

**Minutes
Finance Committee
Colorado Springs Utilities Board
September 16, 2022**

Committee members present via Microsoft Teams or Rosemont Conference Room: Bill Murray, Dave Donelson and Tom Strand

Committee members excused: Chair Nancy Henjum

Staff members present via Microsoft Teams or Rosemont Conference Room: Tristan Gearhart, Scott Shirola, Adam Hegstrom, Andie Buhl and Natalie Watts

City of Colorado Springs staff members present via Microsoft Teams or Rosemont Conference Room: Chris Bidlack, Sally Barber and Callie Moyers

1. Call to Order

Committee Member Bill Murray called the meeting to order at 1:32 p.m. and read a statement regarding the Colorado Open Meetings Law and the City Charter and noted that public comment would not be a part of the meeting.

2. Review Minutes

Minutes from the Aug. 15, 2022, Finance Committee meeting were reviewed and approved for posting.

3. ECA/GCA Quarterly Filing Update

Mr. Scott Shirola, Pricing and Rates Manager, explained how a media update was released last night about upcoming natural gas impacts on customer bills. He also reviewed natural gas prices as of Sep. 1, 2022, and highlighted prices during the heating season (November – March). He discussed electric cost adjustment (ECA) and gas cost adjustment (GCA) projections for September 2022 and concluded with seasonal residential bill impacts and sample total monthly bills (with a proposed effective date of Oct. 1, 2022).

Mr. Shirola said City Council will approve the next adjustment Sep. 27, 2022, and it will be effective Oct. 1, 2022.

4. 2022 Bond Issuance Results

Mr. Adam Hegstrom, Treasury and Finance Manager, provided a credit ratings update. He said Moody's reaffirmed Springs Utilities' rating as "Aa2" with a stable outlook, and Standard and Poor's (S&P) reaffirmed Springs Utilities' rating as "AA+" with a negative outlook citing:

“Springs Utilities’ current hedging practices which expose the utility to potential cost pressures, which could in turn dilute financial metrics and/or rate competitiveness.”

Mr. Hegstrom reviewed bond issuance details for:

2022As

- \$127.4 million in par amount
- Refunds the remaining 2012B, 2012C-1, and 2012C-2 bonds at lower, more advantageous interest rates
- Achieves \$10.07 million in net present value savings to Springs Utilities over the next 21 years

2022Bs

- “New money” issuance to fund a portion of the general system’s capital gain
- \$180 million in proceeds
- Maturities spread out from one to 30 years in tenor

Mr. Hegstrom said all-in true interest cost (TIC) is 4.312% and explained further bond issuance details including investor information and key partners. He concluded with remaining key dates, such that the transaction close/receipt of funds is Oct. 4, 2022, and the 2023 plan of finance is December 2022.

5. By Exception:

- a. Financial Monitoring Update
- b. Enterprise Risk Management Report
- c. Year to Date Water Revenue
- d. Financial Forecast Dashboard

Mr. Tristan Gearhart, Chief Planning & Finance Officer, reviewed year-to-date water revenue. He said the water operating revenue for the month of August 2022 is \$2 million or 7.7% under the Annual Operating Financial Plan (AOFP) and year-to-date is \$0.22 million or 0.2% over the AOFP. He said the water reserve account as of November 2021 is \$14.7 million.

Mr. Gearhart reviewed the financial forecast dashboard and said the largest driver for supplemental appropriation is fuel costs. He said forecasted surplus transfers are over the AOFP by \$1.5 million, or 4.2% and outside the band of +/- \$1.0 million. Mr. Gearhart said surplus transfers are over the AOFP due to strong sales in electric and water.

6. Plan for Future Meeting: October 14, 2022

7. Adjournment: The meeting adjourned at 2:23 p.m.