

Treasury Topics Plan of Finance

Information Only
No Action Requested Today

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What We Will Cover Today

- Investment and Banking Policy Review
- Board Designated Funds update
- Annual plan of finance update
 - External borrowing
 - Internal loan funding
- Upcoming Board requests

Investment and Banking Policy

- Resolution 22-14648
 - Section 18.0 requires annual review by Treasurer's office
 - No proposed changes for 2023
- 2022 delegation for signer and banking changes to the Treasurer and CFO with quarterly Board notice is administratively efficient and more secure
- Identified opportunity for future consideration
 - Section 15.0 Performance Standards update
 - 3-month US Treasury Bill yield no longer representative of current portfolio structure

Electric Rate Support Fund

Current Status:

- ✓ Board Designated Fund established in 2020 – 2024 Rate Plan
- ✓ Directed staff to make deposits annually
- ✓ Annual calculation: electric rate revenue X cumulative increase %
- ✓ Included in Board Quarterly Financial Review

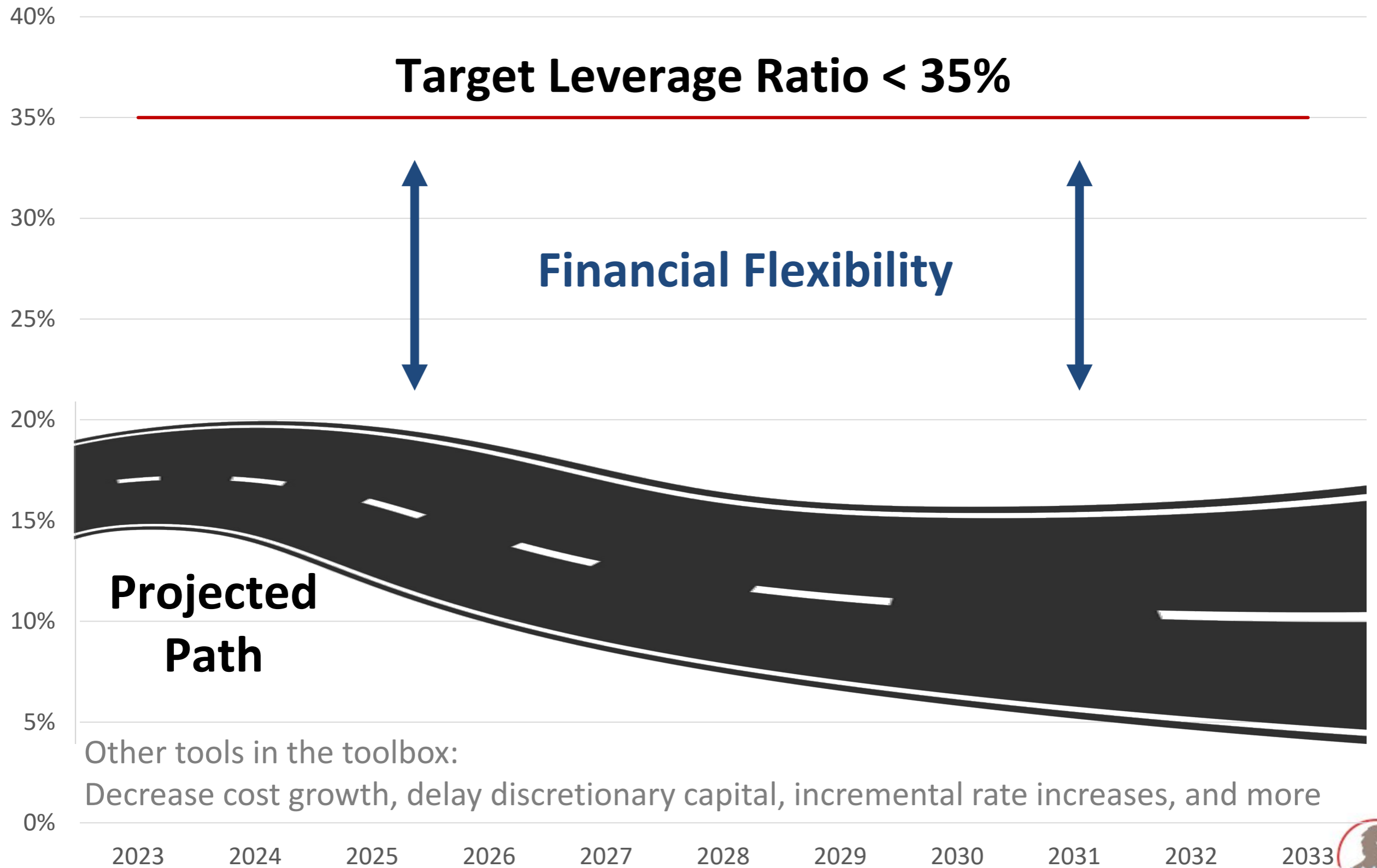
2023 Check In:

- Team evaluated fund, no projected rate stabilization needs currently
- Will monitor as fund builds with annual deposits

Future Actions:

- Board consideration during next Strategic Planning process
- Return for 2024 annual check in

Debt Maintenance Mode



Other tools in the toolbox:

Decrease cost growth, delay discretionary capital, incremental rate increases, and more



Responsive Plan of Finance

- 2023 Plan of Finance included:
 - No external debt issuances
 - \$38 million debt reduction (\$25M scheduled, \$13M 6-mo. advanced, if beneficial)
- Planned six-month advanced payment
 - Bond structure provides opportunity under most market conditions
 - Early retirement supports debt service coverage metrics
 - Execute if beneficial
- Current Conditions
 - Higher market rates would not achieve net benefit
 - District financial strength mitigates need for enhanced debt service coverage
- Modified 2023 Plan of Finance results in slightly higher 2023 debt leverage and lower 2024 debt service coverage metrics
 - Both metrics remain very healthy

Internal Loans

- Match system funding need with available system cash
 - Loan cash from one District accounting system to another
 - Principal and interest paid back over time per schedule
- Board affirmed Debt Philosophy and Planning Strategies:
 - First, internal loans from unrestricted funds, when available
 - Strategic external bond issuance are also evaluated and recommended when prudent
- Customer benefits of internal loans:
 - Supports debt leverage and coverage metrics
 - Avoids external bond issuance and interest costs
 - Uses available unrestricted cash earning interest at lower rate
- 2024 Internal Loan Needs
 - Hydro systems may need funds later in 2024 (monitoring)
 - Replacement loan in support of Peshastin Water District acquisition

Upcoming Board Requests

Q1 2024	Resolution to approve internal loan supporting Peshastin Water District acquisition
Later 2024	Investment and Banking Policy Performance Standard update