal years 2020 through 2024, the most recent full fiscal year. EPCH's EBIDA since 2020 has ranged from 5% to 19%. The District does not plan on paying, and is not obligated to pay, any of EPCH's ongoing operating obligations. Any shortfall from operations is projected to be funded by EPCH's cash reserves.

Management's Discussion and Analysis

The tax pledge backing the District's general obligation bonds is the sole security for bondholders. Consequently, a Management Discussion and Analysis has not been included in this Appendix A. Please refer to the Management Discussion and Analysis included in the excerpts to the annual audited financial statements attached to this Official Statement as Appendix C.

EMPLOYMENT BENEFITS

Pension Plan

The following is an excerpt of Note 12 from the District's September 30, 2024 audited financial statement.

Plan Description

The District contributes to Texas County and District Retirement System ("TCDRS"), an agent multiple-employer defined benefit pension plan (the "Retirement Plan") covering substantially all employees other than those employed by El Paso Children's. The Retirement Plan is administered by a board of trustees appointed by TCDRS. Benefit provisions are contained in the retirement plan document and were established and can be amended by action of the District's governing body within the options available in the state statutes governing TCDRS. The Retirement Plan does not issue a separate report that includes financial statements and required supplementary information for the plan. TCDRS in the aggregate issues an annual comprehensive financial report ("ACFR") on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768- 2034 or from the website www.tcdrs.org.

Benefits Provided

The Retirement Plan provides retirement, disability and survivor benefits to plan members and their beneficiaries. Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the commitment of the District to contribute to the retirement plan. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer financed monetary credits to a monthly annuity using annuity purchase rates prescribed by TCDRS.

Members can retire at age 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave their accumulated contributions in the retirement plan to receive any employer-financed benefit. If a member withdraws their personal contributions in a lump sum, they are not entitled to any amounts contributed by the employer.

The employees covered by the Retirement Plan on December 31, 2022 through 2023 are as follows:

	2023	2022
Inactive employees or beneficiaries currently receiving benefits	1,007	954
Inactive employees entitled to but not yet receiving benefits	4,303	4,093
Active employees	3,884	3,471
	9,194	8,518

Contributions

The District's governing body has the authority to establish and amend the contribution requirements of the District and active employees. The District establishes rates based on the annually determined rate plan provisions of the TCDRS Act. The Retirement Plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Retirement Plan members are required to contribute 5% of their annually covered salary. Under the TCDRS Act, rates are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employees contributed approximately $15.5 million in 2024 and $12.8 million in 2023, or 5.0% of annual pay, and the District contributed approximately $23.4 million or 7.53% in 2024 and $20.6 million or 7.61% in 2023 to the Retirement Plan.

Net Pension (Asset) Liability

The District's net pension (asset) liability as of September 30, 2024 and 2023 was measured as of December 31, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension (asset) liability was determined by actuarial valuations as of those dates. The total pension liability in the December 31, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	4.7% average over career including inflation
Ad hoc cost of living adjustments	Not included
Investment rate of return	7.5%, net of pension plan administrative expenses
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub 2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions used in the December 31, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020. The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

The target allocation and best estimates of geometric rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
U.S. Equities	11.5%	4.8%
International Equities — Developed	5.0%	4.8%
International Equities — Emerging	6.0%	4.8%
Global Equities	2.5%	4.8%
Hedge Funds	6.0%	3.3%
High-Yield Investments		
Strategic Credit	9.0%	3.7%
Distressed Debt	4.0%	6.9%
Direct Lending	16.0%	7.3%
Private Equity	25.0%	7.8%
Real Assets		
REITs	2.0%	4.1%
Private Real Estate Partnerships	6.0%	5.7%
Master Limited Partnerships	2.0%	5.2%
Cash Equivalents	2.0%	0.6%
Investment-Grade Bonds	3.0%	2.4%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.6% at December 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The below table reflects the changes in the total pension liability, plan fiduciary net position and the net pension (asset) liability for the years ended September 30, 2024 and 2023.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2023	$ 665,236	$ 598,935	$ 66,301
Changes for the year:			
Service cost	22,503	-	22,503
Interest on total pension liability	51,400	-	51,400
Effect of economic/demographic gains or losses	7,594	-	7,594
Refund of contributions	(1,629)	(1,629)	-
Benefit payments	(21,637)	(21,637)	-
Administrative expenses	-	(353)	353
Member contributions	-	13,775	(13,775)
Net investment income	-	65,937	(65,937)
Employer contributions	-	20,965	(20,965)
Other changes	-	820	(820)
Net changes	58,231	77,878	(19,647)
Balances at September 30, 2024	$ 723,467	$ 676,813	$ 46,654

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at September 30, 2022	$ 612,778	$ 624,561	$ (11,783)
Changes for the year:			
Service cost	19,221	-	19,221
Interest on total pension liability	47,242	-	47,242
Effect of economic/demographic gains or losses	7,167	-	7,167
Refund of contributions	(1,377)	(1,377)	-
Benefit payments	(19,795)	(19,795)	-
Administrative expenses	-	(351)	351
Member contributions	-	11,898	(11,898)
Net investment income	-	(37,487)	37,487
Employer contributions	-	19,536	(19,536)
Other changes	-	1,950	(1,950)
Net changes	52,458	(25,626)	78,084
Balances at September 30, 2023	$ 665,236	$ 598,935	$ 66,301

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The net pension asset has been calculated using a discount rate of 7.6%. The following table presents the net pension (asset) liability using a discount rate 1% higher and 1% lower than the current rate for September 30:

	2024		
	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Net pension liability (asset)	$ 158,474	$ 46,654	$ (44,965)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended September 30, 2024 and 2023, the District recognized pension expense of approximately $19.1 million and $20.9 million, respectively. At September 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 8,084	$ -
Net difference between projected and actual earnings on pension plan	4,029	-
Contributions subsequent to the measurement date	18,347	-
	$ 30,460	$ -

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,382	$ -
Changes of assumptions	9,301	-
Net difference between projected and actual earnings on pension plan investments	14,167	-
Contributions subsequent to the measurement date	15,707	-
	$ 45,557	$ -

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At September 30, 2024 and 2023, the District reported approximately $18.3 million and $15.7 million, respectively, as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a decrease in the net pension liability at September 30, 2025 and 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2024, related to pensions will be recognized in pension expense as follows:

Year ending September 30:		
2025	$	782
2026		343
2027		14,983
2028		(3,995)
	$	12,113

Pension Plan Fiduciary Net Position

Detailed information about the Retirement Plan's fiduciary net position is available in the separately issued financial report of TCDRS for the year ended December 31, 2023.

ACCREDITATION

The District is licensed by the Texas Department of State Health Services and is fully accredited by the Joint Commission (the "TJC"). TJC completed its survey of the Hospital in August 2024 and the Hospital received full accreditation. Approved as a provider in both the Medicare and Medicaid programs, the Hospital participates with Blue Cross of Texas and other major insurance carriers in the area. The Pharmacy Department is licensed by the State Board of Pharmacy and accredited by TJC for Hospital and Home Care. The Respiratory Lab is accredited by TJC. The Radiology Department is licensed by the Texas Department of Health Bureau of Radiation Control and accredited by the American College of Radiology in ultrasound and mammography. The Laboratory Department is accredited by Clinical Laboratory Improvement Amendment 88' and by the College of American Pathologists. The Hospital is verified by the American College of Surgeons (the "ACS") for designation as a Level I Trauma Center for the State of Texas.

INSURANCE

Except for claims related to the EPCH's employees, the District is self-insured for claims under the Texas Workers' Compensation Act (the "Act"). At September 30, 2024 and 2023, the District had accrued amounts, which in the opinion of management, are sufficient to cover all claims arising under the Act through September 30, 2024 and 2023, respectively. The accrual is based on an independent actuarial determination obtained by management for all claims arising in the self-insured period.

Except for claims related to EPCH's activities, the District is also self-insured for malpractice claims. At September 30, 2024 and 2023, the District had accrued amounts that in the opinion of management, are sufficient to cover all asserted and unasserted claims incurred through September 30, 2024 and 2023, respectively. The accrual is based on an independent actuarial determination obtained by management for all claims arising in the self-insured period. The estimate is based on a maximum liability, under Texas statue, of $100,000 for each person, $300,000 for each single occurrence for bodily injury or death and $100,000 for each single occurrence for injury to or destruction of property. Because of these limits on its liability, the District does not hold commercial stop-loss coverage for malpractice claims.

District eligible employees are covered under a self-insured health plan, which is administered by the Health Plan. The District accrues a liability for all claims that are estimated to have been incurred prior to year-end under the plan.

Losses from asserted and unasserted claims identified under the District's incident reporting system are accrued based on estimates that incorporate the District's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the District's estimate of losses could change by a material amount in the near term.

The accruals and fiscal year activity (current year expenses and claim payments made) for workers' compensation and professional liability are not material in 2024 and 2023.

LITIGATION

As of the date of this Official Statement, the District has certain pending and threatened litigation and claims incurred in the ordinary course of business; however, management believes that the probable resolution of such contingencies will not exceed the District's self-insurance reserves and will not materially affect the financial position of the District or the results of its operations and changes in its net position. See "**INSURANCE**" above. As a political subdivision, the District's liability for torts is governed by the limited waiver of immunity contained in the Texas Tort Claims Act and the corresponding limits of liability it provides (being $100,000 for each person and $300,000 for each single occurrence for bodily injury/death and $100,000 for each single occurrence for injury to or destruction of property). This limitation on liability does not extend to other causes of action, such as discrimination, civils rights or contractual claims.

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APPENDIX B

GENERAL INFORMATION REGARDING THE COUNTY

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GENERAL INFORMATION REGARDING THE COUNTY

GENERAL

El Paso County (the "County") was created from Bexar District in 1849, organized in 1850, and incorporated in 1871. Parts of the County were taken to form Culberson County in 1911 and Hudspeth County in 1915. The County was named for being a well-known pass through the Rocky Mountains. It is the most western county in Texas, and is about equidistant from Houston, Texas, Los Angeles, California and Denver, Colorado. Bordered on the east side by Hudspeth County, the County is just north of the International Boundary between the United States of America and the Republic of Mexico.

The County is a strategic crossroads for continental north-south and east-west traffic. The County spans a geographic area of approximately 1,058 square miles. According to the latest U.S. Census Bureau estimate, the County population is estimated at 875,784. The City of El Paso (the "City"), the County seat, is estimated at having a population of 678,815. The City is the largest U.S. city on the Mexico border, the sixth largest city in Texas, and the nineteenth largest city in the U.S. Combined with its sister city, Juarez, Mexico, the El Paso metro area encompasses more than 2.5 million people, making it the world's largest population center on an international border. The County is included in the El Paso, Texas Metropolitan Statistical Area.

COUNTY GOVERNMENT AND ADMINISTRATION

The County is governed by a five member County Commissioners Court. One member, the County Judge, is elected at large from a precinct to a four-year term. The other four members are county commissioners and are also elected from a precinct to a four-year term. The current members of the Commissioners Court and the respective expiration of their term of office are as follows:

Name	Current Term Expires
Ricardo A. Samaniego, County Judge	12/31/2026
Jackie Butler, Commissioner Precinct 1	12/31/2028
David Stout, Commissioner Precinct 2	12/31/2026
Iliana Holguin, Commissioner Precinct 3	12/31/2028
Sergio Coronado, Commissioner Precinct 4	12/31/2026

The Commissioners Court serves as the executive branch of the County government. Among a myriad of constitutional and statutorily imposed duties and responsibilities, the five members of the Commissioners Court have the exclusive responsibility and authority over a multitude of areas in the operation of the County government, including setting ad valorem property taxes, approving the County's operating budget and budgetary amendments, and directing settlement of all claims against the County. The Commissioners Court also determines when propositions to issue bonds will be submitted to voters.

EL PASO COUNTY HOSPITAL DISTRICT

By statute, the County's Commissioners Court appoints the board of managers of the El Paso County Hospital District d/b/a University Medical Center of El Paso (the "District"), approves its budget and sets its tax rate. Nonetheless, the District is a completely separate and dissimilar organization. All accounting and budgeting records of the District are maintained by the District.

MAJOR EMPLOYERS WITHIN EL PASO COUNTY

Name	Classifications	Number of Employees
Fort Bliss (Military and Civilian)	Military Base	47,628
El Paso ISD	Public Education	8,478
Socorro ISD	Public Education	8,120
T&T Staff Management L.P.	Employment Agency	7,606
Ysleta ISD	Public Education	7,383
City of El Paso	Local Government	6,095
Wal-Mart	Retail	5,511
Health Network	Healthcare	4,400
GC Services	Telemarketing	4,324
University Medical Center	Healthcare	3,272

Source: Municipal Advisory Council of Texas.

EMPLOYMENT STATISTICS
(in Thousands)

	El Paso County			Texas		
	2024	2023	2022	2024	2023	2022
Civilian Labor Force	411.09	376.0	369.1	15,524.0	14,990.0	14,605.8
Total Employment	395.97	360.1	354.3	14,972.4	14,407.2	14,073.3
Total Unemployment	15.12	16.0	14.8	551.6	582.9	532.5
Percentage Unemployment	3.7%	4.3%	4.0%	3.6%	3.9%	3.6%

Source: Texas Workforce Commission, Labor Market Information Department, data as of May of each year.

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APPENDIX C

EXCERPTS FROM THE

EL PASO COUNTY HOSPITAL DISTRICT

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2024

The information contained in this Appendix consists of excerpts from the El Paso County Hospital District Annual Financial Report for the Fiscal Year Ended September 30, 2024, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

The information contained in this Appendix is provided as of the respective dates and for the periods specified herein and is subject to change without notice, and the filing of this Appendix does not, under any circumstances, imply that there has been no change in the affairs of the District since the specified date as of which such information is provided. The historical information set forth in this Appendix is not necessarily indicative of future results or performance due to various factors, including those discussed in the Official Statement.

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El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas

Independent Auditor's Report, Financial Statements, and Supplementary Information

September 30, 2024 and 2023

El Paso County Hospital District
d/b/a University Medical Center of El Paso
a Component Unit of El Paso County, Texas
Contents
September 30, 2024 and 2023

Forvis Mazars, LLP
14221 Dallas Parkway, Suite 400
Dallas, TX 75254
P 972.702.8262 | F 972.702.0673
forvismazars.us

Independent Auditor's Report

Board of Managers
El Paso County Hospital District
d/b/a University Medical Center of El Paso
El Paso, Texas

Opinion

We have audited the financial statements of El Paso County Hospital District d/b/a University Medical Center of El Paso (the District), a component unit of El Paso County, Texas, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory and combining information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion on it or provide any assurance on it.

Forvis Mazars, LLP

Dallas, Texas
December 13, 2024

El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas
Introductory Information
Years Ended September 30, 2024 and 2023

The El Paso County Hospital District's d/b/a University Medical Center of El Paso (the District) management is responsible for the preparation and integrity of the financial information presented in this report. The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board and include amounts based on judgments and estimates made by management. Management also prepares the other information included in the report and is responsible for its accuracy and consistency with the financial statements.

The 2024 and 2023 financial statements have been audited by the independent accounting firm of **Forvis Mazars, LLP**, as stated in their reports, who was given unrestricted access to all financial records and related data, including the minutes of all meetings of the Board of Managers. The Board of Managers, through its Finance Committee (the Committee), provides oversight to the financial reporting process. Integral to this process is the Committee's review and discussion with management of the monthly financial statements and the external auditors for the annual financial statements.

The District maintains a system of internal control over financial reporting, which is designed to provide reasonable assurance that transactions are executed as authorized and accurately recorded and that assets are properly safeguarded, and to provide reasonable assurance to our management and the Board of Managers regarding the reliability of our financial statements. The internal control system includes:

- A documented organizational structure and division of responsibility.
- Established policies and procedures that are regularly communicated and that demand highly ethical conduct from all employees.
- UMC's Compliance Department monitors the operation of the internal control system and reports findings and recommendations to management and the Board of Managers as appropriate. Corrective actions are taken to address control deficiencies and other opportunities for improvement as they are identified.

El Paso County Hospital District
d/b/a University Medical Center of El Paso

/s/ *R. Jacob Cintron*	/s/ *Michael L. Nuñez*
R. Jacob Cintron President and Chief Executive Officer	Michael L. Nuñez, CHFP, CPA District Chief Financial Officer

Introduction

This management's discussion and analysis of the financial performance of El Paso County Hospital District (the District) d/b/a University Medical Center of El Paso provides an overview of the District's financial activities for the years ended September 30, 2024 and 2023. It should be read in conjunction with the District's financial statements.

The District's affiliated entities and blended component units include:

- University Medical Center of El Paso (UMC);
- El Paso First HealthPlans, Inc. d/b/a El Paso Health (the Health Plan), a blended component unit;
- University Medical Center Foundation of El Paso (the Foundation), a blended component unit (which includes El Paso Children's Hospital Foundation);
- El Paso Children's Hospital (El Paso Children's), a blended component unit; and
- UMC El Paso Healthcare, Inc. (El Paso Healthcare), a blended component unit.

Unless otherwise indicated, amounts are in millions.

Financial Highlights

- The District's current bond ratings and actions are:
    - KBRA a/k/a Kroll rated the District as AA-, with a stable outlook in July 2024.
    - S&P Global Ratings reaffirmed the "BBB+" rating with a stable outlook in June 2023.
    - Fitch Ratings reaffirmed the "A-" rating with a stable outlook revision from positive in July 2024.
    - Moody's reaffirmed the "Baa2" rating with a stable outlook revision from negative in September 2022.
- The District's net position change was a decrease of $18 million in 2024 and an increase of $22 million in 2023 – a decrease of $40 million.
    - UMC's net position decrease (prior to transfers from affiliate) was $29 million in 2024 and $16 million in 2023 – a decrease of $13 million
    - El Paso Children's net position increase was $13 million in 2024 and $30 million in 2023 – a decrease of $17 million.
    - The Health Plan's net position decrease was $5 million in 2024 and an increase of $10 million in 2023 – a decrease of $15 million.
    - The Foundation's net position increase was $2 million in both 2024 and 2023.
- The District's capital asset investment was $45 million in 2024 and $79 million in 2023, as part of the on-going hospital inpatient renovations, outpatient centers expansion and purchase of a surgical hospital.
- The District's 2024 property tax rate was $0.2356650 as compared to the 2023 property tax rate of $0.235153.
- The District's contribution to the community included estimated costs to provide uncompensated care of $257 million in 2024 and $240 million in 2023– a 7% increase.

Using this Annual Report

The District's financial statements consist of three statements–a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the District's activities, including resources held by the District but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any organization's finances is "Is the organization as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The District's total net position–the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources–is one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the District's overall financial health.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

Table 1: Assets and Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

	2024	2023	2022
Assets and Deferred Outflows of Resources			
Current assets, noncurrent cash and other assets	$ 396.1	$ 457.0	$ 406.4
Capital assets, net	455.4	450.3	408.8
Lease assets, net	20.5	7.9	9.8
Subscription assets, net	26.4	33.8	32.3
Net pension asset	-	-	11.8
Deferred outflows of resources	36.0	57.6	50.4
Total assets and deferred outflows of resources	$ 934.4	$ 1,006.6	$ 919.5
Liabilities and Deferred Inflows of Resources			
Long-term debt, including current maturities	$ 356.6	$ 383.6	$ 340.4
Lease liabilities, including current maturities	21.6	8.4	10.6
Subscription liabilities, including current maturities	24.7	31.9	30.2
Other liabilities	303.6	350.6	259.4
Deferred inflows of resources	14.9	0.7	69.9
Total liabilities and deferred inflows of resources	721.4	775.2	710.5
Net Position			
Net investment in capital assets	89.2	84.4	81.3
Restricted	13.1	11.3	21.0
Unrestricted	110.7	135.7	106.7
Total net position	213.0	231.4	209.0
Total liabilities, deferred inflows of resources and net position	$ 934.4	$ 1,006.6	$ 919.5

The District's significant balance sheet changes from 2023 to 2024 include the following:

- Total assets and deferred outflows of resources decreased $72 million (7%) between 2023 and 2024.
- Deferred outflows of resources decreased $22 million (38%) primarily from the difference between projected and actual earnings on pension plan investments and a reduction in the loss on bond refunding.
- At September 30, 2024, the District reported a net pension liability of $47 million compared to a net pension liability of $66 million at September 30, 2023 – a decrease of $19 million, which is attributable to decreases in market performance on the plan's investments as of the measurement date.
- Current assets, noncurrent cash and other assets decreased $61 million (13%) primarily from decreases in cash, restricted cash and short-term investments as well as a $45 million decrease in Medicaid Supplemental Program Revenue receivable.
- Total liabilities and deferred inflows of resources decreased $54 million (7%) primarily from the decrease in net pension liability previously discussed, as well as a $28 million decrease in long-term debt, due to the debt refinancing that occurred in 2024 (*Note 11*). These decreases were partially offset by an $11 million increase in estimated amounts due to third-party payers, as discussed in *Note 2*.

The District's significant balance sheet changes from 2022 to 2023 include the following:

- Total assets and deferred outflows of resources increased $87 million (10%) between 2023 and 2022.
- Deferred outflows of resources decreased $7 million (14%) primarily from the difference between projected and actual earnings on pension plan investments.
- At September 30, 2023, the District reported a net pension liability of $66 million compared to a net pension asset of $12 million at September 30, 2022 – a decrease of $78 million, which is attributable to decreases in market performance on the plan's investments as of the measurement date.
- Current assets, noncurrent cash and other assets increased $51 million (13%) primarily from increases in patient accounts receivable as a result of higher patient volumes in 2023 compared to 2022 as well as increases in current cash and short-term investments of $35 million (18%).
- Total liabilities and deferred inflows of resources increased $65 million (9%) primarily from the increase in net pension liability previously discussed, which was offset by the decrease in COVID-19 funding received in advance of $5 million, discussed more fully in *Note 15* and a $69 million decrease in deferred inflows of resources, primarily attributable to pensions. Accounts payable and accrued expenses increased $44 million (20%) as a result of higher operating expenses incurred in 2023 as detailed in *Note 9*. Total liabilities also increased as a result of the District issuing $55 million in Series 2023 Revenue Bonds, discussed in *Note 11*.

Table 2: Operating Results and Changes in Net Position

	2024	2023	2022
Operating Revenue			
Net patient service revenue	$ 724.9	$ 623.8	$ 570.7
Premium revenue	333.5	375.7	337.6
Medicaid Supplemental Program revenue	149.0	124.8	140.3
Contract revenue	17.6	16.7	12.6
Other revenue	33.1	75.8	41.9
Total operating revenues	1,258.1	1,216.8	1,103.1
Operating Expense			
Salaries and employee benefits	490.9	439.8	365.8
Medical claims	296.9	322.8	294.7
Purchased services and other	151.5	144.1	144.5
Physician fees	144.8	141.6	125.7
Supplies and pharmaceuticals	283.0	256.7	233.8
Depreciation and amortization	56.4	52.1	50.4
Total operating expenses	1,423.5	1,357.1	1,038.0
Operating Loss	(165.4)	(140.3)	(111.8)
Nonoperating Revenues, Net	147.1	162.7	131.8
Change in Net Position	$ (18.3)	$ 22.4	$ 20.0

Operating revenues increased $41 million (3%) from 2023 to 2024.

- Net patient service revenue increased $101 million (16%) primarily from patient volume increases, higher patient acuity, and increased collection rates.
- Premium revenue decreased $42 million (11%) primarily from decreased Medicaid members as a result of the end of the COVID-19 pandemic and the ending of the Public Health Emergency declaration, as well as decreased rates.
- A decrease in other operating revenue of $43 million (56%) due to a reduction in Quality Incentive Fund (QIF) funding, as discussed in *Note 4*.

Operating revenues increased $114 million (10%) from 2022 to 2023.

- Net patient service revenue increased $53 million (9%) primarily from patient volume increases, higher patient acuity, and increased collection rates.
- Premium revenue increased $38 million (11%) primarily from increased Medicaid members as a result of the COVID-19 pandemic and the Public Health Emergency declaration.

Operating expenses increased $66 million (5%) between 2023 and 2024.

- Salaries and employee benefits expense increased by $51 million (12%) primarily from additional staffing required due to the increases in patient volumes and wage increases due to inflation.
- Medical claims expense decreased by $26 million (8%) primarily from decreases in members and decreased medical claim utilization.
- Supplies and pharmaceutical expense increased $26 million (10%) from increased patient acuity levels and increased patient volumes, as well as increases in inflation.

Operating expenses increased $142 million (12%) between 2022 and 2023.

- Salaries and employee benefits expense increased by $74 million (20%) primarily from additional staffing required due to the increases in patient volumes and wage increases due to a national nursing and staffage shortage.
- Medical claims expense increased by $28 million (10%) primarily from increases in members and increased medical claim utilization.
- Supplies and pharmaceutical expense increased $23 million (10%) from increased patient acuity levels and increased patient volumes, as well as increases in inflation caused by national supply chain issues and rising demand.

Net nonoperating revenues decreased $16 million (10%) from 2023 to 2024.

- The District recognized $5 million of COVID-19 assistance revenue, as discussed more fully in *Note 15*.
- Property tax revenue increased $15 million (11%) from $133 million to $148 million, due to increased property values and an increase in the property tax rate.

Net nonoperating revenues decreased $31 million (23%) from 2022 to 2023.

- The District recognized $32 million of COVID-19 assistance revenue, as discussed more fully in *Note 15*.
- Property tax revenue increased $4 million (3%) from $129 million to $129 million, due to increased property values.

Table 3: Payer Mix by Percentage

The following table presents the relative percentages of gross charges billed for patient services by payer for both UMC and El Paso Children's for the fiscal years ended September 30, 2024, 2023 and 2022:

	Years Ended September 30				
Payer	**2024**	**2023**	**Change**	**2022**	**Change**
Medicare	23%	23%	0%	22%	1%
Medicaid	25%	25%	0%	26%	-1%
Commercial	12%	10%	2%	10%	0%
Charity	10%	11%	-1%	11%	0%
Self-pay	11%	12%	-1%	13%	-1%
HMO/PPO	9%	9%	0%	8%	1%
Other	10%	10%	0%	10%	0%
	100%	100%		100%	

Table 4: Capital, Lease and Subscription Assets

The following table presents a summary of the District's capital assets as of September 30, 2024, 2023 and 2022:

	2024	**2023**	**Dollar Change**	**2022**
Land and land improvements	$ 33.1	$ 27.8	$ 5.3	$ 27.8
Building and leasehold improvements	573.1	527.1	46.0	526.1
Equipment	468.1	434.1	34.0	407.0
	1,074.3	989.0	85.3	960.9
Construction in progress	11.1	51.1	(40.0)	-
	1,085.4	1,040.1	45.3	960.9
Accumulated depreciation	(630.0)	(589.9)	(40.1)	(552.2)
Capital assets, net	$ 455.4	$ 450.2	$ 5.2	$ 408.7

Capital assets, net, were $455 million at September 30, 2024. The District invested $45 million, net, in capital assets in 2024, offset by annual depreciation expense of $40 million. Capital assets, net, were $450 million at September 30, 2023. The District invested $79 million, net, in capital assets in 2023, offset by annual depreciation expense of $38 million.

Lease assets, net, were $20 million and $8 million at September 30, 2024 and 2023, respectively.

Subscription assets, net, were $26 million and $34 million at September 30, 2024 and 2023, respectively.

Detailed information about the District's capital, lease, and subscription assets are described in *Note 8*.

Long-term Debt, Lease, and Subscription Liabilities

At September 30, 2024, long-term debt consists of the following:

- General Obligation Refunding Bonds, Series 2017 - $90 million
- Revenue Bonds, Series 2023 - $55 million
- General Obligation Refunding Bonds, Series 2024 - $187 million
- Other long-term debt - $500 thousand
- Lease liabilities - $22 million
- Subscription liabilities - $25 million

Long-term debt, including the bond premium of $24 million, at September 30, 2024 totaled $357 million, a 7% decrease from September 30, 2023, and represents 50% of the District's total liabilities at September 30, 2024.

Long-term debt, including the bond premium of $27 million, at September 30, 2023 totaled $384 million, a 13% increase from September 30, 2022, and represents 50% of the District's total liabilities at September 30, 2023.

Detailed information about the District's long-term debt, lease and subscription liabilities are described in *Note 11*.

Economic Factors and Key Challenges

Management continues to monitor and consider many factors that have a direct or indirect impact on the future of the District's operations, including:

At a local level,

- the planning for and completing of the many projects that are included in the November 2024 voter-approved $397 million of General Obligation bonds to address patient bed and plant capacity issues.
- Because of patient volume increases and its impact on nursing staffing, the District continues to increase pay rates to remain competitive with other local hospitals.
- The industry continues to be concerned that Medicare, Medicaid and commercial insurance hospital payments fall short of the rising costs hospitals face, most notably from labor and inflation.
- Cybersecurity is a growing concern for all healthcare organizations amid the ongoing rise of ransomware attacks and other threats.
- The Health Plan's new service line, STAR+PLUS, which began on September 1, 2024, and the planned entrance into Medicare Advantage on January 1, 2026.

At the federal level, Congress must address significant healthcare issues, including several policies temporarily extended under the current continuing resolution (CR) that will expire on December 20, 2024 without further action. In addition, other essential healthcare policies are set to lapse at the end of 2024 unless Congress intervenes.

- Prevent impending cuts to Medicaid Disproportionate Share (DSH) hospital payments. Medicaid DSH allotments are scheduled to be reduced by approximately $8 billion in FFY 2025. The scheduled reductions underscores that the nations rural and urban safety net hospitals will not be able to sustain cuts of this magnitude, which would leave communities without access to critical medical care. Meanwhile, Texas Health and Human Services Commission (HHSC) began FFY 2025 interim Medicaid DSH payments in October 2024. Absent any further federal legislation delaying the Medicaid DSH cuts, HHSC is making 2025 interim payments with an anticipated 45% percent reduction in the statewide Medicaid DSH pool size.
- Provide additional funding for the Federal Emergency Management Agency (FEMA).
- Extend telehealth and hospital at home policies.
- Address Medicare payment reductions to physicians.

At the state level,

- Alternate Participating Hospital Reimbursement for Improving Quality Award (APHRIQA). Beginning in state fiscal year 2025, hospitals will be required to submit annual data for process and outcome measures. Reported qualitative and numeric data will be used to determine pay-for-performance measure achievement and monitor hospital-level progress toward state quality objectives.
- Aligning Technology by Linking Interoperable Systems (ATLIS) is a new Medicaid quality payment program that HHSC is currently planning to launch in state fiscal year 2025.
- Inpatient Rebasing Rates - HHSC continues to work on Medicaid Inpatient Rebasing rates as these rates have not been rebased since 2011.
- Enhanced Ambulatory Patient Groups (EAPGs) – HHSC continues to plan to implement the outpatient prospective payment system (OPPS) reimbursement in conjunction with the implementation of a modernized Medicaid Information System (MMIS).

Contacting the District's Financial Manager

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact UMC, Fiscal Services Office, 4815 Alameda Avenue, El Paso, Texas 79905.

El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas
Balance Sheets
September 30, 2024 and 2023
(In Thousands)

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	$ 108,374	$ 182,089
Restricted cash and cash equivalents	21,179	36,793
Short-term investments	32,151	10,018
Patient accounts receivable, net	118,729	92,425
County appropriation - property taxes receivable, net	1,487	1,623
Medicaid Supplemental Program Revenue receivable	18,433	64,258
Estimated amounts due from third party payers	5,933	2,671
Supplies	15,124	14,153
Prepaid expenses and other	50,450	29,986
Total current assets	371,860	434,016
Noncurrent Cash and Investments		
Project construction	-	9,174
Held by Foundation	10,157	8,461
Restricted for medical claims	500	500
	10,657	18,135
Capital Assets, Net	455,423	450,311
Lease Assets, Net	20,497	7,853
Subscription Assets, Net	26,445	33,771
Other Assets	13,529	4,925
Total assets	898,411	949,011
Deferred Outflows of Resources		
Loss on bond refundings	4,260	10,235
Goodwill	866	1,371
Other postemployment benefits	366	398
Pensions	30,460	45,557
	35,952	57,561
Total assets and deferred outflows of resources	$ 934,363	$ 1,006,572

El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas
Balance Sheets **(Continued)**
September 30, 2024 and 2023
(In Thousands)

	2024	2023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued expenses	$ 221,022	$ 261,159
Current maturities of long-term debt	12,635	11,407
Current portion of lease liabilities	6,008	3,054
Current portion of subscription liabilities	8,603	9,193
Note payable to bank and other current liabilities	796	1,013
COVID-19 funding received in advance	-	4,861
Estimated self-insurance costs - current	4,998	4,379
Estimated amounts due to third-party payers	16,368	5,312
Total current liabilities	270,430	300,378
Other Liabilities		
Long-term debt	343,964	372,200
Lease liabilities	15,596	5,340
Subscription liabilities	16,074	22,663
Net pension liability	46,654	66,301
Net other postemployment benefits liability	2,037	2,003
Other	11,722	5,628
Total liabilities	706,477	774,513
Deferred Inflows of Resources		
Gain on debt refundings	14,206	-
Other postemployment benefits	704	686
Total deferred inflows of resources	14,910	686
Net Position		
Net investment in capital assets	89,232	84,394
Restricted - expendable	9,288	8,224
Restricted - non-expendable	3,715	3,083
Unrestricted	110,741	135,672
Total net position	212,976	231,373
Total liabilities, deferred inflows of resources and net position	$ 934,363	$ 1,006,572

El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2024 and 2023
(In Thousands)

	2024	2023
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts of 2024 - $137,772; 2023 - $43,813	$ 724,913	$ 623,839
Premium revenue	333,453	375,653
Medicaid Supplemental Program revenue	148,993	124,776
Contract revenue	17,621	16,659
Other revenue	33,061	75,797
Total operating revenues	1,258,041	1,216,724
Operating Expenses		
Salaries and employee benefits	490,862	439,795
Medical claims	296,948	322,815
Purchased services and other	151,532	144,126
Physician fees	144,785	141,623
Supplies and pharmaceuticals	282,952	256,659
Depreciation and amortization	56,417	52,082
Total operating expenses	1,423,496	1,357,100
Operating Loss	(165,455)	(140,376)
Nonoperating Revenues (Expenses)		
Investment return	10,547	7,039
Interest expense	(18,105)	(15,516)
County appropriation - property taxes, net	148,473	133,442
COVID-19 assistance revenue	4,861	32,445
Tobacco settlement	2,553	2,493
Debt issuance costs	(1,796)	-
Other	525	2,832
Total nonoperating revenues, net	147,058	162,735
Increase (Decrease) in Net Position	(18,397)	22,359
Net Position, Beginning of Year	231,373	209,014
Net Position, End of Year	$ 212,976	$ 231,373

El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas
Statements of Cash Flows
Years Ended September 30, 2024 and 2023
(In Thousands)

	2024	2023
Cash Flows From Operating Activities		
Receipts from and on behalf of patients and members	$ 1,008,679	$ 1,009,826
Payments to suppliers and contractors	(879,076)	(857,438)
Payments to employees	(489,677)	(435,460)
Gross receipts from LPPF	87,562	118,782
Gross payments for LPPF	(104,046)	(86,868)
Cash received from contract revenues and other operating activities	42,682	52,984
Cash received from uncompensated care related activities	186,788	150,426
Net cash used in operating activities	(147,088)	(47,748)
Cash Flows From Noncapital Financing Activities		
County appropriations supporting operations	124,539	109,668
Cash received from tobacco settlement	2,553	2,493
Cash received for COVID-19 assistance	-	8,462
Other cash received, net	2,768	2,734
Net cash provided by noncapital financing activities	129,860	123,357
Cash Flows From Capital and Related Financing Activities		
Principal paid on long-term debt	(9,895)	(9,795)
Principal paid on lease liabilities	(5,002)	(4,143)
Principal paid on short-term debt	(679)	(155)
Interest paid on long-term debt and lease liabilities	(19,853)	(16,005)
Principal paid on subscription liabilities	(10,235)	(9,141)
Interest paid on subscription liabilities	(925)	(1,034)
County appropriations to acquire or retire debt for acquisitions of capital assets	24,070	24,079
Proceeds from issuance of debt	-	55,000
Purchase of capital assets	(45,476)	(79,199)
Net cash used in capital and related financing	(67,995)	(40,393)
Cash Flows From Investing Activities		
Interest on investments	10,034	6,764
Proceeds from disposition of investments	12,527	7,971
Purchase of investments	(28,656)	(24,329)
Net cash used in investing activities	(6,095)	(9,594)
Increase (Decrease) in Cash and Cash Equivalents	(91,318)	25,622
Cash and Cash Equivalents, Beginning of Year	227,506	201,884
Cash and Cash Equivalents, End of Year	$ 136,188	$ 227,506

El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas
Statements of Cash Flows **(Continued)**
Years Ended September 30, 2024 and 2023
(In Thousands)

	2024	2023
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents	$ 108,374	$ 182,089
Restricted cash and cash equivalents	21,179	36,793
Cash and cash equivalents in noncurrent cash and investments	6,635	8,624
Total cash and cash equivalents	$ 136,188	$ 227,506
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (165,455)	$ (140,376)
Depreciation and amortization	56,417	52,082
Provision for uncollectible accounts	137,772	43,813
Changes in operating assets and liabilities		
Patient accounts receivable, net	(164,076)	(58,438)
Estimated amounts due to/from third-party payers	2,608	(4,144)
Accounts payable and accrued expenses	(40,506)	43,044
Net pension asset/liability	(19,647)	78,084
Net other postemployment benefits liability	34	36
Deferred outflows of resources - pensions	15,097	(8,404)
Deferred inflows of resources - pensions	-	(69,366)
Deferred outflows of resources - other postemployment benefits	32	(76)
Deferred inflows of resources - other postemployment benefits	18	180
Other assets, deferred outflows of resources, and liabilities	30,618	15,817
Net cash used in operating activities	$ (147,088)	$ (47,748)
Noncash Investing, Capital and Financing Activities		
Capital asset acquisitions included in accounts payable and accrued expenses	$ 3,550	$ 3,792
Lease obligation incurred for lease assets	$ 18,212	$ 1,976
SBITA obligations incurred for SBITA assets	$ 3,151	$ 10,873

In August 2024, the District advance refunded $124 million of the Combination Tax and Revenue Certificates of Obligation, Series 2013 and $77 million of the General Obligation Reduning Bonds, Series 2013. Proceeds of $202 million were deposited immediately for the defeasance of the outstanding bond principal and payment of the related issuance costs.

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Reporting Entity

The El Paso County Hospital District (the District) d/b/a University Medical Center of El Paso, is a component unit of El Paso County, Texas (the County). The County's Commissioner's Court appoints the District's governing body (the Board of Managers) and approves the District's budget, tax rate, and issuance of bonded debt. The District is charged with the legal responsibility to provide medical and hospital care to all County residents regardless of their ability to pay based upon Board of Managers approved eligibility guidelines.

The accompanying financial statements present University Medical Center of El Paso (UMC) and its component units, entities for which UMC is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended units are appropriately presented as funds of the primary government. UMC and its blended component units are collectively referred to as "the District" in these footnotes.

In January 2016, UMC became the sole corporate member of El Paso Children's Hospital (El Paso Children's). El Paso Children's is organized as a not-for-profit corporation, and its purpose is to provide pediatric inpatient, outpatient, and emergency care services to the residents of El Paso and the surrounding areas. El Paso Children's is reported as a blended component unit. Separately issued El Paso Children's financial reports are available and may be obtained by contacting El Paso Children's Hospital, 4845 Alameda Avenue, El Paso, Texas 79905.

UMC is the sole corporate member of El Paso First Health Plans, Inc. d/b/a El Paso Health (the Health Plan). The Health Plan is organized as a health maintenance organization to provide health coverage for qualifying members in its service area. The Health Plan has agreements with health care providers in its service area to provide health care to its members. Payments under these agreements include predetermined, prepaid periodic fee and prospectively determined rates and discounts from established charges. The Health Plan has a Certificate of Authority from the Texas Department of Insurance (TDI) and commenced insurance operations in October 2000. The Health Plan is reported as a blended component unit of UMC. The Health Plan's Board of Directors is appointed by UMC's Board of Managers. Separately issued Health Plan financial reports are available and may be obtained by contacting El Paso First Health Plans, Inc., 1145 Westmoreland, El Paso, Texas 79925.

UMC is also the sole corporate member of the University Medical Center Foundation of El Paso (UMC Foundation). UMC Foundation's Board of Directors are appointed by the Board of Managers. UMC Foundation is the sole corporate member of the El Paso Children's Foundation (the El Paso Children's Foundation). The El Paso Children's Foundation's Board of Directors are appointed by the UMC Foundation's Board of Directors. The UMC Foundation and the El Paso Children's Foundation are collectively referred to as "the Foundation" in these footnotes. The UMC Foundation and the El Paso Children's Foundation are the designated Section 501(c)(3) charitable organizations for UMC and El Paso Children's, respectively, and their purpose is to provide support in fulfilling their vital mission of providing patient care, education of health care professionals, research and community service for the County. The Foundation is reported as a blended component unit of UMC. Separately issued Foundation and El Paso Children's Foundation financial reports are available and may be obtained by contacting the El Paso County Hospital District, Fiscal Services Office, 4815 Alameda Avenue, El Paso, Texas 79905.

UMC El Paso Healthcare, Inc. (El Paso Healthcare) is a Texas nonprofit health organization certified by the Texas State Board of Medical Examiners pursuant to Section 501(a) of the Texas Medical Practice Act, now codified at Section 162.001 of the Texas Occupations Code. Because UMC is the sole corporate member of El Paso Healthcare, El Paso Healthcare is presented as a blended component unit of UMC. El Paso Healthcare does not issue separate financial statements.

In prior years, UMC acquired the Medicaid license of two nursing homes.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as county appropriations), investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2024 and 2023, cash equivalents consisted primarily of money market mutual funds and pooled investments in LOGIC.

Authorized Investments

The Board of Managers has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (Section 2256, Texas Government Code). Under the Public Funds Investment Act, the District is authorized to make investments in (1) obligations of the United States or its agencies, (2) direct obligations of the state of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit and (5) other instruments and obligations authorized by statute.

For the fiscal years ended September 30, 2024 and 2023, the District's management believes that it has complied with the provisions of the Public Funds Investment Act and the District's investment policies.

(In Thousands)

County Appropriations – Property Taxes

The District received approximately 11% and 10% of its support from County appropriations funded by property taxes in 2024 and 2023, respectively. These funds were used as follows:

	2024	2023
Percentage used to support operations	83.9%	82.2%
Percentage used for debt service on bonds	16.1%	17.8%
Total	100.0%	100.0%

Property taxes are levied January 1 and become due October 1 each year based on the value of all real and personal property located in the County. Assessed taxes become delinquent the following February. The tax rate is set at a level to meet UMC's budgeted debt service and operating needs. Debt service needs include both interest expense and scheduled principal reductions of general obligation bonds and obligations for which property tax revenues have been pledged.

County appropriations funded by property taxes are recorded in the fiscal period for which the appropriations are budgeted. Appropriations receivable for delinquent property taxes are recorded net of a provision for uncollectible amounts, collection expenses and appraisal fees. Subsequent adjustments to the tax rolls made by the County Assessor are included in revenues in the period such adjustments are made.

UMC's total property tax rate was $0.235650 and $0.235153 in 2024 and 2023 , respectively. UMC's maintenance and operations property tax rate was $0.197663 per $100 valuation in 2024 and $0.193259 per $100 valuation in 2023. UMC's interest and debt service property tax rate was $0.037987 per $100 valuation in 2024 and $0.041894 per $100 valuation in 2023.

Premium Revenue

Premium revenue represents premiums collected through the Texas Department of Health and Human Services (HHSC) for the State of Texas Access Reform (STAR), Children's Health Insurance Program (CHIP) and CHIP Perinate programs. Premiums are due monthly and are recognized as revenue during the period in which the Health Plan is obligated to provide services to members.

Tobacco Settlement Revenue

Tobacco settlement revenue is the result of a settlement between various counties and hospitals in Texas and the tobacco industry for tobacco-related health care costs. UMC received approximately $2.6 million and $2.5 million in 2024 and 2023, respectively, associated with the settlement. The funding from the tobacco industry is to offset indigent health care costs of local governments. This revenue is recognized as nonoperating revenue in the accompanying statements of revenues, expenses and changes in net position.

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; employment practices and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than medical malpractice, worker's compensation and employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

UMC is self-insured for a portion of its exposure to risk of loss from medical malpractice, workers' compensation and employee health claims. The El Paso Children's is self-insured for employee health claims and purchases commercial insurance for medical malpractice and workers compensation. Annual estimated provisions are accrued for the self-insured portion of medical malpractice, worker's compensation and employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Investments and Investment Income

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in non-negotiable certificates of deposit are carried at amortized cost. Investments in external investment pools qualifying for amortized cost under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, are carried at amortized cost per share. All other investments, including money market funds, are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

Patient Accounts Receivable

UMC and El Paso Children's reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients, and others. UMC and El Paso Children's provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Reserves for Incurred But Not Reported Medical Claims

The Health Plan management estimates and provides reserves for incurred but not reported physician and hospital services rendered to enrolled members during the period. These reserves represent management's best estimate of the ultimate net cost of all reported and unreported claims incurred during the reporting period. The estimate is based on actuarial projections of the historical development of claims incurred but not reported and case-basis estimates of claims reported prior to the end of the reporting period.

The estimate of the unpaid claims liability is based on the best data available to management; however, the estimates are subject to a significant degree of inherent variability. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Although management believes the estimate of the unpaid liability is reasonable, it is possible that actual incurred claims expense will not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of the claims may vary significantly from the estimate included in the accompanying financial statements.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The District has a capitalization policy to only record lease assets related to leases with more than $50 thousand of payments over the life of the lease.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment

The District evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended September 30, 2024 and 2023.

Compensated Absences

The District's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Defined Benefit Pension Plan and Defined Contribution Pension Plan

UMC has an agent multiple-employer defined benefit pension plan through the Texas County and District Retirement System (TCDRS), (the Retirement Plan). For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plan and additions to/deductions from the Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by the Retirement Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

El Paso Children's employees participate in a 401(k) defined contribution pension plan.

Postemployment Benefits Other Than Pensions (OPEB)

UMC has a single-employer defined benefit other postemployment benefit (OPEB) plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, UMC recognizes benefit payments when due and payable in accordance with the benefit terms.

Deferred Outflows of Resources

The District reports the consumption of net assets that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheet.

Deferred Inflows of Resources

The District reports an acquisition of net assets that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheet.

Net Position

Net position of the District is classified in four components on its balance sheets.

- Net investment in capital assets consists of capital, lease and subscription assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use, or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the District, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the District, such as permanent endowments.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

UMC and El Paso Children’s have agreements with third-party payers that provide for payments to the hospitals at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

UMC and El Paso Children’s provide care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the hospitals do not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Income Taxes

As an essential government function of the County, UMC is generally exempt from federal income taxes under Section 115 of the Internal Revenue Code. However, UMC is subject to federal income tax on any unrelated business taxable income. UMC also holds dual status as a 501(c)(3) organization.

The Health Plan, El Paso Healthcare, the Foundation and El Paso Children's are incorporated as not-for-profit corporations in the state of Texas and are exempt from income taxes under Section 501(a) of the Internal Revenue Code. These entities are subject to federal income tax on any unrelated business income.

Note 2. Net Patient Service Revenue

UMC and El Paso Children's have agreements with third-party payers that provide for payments to UMC and El Paso Children's at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. UMC's Medicare cost reports have been audited by the Medicare administrative contractor through September 30, 2020, while El Paso Children's Medicare cost reports have been audited through September 30, 2022.

Medicaid – Non-managed. Inpatient services rendered to Medicaid program beneficiaries that are not part of a managed care plan are paid at prospectively determined rates per discharge similar to those of the Medicare inpatient program. Medicaid outpatient beneficiaries are reimbursed using a mixture of cost-based and fee schedule methodologies. For outpatients, the District is reimbursed for cost-based services at a preliminary rate, with the final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. A retroactive settlement only occurs if payments exceed costs. UMC's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2020, while El Paso Children's Medicaid cost reports have been audited through September 30, 2022.

Medicaid – Managed. Inpatient and outpatient services rendered to Medicaid managed care program beneficiaries are primarily paid based on prospective rates and fee schedule amounts, with no retroactive settlement for the difference in the cost of services and the payments received.

Revenue from the Medicare program accounted for approximately 23% of the District's total gross patient revenues in both 2024 and 2023. Revenue from the Medicaid non-managed program accounted for approximately 24% and 25% of the District's total gross patient revenues in 2024 and 2023, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

UMC and El Paso Children's has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the UMC and El Paso Children's under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Note 3. Uncompensated Care

In support of its mission, UMC and El Paso Children's voluntarily provides care to patients at less than its established charges for patients that meet the UMC and El Paso Children's charity care criteria. Because UMC and El Paso Children's do not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue.

Charges excluded from revenue under the charity care policy were $286.8 million in 2024 and $283.9 million in 2023. Additional uncompensated care in the form of uncollectible patient account receivables totaled $137.8 million in 2024 and $43.8 million in 2023. In total charges, UMC and El Paso Children's provided uncompensated care of $424.6 million in 2024 and $327.7 million in 2023.

The estimated costs of uncompensated care provided under the UMC and El Paso Children's charity care policy and to self-pay patients totaled $256.7 million and $240.1 million for 2024 and 2023, respectively. The cost of uncompensated care is estimated by applying the ratio of cost to gross charges to gross charity care charges and gross self-pay charges.

Note 4. Funds for the Indigent's Medical Care

In response to the growing number of uninsured patients and the rising cost of health care, the Texas Legislature established a Texas Medicaid Disproportionate Share Program (DSH Program) that was designed to assist those facilities serving the majority of the indigent patients by providing funds supporting increased access to health care within the community. This program allows the Texas Department of Human Services to levy assessments from certain hospitals, use the assessed funds to obtain federal matching funds, and then redistribute the total funds to those facilities serving a disproportionate share of indigent patients in the state of Texas.

On December 12, 2011, the United States Department of Health and Human Services (HHSC) approved a new Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program" (Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assists providers with uncompensated care costs (UC Pool) and promotes health system transformation (DSRIP Pool).

The Waiver was originally effective from December 12, 2011 to September 30, 2016 and extended through December 2017 as HHSC and the Centers for Medicare and Medicaid Services (CMS) negotiated a longer-term extension. On December 21,2017, HHSC received an approved extension from CMS for the period of January 1, 2018 through September 30, 2022. Among other changes, the approved plan required a change in the methodology used to allocate UC funds and a phase out of the DSRIP program over the five-year period.

On April 22, 2022, CMS approved an extension of the Waiver through September 30, 2030. The extension provides for the continuation of the UC Pool. The DSRIP program ended on September 30, 2021, and was not extended under the Waiver extension. CMS also approved an expansion of directed payment programs, which transitions participating hospitals away from the DSRIP program.

Comprehensive Hospital Increased Reimbursement Program (CHIRP) is a directed payment program, which adds a quality component to the existing Uniform Hospital Rate Increase Program (UHRIP). Under UHRIP and CHIRP, HHSC directed managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. CHIRP also provides for rate increases similar to UHRIP but also provides for a rate enhancement above the UHRIP rate, based upon a percentage of estimated average commercial reimbursement. Participating hospitals may opt into this second component. The UHRIP program ended on August 31, 2021 and the CHIRP program began on September 1,2021 and has been approved through August 31, 2025. Revenue from CHIRP and UHRIP is recognized as a component of net patient service revenue.

Beginning on September 1, 2024, HHSC provided for a third component to CHIRP, Alternative Participating Hospital Reimbursement for Improving Quality Award (APHRIQA) that provides an additional pay-for-performance component open to urban and children's hospitals for state fiscal year 2025. The District has not recognized any revenue from APHRIQA as of September 30, 2024.

The District participates in the Hospital Augmented Reimbursement Program (HARP). HARP is a statewide supplemental program that provides Medicaid payments to hospitals for inpatient and outpatient services that serve Texas Medicaid fee-for-service patients. The program serves as a financial transition for providers historically participating in the DSRIP program and provides additional funding to hospitals to assist in offsetting the cost hospitals incur while providing Medicaid services.

UMC participates in the Network Access Improvement Program (NAIP). The NAIP aims to increase the availability and effectiveness of primary care for Medicaid beneficiaries by providing incentive payments to participating Health Related Institutions (HRIs). Participation is voluntary and requires HRIs to create a proposal in partnership with a managed care organization (MCO). When the proposal is approved by HHSC, the costs associated with the incentive payments are added to the monthly capitation rates paid to the MCO and the MCOs are responsible for making payments to the HRIs, such as UMC. This program runs through 2027.

UMC receives supplemental payments through the Public Hospital Medicaid Graduate Medical Education (GME) program. The GME program provides reimbursement to support teaching hospitals that operate approved medical residency training programs in recognition of the higher costs incurred by teaching hospitals.

UMC has acquired the Medicaid license of nursing homes and participates in Texas Quality Incentive Payment Program (QIPP) to qualified nursing facilities. This program is directed to encourage transformative efforts in the delivery of nursing facility services, including "efforts to promote a resident-centered care culture through facility design and services provided."

(In Thousands)

Medicaid Supplemental Program revenue from each program (excluding CHIRP and UHRIP, which is recognized as part of net patient service revenue) in 2024 and 2023 was:

	2024	2023
UMC		
DSH	$ 57,569	$ 18,284
UC Pool	44,867	67,475
NAIP	16,121	18,778
GME	5,150	4,318
HARP	16,279	11,030
QIPP and other miscellaneous programs	1,941	2,545
UMC total	141,927	122,430
El Paso Children's		
DSH	3,432	-
UC Pool	2,900	2,346
HARP	734	-
Children's Hospital total	7,066	2,346
Total	$ 148,993	$ 124,776

El Paso Children’s and certain health plans work toward improving member access, satisfaction and quality of care, maximizing program efficiency and effectiveness, and containing costs. To facilitate these goals, a Quality Incentive Fund (QIF) was created, which incentivizes participating hospitals in the service delivery area to work collaboratively towards these goals. During 2023, El Paso Children’s recognized approximately $29 million of QIF revenue, which is included in other operating revenue in the accompanying statements of revenues, expenses and changes in net position. During 2024, El Paso Children’s was notified it had been overpaid in 2023 by approximately $20 million recognizing a reduction in revenue in the current year. El Paso Children’s repaid $10 million in 2024 and a liability of $10 million is included at September 30, 2024 in estimated amounts due to third-party payers on the balance sheets.

Accounts receivable under these programs was $18.4 million and $64.3 million at September 30, 2024 and 2023, respectively.

Funding from the DSH Program and the UC Pool are limited to certain costs incurred. At September 30, 2023, El Paso Children’s recorded an expected overpayment related to these programs of approximately $5.3 million, which is included in estimated amounts due to third-party payers on the balance sheets, and was paid in full in 2024. Of this amount, approximately $1.6 million of intergovernmental transfers will then be returned to UMC, which represents the state’s share of the supplemental funding which was originally provided by UMC.

The District participates in a Local Provider Participation Fund (LPPF) program in El Paso County. The District acts as the administrator of the LPPF by assessment and collection of mandatory payments from non-public hospitals in the County (including El Paso Children’s). These payments are to be used to fund intergovernmental transfers representing the state’s share of supplemental Medicaid funding programs. As UMC acts as a conduit for these funds, the receipts and intergovernmental transfers are not recognized as revenue and expense in the statements of revenues, expenses and changes in net position. At September 30, 2024 and 2023, UMC held $21.2 million and $36.8 million, respectively, in LPPF funds, which is reported as restricted cash and accounts payable in the balance sheets.

The programs described above are subject to review and scrutiny by both the Texas Legislature and CMS, and the programs could be modified or terminated based on new legislation or regulation in future periods. The funding the District received is subject to audit and is not representative of funding to be received in future years.

Note 5. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. UMC's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or other qualified investments. At September 30, 2024 and 2023, the Health Plan and UMC's deposits were either insured or collateralized in accordance with state law. The Foundation's bank balances in excess of FDIC limits totaled $867 thousand at September 30, 2024 and $4.9 million at September 30, 2023. El Paso Children's bank balances in excess of FDIC limits totaled $26 million and $27 million at September 30, 2024 and 2023, respectively.

Investments

The District may legally invest in direct obligations of, and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

(In Thousands)

At September 30, 2024 and 2023, the District had the following investments and maturities:

	2024				
		Maturities in Years			
Type	Fair Value	Less than 1	1-5	6-10	More than 10
Money market mutual funds	$ 50	$ 50	$ -	$ -	$ -
Investment pool	48,788	48,788	-	-	-
Equity securities	660	660	-	-	-
Exchange traded funds	1,254	1,254	-	-	-
Mutual funds	1,607	1,607	-	-	-
	$ 52,359	$ 52,359	$ -	$ -	$ -

	2023				
		Maturities in Years			
Type	Fair Value	Less than 1	1-5	6-10	More than 10
Money market mutual funds	$ 3,073	$ 3,073	$ -	$ -	$ -
U.S. Agency obligations	997	997	-	-	-
U.S. Treasury notes	4,949	4,949	-	-	-
Investment pool	18,992	18,992	-	-	-
Equity securities	659	659	-	-	-
Exchange traded funds	941	941	-	-	-
Mutual funds	1,336	1,336	-	-	-
	$ 30,947	$ 30,947	$ -	$ -	$ -

The District also invests in certificates of deposit, which are classified as deposits for financial reporting purposes.

Interest Rate Risk – As a means of limiting its exposure to fair value losses due to rising interest rates, the District's investment policy requires that total investments have a weighted-average maturity of five years or less. The longer the maturity of a fixed-rate obligation, the greater the impact a change in interest rates will have on its fair value. As interest rates increase, the obligation's fair value decrease. Likewise, when interest rates decrease, the obligation's fair value increase.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the District's policy to allow for investments in U.S. Treasury and agency securities or otherwise follow the restriction of the Texas Public Funds Investment Act. The District's investment in U.S. Treasury obligations carry the explicit guarantee of the U.S. government. At September 30, 2024 and 2023, the District's government money market mutual funds were rated AAA by Standard & Poor's rating agency.

(In Thousands)

UMC also invests in LOGIC which is a state investment pool that is considered an investment for financial reporting. LOGIC is a local government investment pool offering professionally managed portfolios to government entities in the state of Texas. LOGIC is administered by Hilltop Securities and JPMorgan Chase. The District has an undivided beneficial interest in the pool of assets held by LOGIC. Investments must be in compliance with the *Texas Public Funds Investment Act* and include obligations of the United States or its agencies, direct obligation of the state of Texas or its agencies, certificates of deposit and repurchase agreements. The fair value of the position in these pools is the same as the value of the shares in each pool. LOGIC is rated AAA by Standard & Poor's.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the District's investments are held in safekeeping or trust accounts.

Concentration of Credit Risk – The District places no limit on the amount that may be invested in any one issuer as long as the restrictions of the *Texas Public Funds Investment Act* are followed. The following table reflects the District's investments in single issuers that represent more than 5% of total investments:

	2024	2023
Wells Fargo Government Money Market Fund - WFFXX	0.0%	23.9%
U.S. Treasury notes	0.0%	41.4%
U.S. Agency obligations - FHDN	0.0%	8.3%

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	2024	2023
Carrying value		
Deposits	$ 120,002	$ 216,088
Investments	52,359	30,947
	$ 172,361	$ 247,035
Included in the following balance sheet captions		
Cash and cash equivalents	$ 108,374	$ 182,089
Restricted cash and cash equivalents, current	21,179	36,793
Short-term investments	32,151	10,018
Noncurrent cash and investments	10,657	18,135
	$ 172,361	$ 247,035

Note 6. Disclosures About Fair Value of Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities (in thousands) recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2024 and 2023:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2024				
Investments by Fair Value Level				
Money market mutual funds	$ 50	$ 50	$ -	$ -
Equity securities	660	660	-	-
Exchange traded funds	1,254	1,254	-	-
Mutual funds	1,607	1,607	-	-
Total investments by fair value level	3,571	$ 3,571	$ -	$ -
Investment Pool Carried at Amortized Cost	48,788			
Total Investments	$ 52,359			
September 30, 2023				
Investments by Fair Value Level				
Money market mutual funds	$ 3,073	$ 3,073	$ -	$ -
U.S. Agency obligations	997	-	997	-
U.S. Treasury notes	4,949	-	4,949	-
Equity securities	659	659	-	-
Exchange traded funds	941	941	-	-
Mutual funds	1,336	1,336	-	-
Total investments by fair value level	11,955	$ 6,009	$ 5,946	$ -
Investment Pool Carried at Amortized Cost	18,992			
Total Investments	$ 30,947			

(In Thousands)

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 7. Patient Accounts Receivable

UMC and El Paso Children's grant credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30 consisted of:

	2024	2023
Medicare	$ 7,400	$ 6,966
Medicaid - non-managed	21,690	22,425
Other third-party payers	98,302	72,491
Patients	67,518	54,675
	194,910	156,557
Less allowance for uncollectible accounts	76,181	64,132
	$ 118,729	$ 92,425

Note 8. Capital, Lease, and Subscription Assets

Capital assets activity for the years ended September 30 was:

	Estimated Useful Lives In Years	2022	Additions	Transfer/ Disposals/ Retirements	2023	Additions	Transfers/ Disposals/ Retirements	2024
Land and land improvement	5-25	$ 27,823	$ -	$ -	$ 27,823	$ -	$ 5,304	$ 33,127
Buildings and leasehold improvements	8-40	526,125	1,008	4	527,137	6,292	39,703	573,132
equipment	3-15	407,006	27,972	(860)	434,118	27,851	6,130	468,099
		960,954	28,980	(856)	989,078	34,143	51,137	1,074,358
Less accumulated depreciation		(552,173)	(39,371)	1,656	(589,888)	(40,122)	-	(630,010)
		408,781	(10,391)	800	399,190	(5,979)	51,137	444,348
Construction in progress		-	51,121	-	51,121	9,199	(49,245)	11,075
Capital assets, net		$ 408,781	$ 40,730	$ 800	$ 450,311	$ 3,220	$ 1,892	$ 455,423

(In Thousands)

Lease assets activity for the years ended September 30 was:

	2022	Additions	Disposals	2023	Additions	Disposals	2024
Buildings	$ 5,299	$ 351	$ -	$ 5,650	$ 12,078	$ -	$ 17,728
Equipment	9,298	1,625	(1,841)	9,082	6,134	-	15,216
	14,597	1,976	(1,841)	14,732	18,212	-	32,944
Less accumulated amortization							
Buildings	(1,332)	(989)	706	(1,615)	(2,590)	-	(4,205)
Equipment	(3,464)	(1,907)	107	(5,264)	(2,978)	-	(8,242)
	(4,796)	(2,896)	813	(6,879)	(5,568)	-	(12,447)
Lease assets, net	$ 9,801	$ (920)	$ (1,028)	$ 7,853	$ 12,644	$ -	$ 20,497

Subscription asset activity for the years ended September 30 was:

	2022	Additions	Disposals	2023	Additions	Disposals	2024
Subscription-based IT Assets	$ 40,030	$ 10,873	$ (811)	$ 50,092	$ 3,151	$ (85)	$ 53,158
Less accumulated amortization	(7,702)	(9,416)	797	(16,321)	(10,477)	85	(26,713)
Subscription assets, net	$ 32,328	$ 1,457	$ (14)	$ 33,771	$ (7,326)	$ -	$ 26,445

Note 9. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities at September 30 consisted of:

	2024	2023
Payable to suppliers and contractors	$ 80,199	$ 108,738
Payable to employees (including payroll taxes and benefits)	55,573	46,757
Payable for LPPF	21,179	36,793
Accrued interest	1,685	2,060
Patient refunds	9,553	8,899
Other	4,996	2,456
Health Plan medical claims payable - *Note 10*	47,837	55,456
	$ 221,022	$ 261,159

Note 10. Medical Malpractice, Employee Health and Workers' Compensation Claims

Except for claims related to the El Paso Children's employees, the District is self-insured for claims under the *Texas Workers' Compensation Act*. At September 30, 2024 and 2023, the District had accrued amounts, which in the opinion of management, are sufficient to cover all claims arising under the Act through September 30, 2024 and 2023, respectively. The accrual is based on an independent actuarial determination obtained by management for all claims arising in the self-insured period.

Except for claims related to El Paso Children's activities, the District is also self-insured for medical malpractice claims. At September 30, 2024 and 2023, the District had accrued amounts that, in the opinion of management, are sufficient to cover all asserted and unasserted claims incurred through September 30, 2024 and 2023, respectively. The accrual is based on an independent actuarial determination obtained by management for all claims arising in the self-insured period. The estimate is based on a maximum liability, under Texas statute, of $100 thousand for each person, $300 thousand for each single occurrence for bodily injury or death and $100 thousand for each single occurrence for injury to or destruction of property. Because of these limits on its liability, the District does not hold commercial stop-loss coverage for malpractice claims.

District eligible employees are covered under a self-insured health plan, which is administered by the Health Plan. The District accrues a liability for all claims that are estimated to have been incurred prior to year-end under the plan.

Losses from asserted and unasserted claims identified under the District's incident reporting system are accrued based on estimates that incorporate the District's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the District's estimate of losses could change by a material amount in the near term.

The accruals and fiscal year activity (current year expenses and claim payments made) for these liabilities are not material in 2024 and 2023.

(In Thousands)

Health Plan Medical Claims Payable

The following table provides a reconciliation of the beginning and ending health plan medical claims payable balances for the years ended September 30, 2024 and 2023:

	2024	2023
Medical claims payable, beginning of year	$ 55,456	$ 62,846
Incurred claims related to		
Current year	295,631	324,561
Prior years	1,537	(1,586)
Total incurred claims	297,168	322,975
Paid claims related to		
Current year	281,464	300,165
Prior years	23,323	30,200
Total paid claims	304,787	330,365
Medical claims payable, end of year	$ 47,837	$ 55,456

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates. The Health Plan medical claims payable, which is included in accounts payable and accrued expenses in the balance sheet, includes an amount determined from claim reports, actuarial estimates and individual cases and an amount, based on prior experience, for claims incurred but not reported. This liability is based on estimates, and while management believes the amount is adequate, the ultimate claims payable could vary materially from the amount provided in the near term.

(In Thousands)

Note 11. Long-term Obligations

The following is a summary of long-term obligation transactions for the District for the years ended September 30:

	2024				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
General Obligation Refunding Bonds, Series 2017	$ 93,250	$ -	$ 2,925	$ 90,325	$ 3,070
Combination Tax and Revenue Certificates of Obligation, Series 2013	125,495	-	125,495	-	-
General Obligation Refunding Bonds, Series 2013	82,370	-	82,370	-	-
Revenue Bonds, Series 2023	55,000	-	-	55,000	1,370
General Obligation Refunding Bonds, Series 2024	-	187,120	-	187,120	6,360
Other long-term debt	894	-	415	479	479
	357,009	187,120	211,205	332,924	11,279
Plus bond premium	26,598	18,413	21,336	23,675	1,356
Total long-term debt	383,607	205,533	232,541	356,599	12,635
Other long-term liabilities					
Lease liabilities	8,394	18,212	5,002	21,604	6,008
Subscription liabilities	31,856	3,151	10,330	24,677	8,603
Total long-term obligations	$ 423,857	$ 226,896	$ 247,873	$ 402,880	$ 27,246

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
General Obligation Refunding Bonds, Series 2017	$ 96,030	$ -	$ 2,780	$ 93,250	$ 2,925
Combination Tax and Revenue Certificates of Obligation, Series 2013	126,585	-	1,090	125,495	1,145
General Obligation Refunding Bonds, Series 2013	87,305	-	4,935	82,370	5,180
Revenue Bonds, Series 2023	-	55,000	-	55,000	-
Other long-term debt	2,155	-	1,261	894	386
	312,075	55,000	10,066	357,009	9,636
Plus bond premium	28,369	-	1,771	26,598	1,771
Total long-term debt	340,444	55,000	11,837	383,607	11,407
Other long-term liabilities					
Lease liabilities	10,561	1,976	4,143	8,394	3,054
Subscription liabilities	30,173	10,873	9,190	31,856	9,193
Total long-term obligations	$ 381,178	$ 67,849	$ 25,170	$ 423,857	$ 23,654

General Obligation Refunding Bonds, Series 2017

In April 2017, the District refunded $107.8 million of the then outstanding $110.0 million of Series 2008A General Obligation Bonds (2008A bonds) with $106.8 million of Series 2017 General Obligation Refunding Bonds (2017 bonds). Interest rates on the 2017 refunding bonds range from 4% to 5%. The 2017 Bonds are secured by ad valorem tax. The maturity schedule of the 2017 bonds was consistently maintained with the 2008A bonds.

As a result of the refunding, the District decreased its total debt service requirements by $8.3 million ($6.1 million present value) and incurred an accounting loss of approximately $6.5 million. The accounting loss on the debt refunding is being amortized into interest expense using a straight-line method over the term of the debt issuance, which matures in 2038.

The balance of the deferred loss on the debt refunding is $4.3 million at September 30, 2024 and $4.6 million at September 30, 2023, and is included as a deferred outflow of resources in the accompanying balance sheets. Any 2017 Bonds maturing after August 15, 2028 are subject to optional early redemption at par by the District on or after August 15, 2027.

Combination Tax and Revenue Certificates of Obligation, Series 2013

In May 2013, the District issued $134.3 million in Series 2013 Combination Tax and Revenue Certificates of Obligation (Certificates). Net bond proceeds were used to finance the renovation and improvements of UMC, construct and equip new clinics in the east, northeast, central and west areas of the county, renovate existing hospital inpatient floors, acquire certain medical equipment and machinery for the main hospital campus, and upgrade the District's electronic medical record and billing systems. Interest rates for the Series 2013 bonds ranged from 3% to 5%. This bond issuance was a direct obligation of the District and was payable from an ad valorem tax. In 2024, the District issued the General Obligation Refunding Bonds, Series 2024 (2024 Bonds) to refund $124.6 million of the Certificates. The remaining balance of the Certificates was paid in full in 2024.

General Obligation Refunding Bonds, Series 2013

In May 2013, the District refunded $115.9 million of the $120 million Series 2005 Combination Tax and Revenue Bonds with $110.4 million of Series 2013 General Obligation Refunding Bonds (2013 Bonds). Interest rates on the 2013 refunding bonds range from 3% to 5%. The 2013 Bonds are secured by an ad valorem tax. The maturity schedule of the Series 2013 refunding bonds was consistently maintained with the Series 2005 bonds.

As a result of the refunding, the District decreased its total debt service requirements by $13.3 million ($9.1 million present value) and incurred an accounting loss of approximately $10.6 million. The accounting loss on the debt refunding is being amortized into interest expense using a straight-line method over the term of the debt issuance, which matures in 2035. The balance of the deferred loss on the debt refunding is $0 at September 30, 2024 and $5.7 million at September 30, 2023, and is included as a deferred outflow of resources in the accompanying balance sheets.

In 2024, the District issued the 2024 Bonds to refund $77.2 million of the 2013 Bonds. The remaining balance of the 2013 Bonds was paid in full in 2024.

Revenue Bonds, Series 2023 and Revenue Refunding Bonds, Series 2024

In June 2023, the District issued $55.0 million in Series 2023 Revenue Bonds (2023 bonds). Interest varies, and is set at Secured Overnight Financing Rate (SOFR) +2.07% *.8, which was 4.96% and 6.21% at September 30, 2024 and 2023, respectively. Net bond proceeds were used to finance the acquisition, renovation and improvements and equipping of a surgical center. This bond issuance is a direct obligation of the District and is payable from operating revenue.

The 2023 bonds, at the option of the District, provide for early redemption on bonds having stated maturities on and after August 15, 2024, in whole or in part, on August 15, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

The 2023 bonds are subject to redemption at the option of the District prior to maturity on or after March 1, 2024 in principal amounts of $250,000 or any integral multiple of $5,000 in excess thereof, at a redemption price of 100% of their principal amount plus accrued interest, if any.

Subsequent to year end, in October 2024, the District issued the $54.8 million Revenue Refunding Bonds, Series 2024. Proceeds from the sale of the bonds were used to refund all of the outstanding Series 2023 bonds. Interest rates on the 2024 refunding bonds are 5%. This bond issuance is a direct obligation of the District and is payable from operating revenue.

General Obligation Refunding Bonds, Series 2024

In August 2024, the District refunded $124.4 million of the $134.3 million 2013 Combination Tax and Revenue Certificates of Obligation and $77.2 million of the $110.4 million Series 2013 General Obligation Refunding Bonds with $187.1 million of General Obligation Refunding Bonds, Series 2024 (2024 Bonds). Interest rates on the 2024 refunding bonds is 5%. The 2024 Bonds are secured by an ad valorem tax. The maturity schedule of the Series 2013 refunding bonds was consistently maintained with the Certificates and the Series 2013 bonds.

As a result of the refunding, the District decreased its total debt service requirements by approximately $19.8 million and incurred an accounting gain of approximately $14.3 million. The accounting gain on the debt refunding is being amortized into interest expense using a straight-line method over the term of the debt issuance, which matures in 2043. The balance of the deferred gain on the debt refunding is $14.2 million at September 30, 2024, and is included as a deferred inflow of resources in the accompanying balance sheets. Any 2024 Bonds maturing after August 24, 2035 are subject to optional early redemption at par by the District on or after August 15, 2034.

(In Thousands)

The debt service requirements for the bonds as of September 30, 2024 (inclusive of the Revenue Refunding Bonds, Series 2024 occurring in October 2024) are as follows:

Year Ending September 30,	Total to be Paid	Principal	Interest
2025	$ 25,874	$ 10,800	$ 15,074
2026	25,873	10,395	15,478
2027	25,877	10,920	14,957
2028	25,880	11,470	14,410
2029	25,876	12,040	13,836
2030 - 2034	129,370	69,780	59,590
2035 - 2039	129,811	88,760	41,051
2040 - 2044	108,556	91,225	17,331
2045 - 2049	16,457	12,025	4,432
2050 - 2054	16,659	15,030	1,629
	$ 530,233	$ 332,445	$ 197,788

Lease Liabilities

The District leases equipment and office space, the terms of which expire in various years through 2028. Various leases include escalation in payments on the anniversary of the commencement of the lease at various intervals. The leases were measured based upon the aggregate incremental lease borrowing rate at lease commencement.

During the years ended September 30, 2024 and 2023, the District recognized $6.3 million and $6.6 million, respectively, of rental expense for variable payments, short-term and cancellable leases that are not included in the measurement of the lease liability.

(In Thousands)

The following is a schedule by year of payments under the leases as of September 30, 2024:

Year Ending September 30,	Total to be Paid	Principal	Interest
2025	$ 6,641	$ 6,008	$ 633
2026	5,310	4,858	452
2027	3,780	3,475	305
2028	2,500	2,288	212
2029	1,872	1,732	140
2030-2034	3,449	3,243	206
	$ 23,552	$ 21,604	$ 1,948

Subscription Liabilities

The District has various SBITAs, the terms of which expire in various years through 2030. The subscription liabilities are measured at the present value of subscription payments expected to be made during the subscription term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

During the years ended September 30, 2024 and 2023, the District recognized approximately $16.6 million and $13.8 million, respectively, of subscription expense for variable payments not previously included in the measurement of the subscription liability.

The following is a schedule by year of payments under the SBITAs as of September 30, 2024:

Year Ending September 30,	Total to be Paid	Principal	Interest
2025	$ 9,308	$ 8,603	$ 705
2026	7,426	6,989	437
2027	6,400	6,182	218
2028	1,450	1,379	71
2029	1,363	1,339	24
2030	187	185	2
	$ 26,134	$ 24,677	$ 1,457

(In Thousands)

Note 12. Pension Plans

Defined Benefit Plan

Plan Description

The District contributes to TCDRS, an agent multiple-employer defined benefit pension plan (the Retirement Plan) covering substantially all employees other than those employed by El Paso Children's. The Retirement Plan is administered by a board of trustees appointed by TCDRS. Benefit provisions are contained in the retirement plan document and were established and can be amended by action of the District's governing body within the options available in the state statutes governing TCDRS. The Retirement Plan does not issue a separate report that includes financial statements and required supplementary information for the plan. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or from the website www.tcdrs.org.

Benefits Provided

The Retirement Plan provides retirement, disability and survivor benefits to plan members and their beneficiaries. Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the commitment of the District to contribute to the retirement plan. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer financed monetary credits to a monthly annuity using annuity purchase rates prescribed by TCDRS.

Members can retire at age 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave their accumulated contributions in the retirement plan to receive any employer-financed benefit. If a member withdraws their personal contributions in a lump sum, they are not entitled to any amounts contributed by the employer.

The employees covered by the Retirement Plan at December 31, are:

	2023	2022
Inactive employees or beneficiaries currently receiving benefits	1,007	954
Inactive employees entitled to but not yet receiving benefits	4,303	4,093
Active employees	3,884	3,471
	9,194	8,518

Contributions

The District's governing body has the authority to establish and amend the contribution requirements of the District and active employees.

The District establishes rates based on the annually determined rate plan provisions of the TCDRS Act. The Retirement Plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members.

(In Thousands)

Retirement Plan members are required to contribute 5% of their annually covered salary. Under the TCDRS Act, rates are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employees contributed approximately $15.5 million in 2024 and $12.8 million in 2023, or 5.0% of annual pay, and the District contributed approximately $23.4 million or 7.53% in 2024 and $20.6 million or 7.61% in 2023 to the Retirement Plan.

Net Pension Liability

The District's net pension liability as of September 30, 2024 and 2023 was measured as of December 31, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates.

The total pension liability in the December 31, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	4.7% average over career including inflation
Ad hoc cost of living adjustments	Not included
Investment rate of return	7.5%, net of pension plan administrative expenses
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions used in the December 31, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

(In Thousands)

The target allocation and best estimates of geometric rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
U.S. Equities	11.5%	4.8%
International Equities — Developed	5.0%	4.8%
International Equities — Emerging	6.0%	4.8%
Global Equities	2.5%	4.8%
Hedge Funds	6.0%	3.3%
High-Yield Investments		
Strategic Credit	9.0%	3.7%
Distressed Debt	4.0%	6.9%
Direct Lending	16.0%	7.3%
Private Equity	25.0%	7.8%
Real Assets		
REITs	2.0%	4.1%
Private Real Estate Partnerships	6.0%	5.7%
Master Limited Partnerships	2.0%	5.2%
Cash Equivalents	2.0%	0.6%
Investment-Grade Bonds	3.0%	2.4%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.6% at December 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(In Thousands)

Changes in the total pension liability, plan fiduciary net position and the net pension (asset) liability for the years ended September 30, 2024 and 2023 are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2023	$ 665,236	$ 598,935	$ 66,301
Changes for the year:			
Service cost	22,503	-	22,503
Interest on total pension liability	51,400	-	51,400
Effect of economic/demographic gains or losses	7,594	-	7,594
Refund of contributions	(1,629)	(1,629)	-
Benefit payments	(21,637)	(21,637)	-
Administrative expenses	-	(353)	353
Member contributions	-	13,775	(13,775)
Net investment income	-	65,937	(65,937)
Employer contributions	-	20,965	(20,965)
Other changes	-	820	(820)
Net changes	58,231	77,878	(19,647)
Balances at September 30, 2024	$ 723,467	$ 676,813	$ 46,654

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at September 30, 2022	$ 612,778	$ 624,561	$ (11,783)
Changes for the year:			
Service cost	19,221	-	19,221
Interest on total pension liability	47,242	-	47,242
Effect of economic/demographic gains or losses	7,167	-	7,167
Refund of contributions	(1,377)	(1,377)	-
Benefit payments	(19,795)	(19,795)	-
Administrative expenses	-	(351)	351
Member contributions	-	11,898	(11,898)
Net investment income	-	(37,487)	37,487
Employer contributions	-	19,536	(19,536)
Other changes	-	1,950	(1,950)
Net changes	52,458	(25,626)	78,084
Balances at September 30, 2023	$ 665,236	$ 598,935	$ 66,301

(In Thousands)

The net pension liability has been calculated using a discount rate of 7.6%. The following table presents the net pension (asset) liability using a discount rate 1% higher and 1% lower than the current rate for September 30:

	2024		
	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Net pension liability (asset)	$ 158,474	$ 46,654	$ (44,965)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended September 30, 2024 and 2023 , the District recognized pension expense of approximately $19.1 million and $20.9 million, respectively. At September 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 8,084	$ -
Net difference between projected and actual earnings on pension plan	4,029	-
Contributions subsequent to the measurement date	18,347	-
	$ 30,460	$ -

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,382	$ -
Changes of assumptions	9,301	-
Net difference between projected and actual earnings on pension plan investments	14,167	-
Contributions subsequent to the measurement date	15,707	-
	$ 45,557	$ -

(In Thousands)

At September 30, 2024 and 2023, the District reported approximately $18.3 million and $15.7 million, respectively, as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a decrease in the net pension liability at September 30, 2025 and 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2024, related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2025	$ 782
2026	343
2027	14,983
2028	(3,995)
	$ 12,113

Pension Plan Fiduciary Net Position

Detailed information about the Retirement Plan's fiduciary net position is available in the separately issued financial report of TCDRS for the year ended December 31, 2023.

Defined Contribution Plan

El Paso Children's sponsors a 401(k) defined contribution plan covering substantially all employees. The plan document includes required matching contributions subject to formulas outlined in the plan document, and also allows for additional discretionary contributions. Retirement expense for the 401(k) defined contribution plan was approximately $3.2 million in both 2024 and 2023.

Note 13. Other Postemployment Benefits (OPEB)

The District provides certain medical benefits to eligible retirees who are age 60 or older and have 20 years of service. Eligible employees are able to elect medical coverage for themselves (and spouses and dependents, as applicable). Benefits will end when the retiree either reaches age 65 or starts receiving Medicare benefits, whichever occurs first.

The District funds these other postemployment benefits (OPEB) on a pay-as-you-go basis, meaning the District will pay the benefits as they come due. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The OPEB liability was $2.0 million at both September 30, 2024 and 2023. Due to immateriality of the estimated liability, the remaining OPEB disclosures and required supplementary information have been omitted from the financial statements.

Note 14. Litigation

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the District's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Note 15. COVID-19 Pandemic and COVID-19 Assistance

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus (COVID-19) as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities.

UMC received various types of COVID-19 assistance, as discussed below.

Coronavirus State and Local Fiscal Recovery Funds

UMC received funding from the County as part of the Coronavirus State and Local Fiscal Recovery Funds as established by the *American Rescue Plan Act*. These funds are to be used for qualifying expenses incurred by the District in response to the COVID-19 pandemic.

The District is accounting for such payments as conditional contributions. Payments are recognized as other non-operating revenue once the applicable terms and conditions required to retain the funds have been met. The District recognized $4.9 million and $23.9 million of American Rescue Plan Funding for the years ended September 30, 2024 and 2023, respectively, which is included as COVID-19 assistance revenue in the accompanying statements of revenues, expenses and changes in net position. At September 30, 2023, the unrecognized amount of American Rescue distributions are recorded as COVID-19 funding received in advance in the accompanying balance sheets.

Federal Emergency Management Agency (FEMA)

UMC applied for and received payments from FEMA for the purpose of reimbursing specific costs incurred during the COVID-19 pandemic. UMC recognized revenue from FEMA payments of approximately $0 and $8.5 million during the years ending September 30, 2024 and 2023, respectively, which are included as COVID-19 assistance revenue on the accompanying statements of revenues, expenses and changes in net position. FEMA payments are subject to government oversight, including potential audits.

(In Thousands)

Note 16. Condensed Combining Information

The following tables include condensed combining balance sheet information for the District and its material blended component units as of September 30, 2024 and 2023.

	September 30, 2024					
		Component Units				
Assets and Deferred Outflows of Resources	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
Current assets	$ 187,878	$ 83,633	$ 98,462	$ 1,887	$ -	$ 371,860
Due from affiliates	13,035	526	852	-	(14,413)	-
Noncurrent cash and investments	-	-	500	10,157	-	10,657
Capital assets, net	421,032	27,657	6,734	-	-	455,423
Lease assets, net	20,497	-	-	-	-	20,497
Subscription assets, net	23,967	-	2,478	-	-	26,445
Other assets	2,670	105,187	-	1,414	(95,742)	13,529
Total assets	669,079	217,003	109,026	13,458	(110,155)	898,411
Deferred outflows of resources	35,382	570	-	-	-	35,952
Total assets and deferred outflows of resources	$ 704,461	$ 217,573	$ 109,026	$ 13,458	$ (110,155)	$ 934,363
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities	$ 171,067	$ 32,876	$ 66,158	$ 329	$ -	$ 270,430
Due to affiliates	690	25,698	1,770	626	(28,784)	-
Long-term debt	343,964	-	-	-	-	343,964
Lease liabilities	15,596	-	-	-	-	15,596
Subscription liabilities	14,319	-	1,755	-	-	16,074
Net pension liability	46,654	-	-	-	-	46,654
Other long-term liabilities	3,965	95,665	-	-	(85,871)	13,759
Total liabilities	596,255	154,239	69,683	955	(114,655)	706,477
Deferred inflows of resources	14,910	-	-	-	-	14,910
Net position						
Net investment in capital assets	56,480	26,861	5,891	-	-	89,232
Restricted - expendable	-	6,252	500	8,788	(6,252)	9,288
Restricted - non-expendable	-	3,664	-	3,715	(3,664)	3,715
Unrestricted	36,816	26,557	32,952	-	14,416	110,741
Total net position	93,296	63,334	39,343	12,503	4,500	212,976
Total liabilities, deferred inflows of resources and net position	$ 704,461	$ 217,573	$ 109,026	$ 13,458	$ (110,155)	$ 934,363

(In Thousands)

	September 30, 2023					
		Component Units				
Assets and Deferred Outflows of Resources	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
Current assets	$ 214,925	$ 77,293	$ 140,537	$ 1,261	$ -	$ 434,016
Due from affiliates	10,574	-	1,227	-	(11,801)	-
Noncurrent cash and investments	9,174	-	500	8,461	-	18,135
Capital assets, net	423,801	20,252	6,258	-	-	450,311
Lease assets, net	7,853	-	-	-	-	7,853
Subscription assets, net	29,902	-	3,869	-	-	33,771
Other assets	350	101,878	-	1,402	(98,705)	4,925
Total assets	696,579	199,423	152,391	11,124	(110,506)	949,011
Deferred outflows of resources	56,536	1,025	-	-	-	57,561
Total assets and deferred outflows of resources	$ 753,115	$ 200,448	$ 152,391	$ 11,124	$ (110,506)	$ 1,006,572
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities	$ 173,296	$ 22,872	$ 104,070	$ 140	$ -	$ 300,378
Due to affiliates	1,003	35,092	1,480	177	(37,752)	-
Long-term debt	371,692	508	-	-	-	372,200
Lease liabilities	5,340	-	-	-	-	5,340
Subscription liabilities	20,064	-	2,599	-	-	22,663
Net pension liability	66,301	-	-	-	-	66,301
Other long-term liabilities	4,958	91,669	-	-	(88,996)	7,631
Total liabilities	642,654	150,141	108,149	317	(126,748)	774,513
Deferred inflows of resources	686	-	-	-	-	686
Net position						
Net investment in capital assets	59,460	18,731	6,203	-	-	84,394
Restricted - expendable	-	6,175	500	7,724	(6,175)	8,224
Restricted - non-expendable	-	3,036	-	3,083	(3,036)	3,083
Unrestricted	50,315	22,365	37,539	-	25,453	135,672
Total net position	109,775	50,307	44,242	10,807	16,242	231,373
Total liabilities, deferred inflows of resources and net position	$ 753,115	$ 200,448	$ 152,391	$ 11,124	$ (110,506)	$ 1,006,572

(In Thousands)

The following tables include condensed District combining statements of revenues, expenses and changes in net position information and its material blended component units for the years ended September 30, 2024 and 2023.

	September 30, 2024					
		Component Units				
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
Net patient service revenue and other revenues	$ 751,778	$ 199,350	$ 19,140	$ 6,597	$ (52,277)	$ 924,588
Premium revenue	-	-	333,453	-	-	333,453
Operating expenses	(875,136)	(180,540)	(359,055)	(3,239)	50,891	(1,367,079)
Depreciation and amortization expense	(49,276)	(5,009)	(2,132)	-	-	(56,417)
Operating income (loss)	(172,634)	13,801	(8,594)	3,358	(1,386)	(165,455)
Nonoperating revenues, net	143,316	(774)	3,695	(1,662)	2,483	147,058
Transfers (to) from affiliates	12,839	-	-	-	(12,839)	-
Increase (decrease) in net position	(16,479)	13,027	(4,899)	1,696	(11,742)	(18,397)
Net position, beginning of year	109,775	50,307	44,242	10,807	16,242	231,373
Net position, end of year	$ 93,296	$ 63,334	$ 39,343	$ 12,503	$ 4,500	$ 212,976

	September 30, 2023					
		Component Units				
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
Net patient service revenue and other revenues	$ 654,465	$ 206,513	$ 23,058	$ 5,924	$ (48,889)	$ 841,071
Premium revenue	-	-	375,653	-	-	375,653
Operating expenses	(785,718)	(171,397)	(387,864)	(2,346)	42,307	(1,305,018)
Depreciation and amortization expense	(44,441)	(4,320)	(3,321)	-	-	(52,082)
Operating income (loss)	(175,694)	30,796	7,526	3,578	(6,582)	(140,376)
Nonoperating revenues, net	160,061	(1,247)	2,152	(1,272)	3,041	162,735
Transfers (to) from affiliates	15,000	-	(15,000)	-	-	-
Increase (decrease) in net position	(633)	29,549	(5,322)	2,306	(3,541)	22,359
Net position, beginning of year	110,408	20,758	49,564	8,501	19,783	209,014
Net position, end of year	$ 109,775	$ 50,307	$ 44,242	$ 10,807	$ 16,242	$ 231,373

(In Thousands)

The following tables include condensed District combining statements of cash flows information and its material blended component units for the years ended September 30, 2024 and 2023.

	September 30, 2024					
		Component Units				
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
Net cash provided by (used in):						
Operating activities	$ (101,736)	$ 22,863	$ (69,107)	$ 892	$ -	$ (147,088)
Noncapital financing activities	142,536	(12,841)	-	165	-	129,860
Capital and related financing activities	(52,240)	(13,935)	(1,820)	-	-	(67,995)
Investing activities	16,756	(6,599)	(16,304)	52	-	(6,095)
Increase (decrease) in cash and cash equivalents	5,316	(10,512)	(87,231)	1,109	-	(91,318)
Cash and cash equivalents, beginning of year	59,760	33,691	128,529	5,526	-	227,506
Cash and cash equivalents, end of year	$ 65,076	$ 23,179	$ 41,298	$ 6,635	$ -	$ 136,188

	September 30, 2023					
		Component Units				
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
Net cash provided by (used in):						
Operating activities	$ (71,803)	$ 26,933	$ (3,193)	$ 315	$ -	$ (47,748)
Noncapital financing activities	140,914	(2,782)	(15,000)	225	-	123,357
Capital and related financing activities	(27,486)	(11,319)	(1,588)	-	-	(40,393)
Investing activities	(7,666)	(3,901)	2,152	(179)	-	(9,594)
Increase (decrease) in cash and cash equivalents	33,959	8,931	(17,629)	361	-	25,622
Cash and cash equivalents, beginning of year	25,801	24,760	146,158	5,165	-	201,884
Cash and cash equivalents, end of year	$ 59,760	$ 33,691	$ 128,529	$ 5,526	$ -	$ 227,506

Note 17. Future Change in Accounting Principle – GASB Statement No. 101, *Compensated Absences* (GASB 101)

GASB 101 updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized for leave for which employees may receive one or more cash payments when the leave is used for time off; other cash payments, such as payment for unused leave upon termination of employment which includes voluntary resignation or retirement; or noncash settlements, such as conversion to defined benefit postemployment benefits. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. GASB 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The changes adopted at transition to conform to the provisions of GASB 101, should be reported as a change in accounting principle in accordance with Statement No. 100, *Accounting Changes and Error Corrections*, including the related display and disclosure requirements.

Note 18. Subsequent Events

In October 2024, the District issued the $54.8 million Revenue Refunding Bonds, Series 2024, as previously discussed in *Note 11*.

In November 2024, the citizens of El Paso County, Texas voted to approve a $397 million bond, the proceeds of which would be used to expand health care services and clinics throughout the county, including a geriatric center and a health center. It would also fund surgical suites, equipment, beds, laboratory services and parking at UMC, as well as a burn center and a critical care unit.

Required Supplementary Information

El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas
Schedule of Changes in the District's Net Pension (Asset) Liability and Related Ratios
As of December 31,
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 22,503	$ 19,221	$ 18,533	$ 14,928	$ 13,225	$ 12,844	$ 12,690	$ 12,162	$ 11,531	$ 11,453
Interest on total pension liability	51,400	47,242	43,781	40,166	37,029	33,980	31,131	28,134	26,051	23,877
Effect of plan changes	-	-	-	-	-	4,884	-	-	(2,467)	-
Effect of assumption changes or inputs	-	-	729	36,232	-	-	1,902	-	4,304	-
Effect of economic and demographic (gains) or losses	7,594	7,167	2,200	3,480	2,927	35	1,746	865	(3,230)	(656)
Benefit payments, including refunds of employee contributions	(23,266)	(21,172)	(19,643)	(16,822)	(15,528)	(13,463)	(11,486)	(10,307)	(9,474)	(8,088)
Net change in total pension liability	58,231	52,458	45,600	77,984	37,653	38,280	35,983	30,854	26,715	26,586
Total pension liability—beginning	665,236	612,778	567,178	489,194	451,541	413,261	377,278	346,424	319,709	293,123
Total pension liability—ending (a)	$ 723,467	$ 665,236	$ 612,778	$ 567,178	$ 489,194	$ 451,541	$ 413,261	$ 377,278	$ 346,424	$ 319,709
Plan fiduciary net position										
Contributions—employer	$ 20,965	$ 19,536	$ 15,904	$ 15,345	$ 12,412	$ 10,530	$ 10,064	$ 8,981	$ 8,294	$ 8,342
Contributions—employee	13,775	11,898	10,505	9,787	8,501	7,800	7,683	7,060	6,490	6,339
Net investment income	65,937	(37,487)	111,899	46,615	62,874	(7,123)	48,385	22,427	(2,734)	18,629
Benefit payments, including refunds of employee contributions	(23,266)	(21,172)	(19,643)	(16,822)	(15,528)	(13,463)	(11,486)	(10,307)	(9,474)	(8,088)
Administrative expense	(353)	(351)	(338)	(370)	(344)	(308)	(256)	(244)	(217)	(221)
Other	820	1,950	334	285	248	184	96	651	149	132
Net change in plan fiduciary net position	77,878	(25,626)	118,661	54,840	68,163	(2,380)	54,486	28,568	2,508	25,133
Plan fiduciary net position—beginning	598,935	624,561	505,900	451,060	382,897	385,277	330,791	302,223	299,715	274,582
Plan fiduciary net position—ending (b)	$ 676,813	$ 598,935	$ 624,561	$ 505,900	$ 451,060	$ 382,897	$ 385,277	$ 330,791	$ 302,223	$ 299,715
District's net pension (asset) liability—ending (a) – (b)	$ 46,654	$ 66,301	$ (11,783)	$ 61,278	$ 38,134	$ 68,644	$ 27,984	$ 46,487	$ 44,201	$ 19,994
Plan fiduciary net position as a percentage of the total pension liability	93.55%	90.03%	101.92%	89.20%	92.20%	84.80%	93.23%	87.68%	87.24%	93.75%
Covered payroll	$ 275,493	$ 237,954	$ 210,091	$ 195,588	$ 170,028	$ 155,998	$ 153,652	$ 141,207	$ 129,797	$ 126,780
District's net pension (asset) liability as a percentage of covered payroll	16.93%	27.86%	-5.61%	31.33%	22.43%	44.00%	18.21%	32.92%	34.05%	15.77%

El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas
Schedule of District Contributions
Year Ending September 30,
(In Thousands)

Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered payroll *(1)*	Contributions as a Percentage of Covered Payroll
2024	$ 23,372	$ 23,372	$ -	$ 310,473	7.5%
2023	$ 19,778	$ 19,778	$ -	$ 255,349	7.7%
2022	$ 18,408	$ 18,408	$ -	$ 228,836	8.0%
2021	$ 15,708	$ 15,708	$ -	$ 205,557	7.6%
2020	$ 14,061	$ 14,061	$ -	$ 182,179	7.7%
2019	$ 11,936	$ 11,936	$ -	$ 166,322	7.2%
2018	$ 10,420	$ 10,420	$ -	$ 155,455	6.7%
2017	$ 9,798	$ 9,798	$ -	$ 150,570	6.5%
2016	$ 9,163	$ 9,163	$ -	$ 143,894	6.4%
2015	$ 8,186	$ 8,186	$ -	$ 127,109	6.4%

Notes to Schedule:

(1) Payroll is calculated based on contributions as reported to TCDRS

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.9 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	4.7% average over career, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	61 (average)
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 110% of the MP-2021 Ultimate scale after 2010

All amounts are in thousands, unless otherwise indicated.

Supplementary Information

El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas
Combined Balance Sheet Information
September 30, 2024 and 2023
(In Thousands)

	2024						2023					
		Component Units						Component Units				
Assets and Deferred Outflows of Resources	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
Current Assets												
Cash and cash equivalents	$ 43,897	$ 23,179	$ 41,298	$ -	$ -	$ 108,374	$ 19,869	$ 33,691	$ 128,529	$ -	$ -	$ 182,089
Restricted cash and cash equivalents	21,179	-	-	-	-	21,179	36,793	-	-	-	-	36,793
Short-term investments	-	12,151	20,000	-	-	32,151	5,971	4,047	-	-	-	10,018
Patient accounts receivable, net	86,474	32,255	-	-	-	118,729	67,275	25,150	-	-	-	92,425
County appropriation - property taxes receivable, net	1,487	-	-	-	-	1,487	1,623	-	-	-	-	1,623
Medicaid Supplemental Program Revenue receivable	11,923	6,510	-	-	-	18,433	53,116	11,142	-	-	-	64,258
Estimated amounts due from third-party payers	-	5,933	-	-	-	5,933	2,671	-	-	-	-	2,671
Supplies	13,258	1,866	-	-	-	15,124	12,542	1,611	-	-	-	14,153
Prepaid expenses and other	9,660	1,739	37,164	1,887	-	50,450	15,065	1,652	12,008	1,261	-	29,986
Due from component units	13,035	526	852	-	(14,413)	-	10,574	-	1,227	-	(11,801)	-
Total current assets	200,913	84,159	99,314	1,887	(14,413)	371,860	225,499	77,293	141,764	1,261	(11,801)	434,016
Noncurrent Cash and Investments												
Project construction	-	-	-	-	-	-	9,174	-	-	-	-	9,174
Held by Foundation	-	-	-	10,157	-	10,157	-	-	-	8,461	-	8,461
Restricted for medical claims	-	-	500	-	-	500	-	-	500	-	-	500
	-	-	500	10,157	-	10,657	9,174	-	500	8,461	-	18,135
Capital Assets, Net	421,032	27,657	6,734	-	-	455,423	423,801	20,252	6,258	-	-	450,311
Lease Assets, Net	20,497	-	-	-	-	20,497	7,853	-	-	-	-	7,853
Subscription Assets, Net	23,967	-	2,478	-	-	26,445	29,902	-	3,869	-	-	33,771
Other Assets	2,670	105,187	-	1,414	(95,742)	13,529	350	101,878	-	1,402	(98,705)	4,925
Total assets	669,079	217,003	109,026	13,458	(110,155)	898,411	696,579	199,423	152,391	11,124	(110,506)	949,011
Deferred Outflows of Resources												
Loss on bond refundings	4,260	-	-	-	-	4,260	10,235	-	-	-	-	10,235
Goodwill	296	570	-	-	-	866	346	1,025	-	-	-	1,371
Other postemployment benefits	366	-	-	-	-	366	398	-	-	-	-	398
Pensions	30,460	-	-	-	-	30,460	45,557	-	-	-	-	45,557
Total deferred outflows of resources	35,382	570	-	-	-	35,952	56,536	1,025	-	-	-	57,561
Total assets and deferred outflows of resources	$ 704,461	$ 217,573	$ 109,026	$ 13,458	$ (110,155)	$ 934,363	$ 753,115	$ 200,448	$ 152,391	$ 11,124	$ (110,506)	$ 1,006,572

El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas
Combined Balance Sheet Information (Continued)
September 30, 2024 and 2023
(In Thousands)

	2024						2023					
		Component Units						Component Units				
Liabilities, Deferred Inflows of Resources and Net Position	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
Current Liabilities												
Accounts payable and accrued expenses	$ 134,038	$ 21,313	$ 65,342	$ 329	$ -	$ 221,022	$ 142,586	$ 15,664	$ 102,769	$ 140	$ -	$ 261,159
Current maturities of long-term debt	12,156	479	-	-	-	12,635	11,021	386	-	-	-	11,407
Current portion of lease liabilities	6,008	-	-	-	-	6,008	3,054	-	-	-	-	3,054
Current portion of subscription liabilities	7,787	-	816	-	-	8,603	7,892	-	1,301	-	-	9,193
Notes payable and other current liabilities	-	796	-	-	-	796	-	1,013	-	-	-	1,013
COVID-19 funding received in advance	-	-	-	-	-	-	4,861	-	-	-	-	4,861
Estimated self-insurance costs - current	4,528	470	-	-	-	4,998	3,882	497	-		-	4,379
Estimated amounts due to third party payers	6,550	9,818	-	-	-	16,368	-	5,312	-	-	-	5,312
Due to component units	690	25,698	1,770	626	(28,784)	-	1,003	35,092	1,480	177	(37,752)	-
Total current liabilities	171,757	58,574	67,928	955	(28,784)	270,430	174,299	57,964	105,550	317	(37,752)	300,378
Other Liabilities												
Long-term debt	343,964	-	-	-	-	343,964	371,692	508	-	-	-	372,200
Lease liabilities	15,596	-	-	-	-	15,596	5,340	-	-	-	-	5,340
Subscription liabilities	14,319	-	1,755	-	-	16,074	20,064	-	2,599	-	-	22,663
Net pension liability	46,654	-	-	-	-	46,654	66,301	-	-	-	-	66,301
Other postemployment benefits liability	2,037	-	-	-	-	2,037	2,003	-	-	-	-	2,003
Other	1,928	95,665	-	-	(85,871)	11,722	2,955	91,669	-	-	(88,996)	5,628
Total liabilities	596,255	154,239	69,683	955	(114,655)	706,477	642,654	150,141	108,149	317	(126,748)	774,513
Deferred Inflows of Resources												
Gain on debt refundings	14,206	-	-	-	-	14,206	-	-	-	-	-	-
Other postemployment benefits	704	-	-	-	-	704	686	-	-	-	-	686
Total deferred inflows of resources	14,910	-	-	-	-	14,910	686	-	-	-	-	686
Net Position												
Net investment in capital assets	56,480	26,861	5,891	-	-	89,232	59,460	18,731	6,203	-	-	84,394
Restricted - expendable	-	6,252	500	8,788	(6,252)	9,288	-	6,175	500	7,724	(6,175)	8,224
Restricted - non-expendable	-	3,664	-	3,715	(3,664)	3,715	-	3,036	-	3,083	(3,036)	3,083
Unrestricted	36,816	26,557	32,952	-	14,416	110,741	50,315	22,365	37,539	-	25,453	135,672
Total net position	93,296	63,334	39,343	12,503	4,500	212,976	109,775	50,307	44,242	10,807	16,242	231,373
Total liabilities, deferred inflows of resources and net position	$ 704,461	$ 217,573	$ 109,026	$ 13,458	$ (110,155)	$ 934,363	$ 753,115	$ 200,448	$ 152,391	$ 11,124	$(110,506)	$1,006,572

El Paso County Hospital District
d/b/a University Medical Center of El Paso
A Component Unit of El Paso County, Texas
Combined Statements of Revenues, Expenses and Changes in Net Position Information
September 30, 2024 and 2023
(In Thousands)

	2024						2023					
		Component Units						Component Units				
	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total	UMC	El Paso Children's	El Paso Health	Foundation	Eliminations	Total
Operating Revenues												
Net patient service revenue	$ 520,888	$ 204,025	$ -	$ -	$ -	$ 724,913	$ 452,533	$ 171,306	$ -	$ -	$ -	$ 623,839
Premium revenue	-	-	333,453	-	-	333,453	-	-	375,653	-	-	375,653
Medicaid Supplemental Program revenue	141,927	7,066	-	-	-	148,993	122,430	2,346	-	-	-	124,776
Contract revenue	44,097	-	-	-	(26,476)	17,621	42,909	-	-	-	(26,250)	16,659
Other revenue	44,866	(11,741)	19,140	6,597	(25,801)	33,061	36,593	32,861	23,058	5,924	(22,639)	75,797
Total operating revenues	751,778	199,350	352,593	6,597	(52,277)	1,258,041	654,465	206,513	398,711	5,924	(48,889)	1,216,724
Operating Expenses												
Salaries and employee benefits	410,725	80,091	19,677	1,478	(21,109)	490,862	363,462	76,426	17,284	1,156	(18,533)	439,795
Medical claims	-	-	297,168	-	(220)	296,948	-	-	322,975	-	(160)	322,815
Purchased services and other	118,424	32,327	18,306	890	(18,415)	151,532	103,836	32,960	19,184	602	(12,456)	144,126
Physician fees	122,860	22,474	-	-	(549)	144,785	121,211	20,960	-	-	(548)	141,623
Supplies and pharmaceuticals	223,127	45,648	23,904	871	(10,598)	282,952	197,209	41,051	28,421	588	(10,610)	256,659
Depreciation and amortization	49,276	5,009	2,132	-	-	56,417	44,441	4,320	3,321	-	-	52,082
Total operating expenses	924,412	185,549	361,187	3,239	(50,891)	1,423,496	830,159	175,717	391,185	2,346	(42,307)	1,357,100
Operating Income (Loss)	(172,634)	13,801	(8,594)	3,358	(1,386)	(165,455)	(175,694)	30,796	7,526	3,578	(6,582)	(140,376)
Nonoperating Revenues (Expenses)												
Investment return	4,709	1,505	3,695	638	-	10,547	4,381	146	2,152	380	(20)	7,039
Interest expense	(18,089)	(2,279)	-	-	2,263	(18,105)	(15,669)	(1,393)	-	-	1,546	(15,516)
County appropriation - property taxes, net	148,473	-	-	-	-	148,473	133,442	-	-	-	-	133,442
COVID-19 assistance revenue	4,861	-	-	-	-	4,861	32,445	-	-	-	-	32,445
Tobacco settlement	2,553	-	-	-	-	2,553	2,493	-	-	-	-	2,493
Debt issuance costs	(1,796)	-	-	-	-	(1,796)	-	-	-	-	-	-
Other	2,605	-	-	(2,300)	220	525	2,969	-	-	(1,652)	1,515	2,832
Total nonoperating revenues, net	143,316	(774)	3,695	(1,662)	2,483	147,058	160,061	(1,247)	2,152	(1,272)	3,041	162,735
Income (Loss) Before Transfers	(29,318)	13,027	(4,899)	1,696	1,097	(18,397)	(15,633)	29,549	9,678	2,306	(3,541)	22,359
Transfer to (from) affiliate	12,839	-	-	-	(12,839)	-	15,000	-	(15,000)	-	-	-
Increase (Decrease) In Net Position	(16,479)	13,027	(4,899)	1,696	(11,742)	(18,397)	(633)	29,549	(5,322)	2,306	(3,541)	22,359
Net Position, Beginning of Year	109,775	50,307	44,242	10,807	16,242	231,373	110,408	20,758	49,564	8,501	19,783	209,014
Net Position, End of Year	$ 93,296	$ 63,334	$ 39,343	$ 12,503	$ 4,500	$ 212,976	$ 109,775	$ 50,307	$ 44,242	$ 10,807	$ 16,242	$ 231,373

APPENDIX D

FORM OF BOND COUNSEL'S OPINION

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[CLOSING DATE]

IN REGARD to the authorization and issuance of the "El Paso County Hospital District General Obligation Bonds, Series 2025," dated July 10, 2025, in the principal amount of $[_________] (the "Bonds"), we have examined into their issuance by the Commissioners Court of El Paso County, Texas (the "County") on behalf of the El Paso County Hospital District (the "District" and, together with the County, the "Issuer"), solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the Issuer, the disclosure of any financial or statistical information or data pertaining to the Issuer and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Bonds mature on August 15 in each of the years specified in the pricing certificate (the "Pricing Certificate") executed pursuant to an order adopted by the Commissioners Court of the County authorizing the issuance of the Bonds (the "Order" and, jointly with the Pricing Certificate, the "Bond Order"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and is payable on the dates, all as provided in the Bond Order.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings had in connection with the issuance of the Bonds, including the Bond Order, and an examination of the initial Bond executed and delivered by the Issuer (which we found to be in due form and properly executed); (ii) certifications of officers of the Issuer relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the Issuer; and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the Issuer and, when issued in compliance with the provisions of the Bond Order, are valid, legally binding and enforceable obligations of the District, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the District, in the manner and to the extent provided in the Bond Order,

except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the Issuer with the provisions of the Bond Order relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By ________________________________

Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500 (8/24)

EL PASO COUNTY HOSPITAL DISTRICT (El Paso County, Texas) • GENERAL OBLIGATION BONDS, SERIES 2025

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