



Colorado Springs Utilities
It's how we're all connected

2024AB Bond Ordinance

Tristan Gearhart
Chief Planning and Finance Officer
July 9, 2024

Plan of Finance Overview

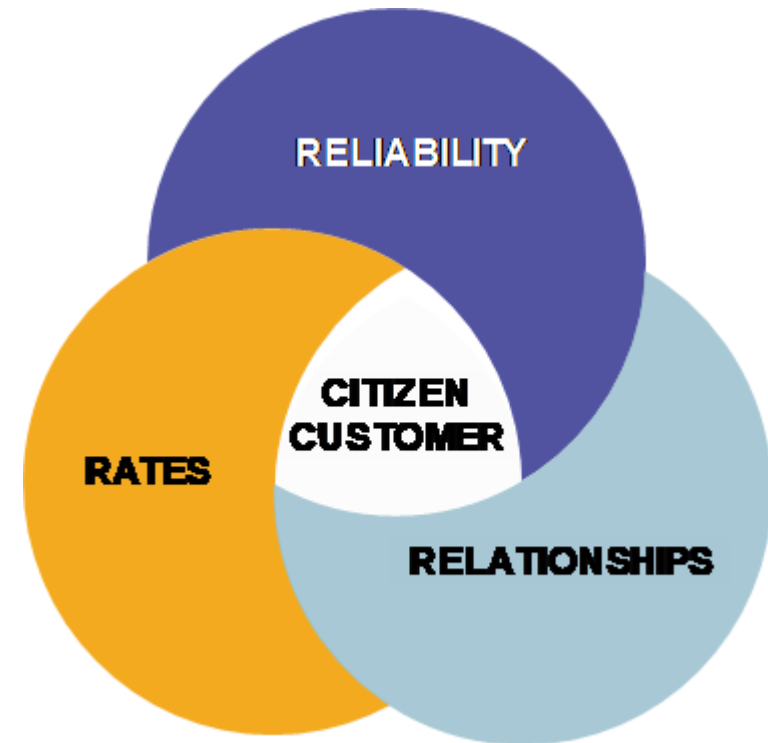
The Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Colorado Springs Utilities' ("The Utilities") capital needs

- Critical to Utilities Board's Strategic Focus
- Core tenets:

Prudence - Efficiency - Flexibility

Collectively executed by:

- Utilities Leadership
- Planning and Finance Staff
- Key Advisors
 - Financial Advisor
 - Bond Counsel
- Key Banking Partners and Counterparties



Plan of Finance Overview

Plan of Finance efforts are dedicated towards four key objectives:

1. Fund the debt-backed portion of The Utilities' upcoming capital plan
2. Manage and optimize The Utilities' current debt portfolio
3. Procure and manage debt-supporting instruments and ancillary services
4. Manage The Utilities' financial reputation and industry relationships to ensure market access



New Money Debt Issuance: 2024As

Objective 1: Support The Utilities' operations by funding the debt-backed portion of the Enterprise's future capital plan ("New Money Issuances")

Enterprise Need:

- Estimated \$480 million in total capital spend between September 2024 and September 2025

Anticipated Actions:

- Issue new money debt in August 2024



New Money Debt Issuance: 2024As

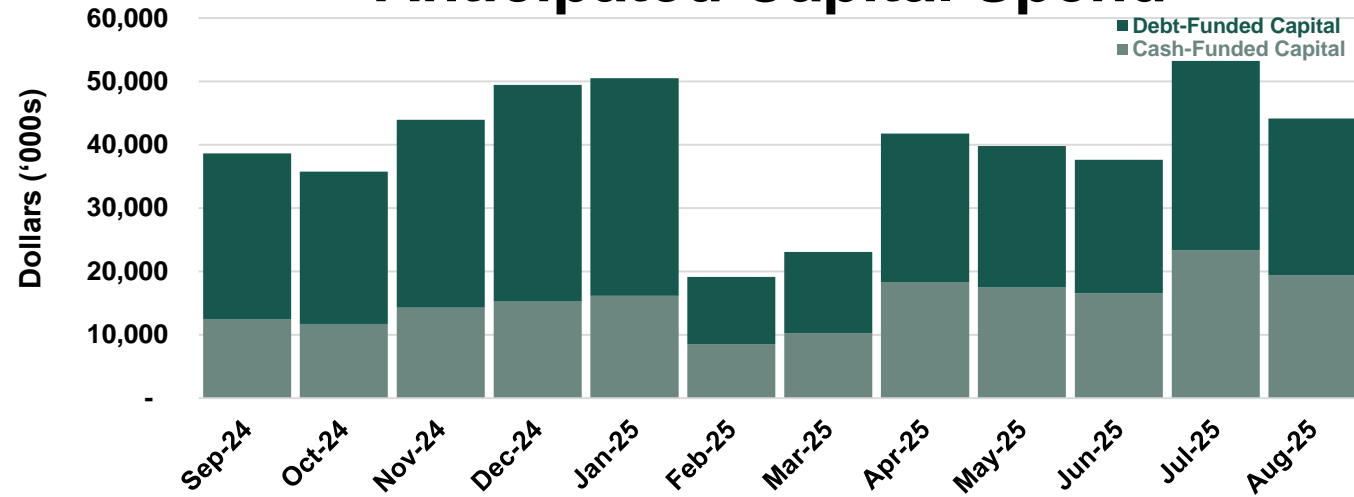
Anticipated Issuance Details:

- Current Estimated - \$307 million (proceeds)
- Ordinance Ceiling - \$325 million
- More clarity in coming months surrounding 2025 AOP/Capital Plan
- Approximately 62% debt-funded capital over financing period
- Effective balance between cash and debt to optimize financial metric performance

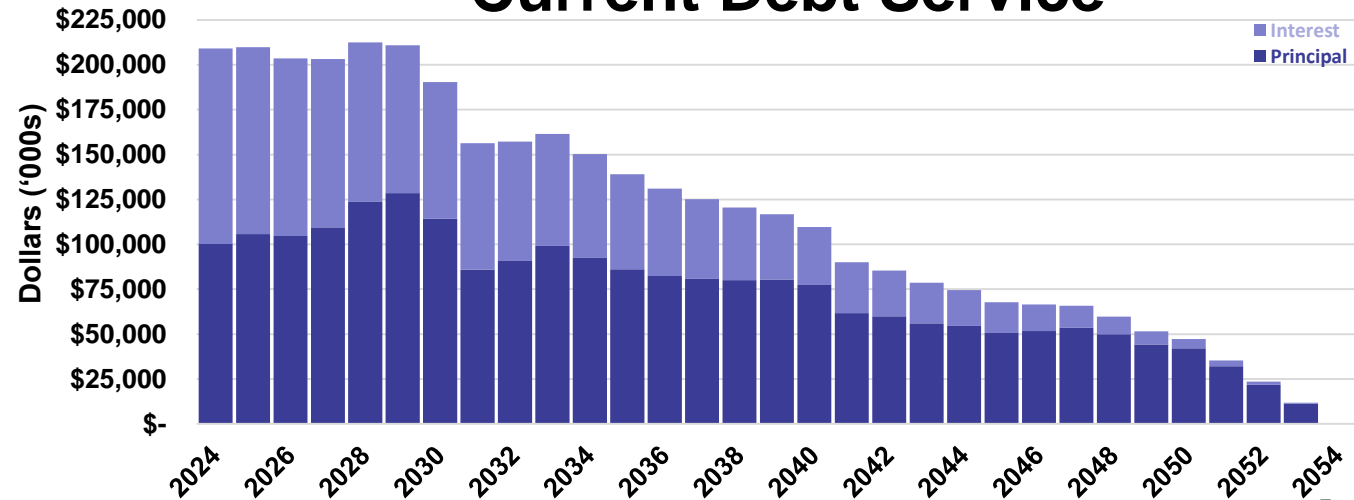
Structure:

- Traditional tax exempt fixed-rate debt
- Maturity-by-maturity optimization near issuance date

Anticipated Capital Spend



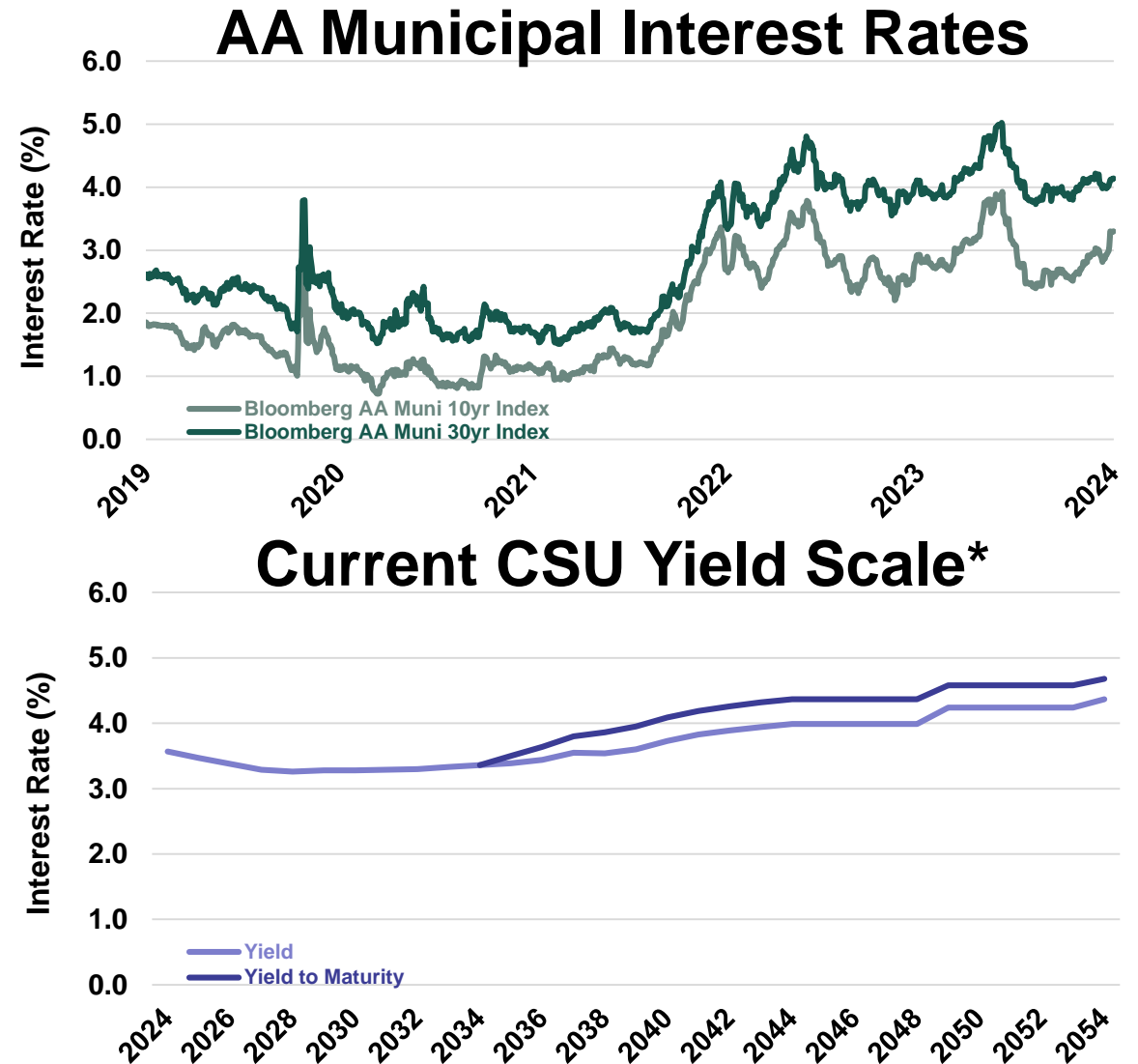
Current Debt Service



New Money Debt Issuance: 2024As

Market Update:

- Interest rates have risen slightly since the last issuance
- The yield curve has remained persistently inverted since 2022
- Given the current short-term interest rate environment, planned issuance date (August) selected to optimize earnings on funds in escrow
- Inflation is still above the Federal Reserve's target range
- Municipal supply is up 37% compared to 2023



Refunding Debt Issuance: 2024Bs

Objective 2: Manage and optimize The Utilities' current debt portfolio (“Refunding Issuances”)

- \$1.92 billion in outstanding fixed rate bonds
- Vast majority can be refinanced 10 years after issuance if interest rate economics are favorable

Anticipated Actions:

- Issue a current refunding transaction in August to refinance all/parts of the 2014A-1, 2014A-2 issuance:

Current Estimated Refunding Results

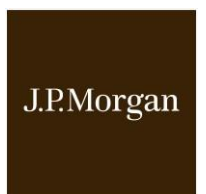
	2014A-1	2014A-2
Par Value of Remaining Bonds	\$53.1 million	\$49.1 million
Cashflow Savings from Refunding	\$5.9 million	\$5.4 million
NPV Savings (\$)	\$4.1 million	\$3.8 million
NPV Savings (%)	7.752%	7.716%

Industry and Investor Relationships

Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

Underwriter Selection

- Pool established in 2023 for an anticipated 5-year term
- Competitive selection process completed in early May
- Team selected for 2024AB issuance:
 - Senior Manager – Bank of America
 - Co-Managers – Goldman Sachs, J.P. Morgan, and Piper Sandler



Industry and Investor Relationships

Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

Credit Rating Agencies

- Currently preparing messaging materials for upcoming rating agency meetings
- Anticipated topics of interest to address:
 - Funding of large future capital programs driven by
 - Regulatory Planning
 - Resiliency and Reliability Planning
 - Preparing for Growth
 - Five-Year Financial Plan
 - Rate Design Initiatives
 - Electric Time-of-Day Rates
 - Recovery of specific, well-defined costs through bill riders

	MOODY'S	S&P Global	FitchRatings
	Moody's	S&P	Fitch
	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Investment Grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-Investment Grade	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
High Yield "Junk"	B1	B+	B+
	B2	B	B
	B3	B-	B-
Default	Caa	CCC	CCC
	Ca	CC	CC
	C	C	C
	C	D	D

Debt Issuance Working Timetable

Date	Event
<i>Friday, January 12, 2024</i>	<i>Plan of Finance Presentation to Finance Committee</i>
<i>Thursday, April 21, 2024</i>	<i>JP Morgan Investor Conference</i>
<i>Monday, May 1, 2024</i>	<i>Underwriter RFP Selection</i>
<i>Monday, June 17, 2024</i>	<i>Finance Committee Presentation</i>
<i>Tuesday, June 18, 2024</i>	<i>Utilities Board Presentation</i>
<i>Monday, July 8, 2024</i>	<i>Rating Agency Presentations</i>
Tuesday, July 9, 2024	First Reading of Ordinance - City Council
Tuesday, July 23, 2024	Second Reading of Ordinance & Ordinance Approval – City Council
Wednesday, July 24, 2024	Due Diligence Call
Tuesday, August 6, 2024	Bond Pricing
Tuesday, August 20, 2024	Issuance Closing



Colorado Springs Utilities[®]

It's how we're all connected