

Capital Funding Opportunities 2022 and Beyond

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Why We're Here Today

- Upcoming capital funding opportunities:
 1. Begin using the designated Headquarters/Service Center Strategic Facilities Fund
 2. Adopt a reimbursement resolution to preserve option to issue tax-exempt (lower cost) bonds in the future
- Information only – no action requested today
- Next steps
 - Board action to be requested June 20

Capital Funding – Board Designated Fund

- While any available cash can be used for capital projects, sometimes specific funds are designated for specific purposes
 - In 2017, the Board passed a motion to plan for and invest in facilities projects years in advance
 - Total deposits of \$50M were made in 2017/18 to the Headquarters/Service Center Strategic Facilities Fund
 - The Board directs the use of the funds

Proposed action for June 20: Request Board approval to begin using the saved funds for the Service Center

Capital Funding – Tax-Exempt Debt

- Tax-exempt 2020A Bonds
- Optimized limited tax-exempt authority by funding “qualified” projects with bonds
- Qualified = general governmental purpose, with little private party benefit, not funded with other specific resources (such as designated funds)
- Other available cash then used to fund projects that would not qualify for tax-exempt funding

Evaluating comprehensive District needs supports achieving lowest overall net interest costs

Proactive Capital Funding Strategies

How and When We Borrow Matters

- Debt Policy Guidelines
 - Capital investments have long-term benefits, costs can be allocated over time
 - Most cost-effective means (structure, duration, tax advantages)

Potential Tax-Exempt Eligible Projects	Estimated Costs	2022 – 2024 Funding Considerations	
Service Center	\$25M	Not to Exceed \$100M Combined	\$65M already bond funded \$50M already Board Designated
Distribution Expansion/ Modernization	\$75M		Primarily new substations, AMI

Proposed action for June 20: Adopt reimbursement resolution now, to preserve the option to issue tax-exempt (lower cost) bonds in the future

Timeline to Pursue Future Debt Issuance

June 20
2022

- Consider Reimbursement Resolution for adoption
- Preserves flexibility, does not authorize issuance

Fall
2022

- Annual Plan of Finance consideration
- Evaluation of timing and amount of external funding needs

Early
2023+

- Depending on the timing of District external funding needs...
 - Develop offering documents
 - Consider Resolution to authorize issuance

DECISION POINT – Go/No Go

2023+

- Publish offering documents
- District markets and sells bonds

Next Steps

- Return June 20, 2022 requesting Board approval:
 1. Motion to direct use of \$50M Board designated Strategic Facilities Fund
 2. Resolution to preserve future reimbursement options and maximize tax-exempt bond issuance authority

- Questions?