



## GRAND RAPIDS PUBLIC UTILITIES COMMISSION REGULAR WORK SESSION MEETING AGENDA

Wednesday, August 30, 2023

8:00 AM

**CALL TO ORDER:** Pursuant to due notice and call thereof, a Work Session Meeting of the Grand Rapids Public Utilities Commission will be held on Wednesday, August 30, 2023 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street, Grand Rapids, Minnesota.

**CALL OF ROLL:**

**BUSINESS:**

1. Consider a motion to approve \$97,022.30 verified claims for July and August 2023.
2. Review Revenue, Grant, Investment, Operating Reserve, and Capital Improvement Plan Policies and revised Debt Management Policy.

**ADJOURNMENT:**

The next Regular Meeting of the Commission is scheduled for Monday, September 18, 2023 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The next Special Meeting is scheduled for Tuesday, September 26, 2023 at 1:00 PM in the conference room of the Best Western Plus Grand Rapids at 2309 SW 1st Ave.

The GRPUC has adopted a Meeting Protocol Policy, which informs attendees of the GRPUC's desire to conduct meetings in an orderly manner which welcomes all civil input from interested parties. If you are unaware of the policy, please contact our office at 218-326-7024 and we will provide you with a copy of the policy.



## GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

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**AGENDA DATE:** August 30, 2023

**AGENDA ITEM:** Consider a motion to approve \$97,022.30 verified claims for July and August 2023.

**PREPARED BY:** Jean Lane, Business Services Manager

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### **BACKGROUND:**

See attached check registers:

Computer check register \$97,022.30

Manual check register \$-0-

Total \$97,022.30

### **RECOMMENDATION:**

Consider a motion to approve \$97,022.30 of verified claims for July and August 2023.

Grand Rapid Public Utilities  
Accounts Payable  
July/August 2023  
(Meeting Date: 8/30/2023)

Item 1.

NAME	AMOUNT
Aramark	123.92
Badger State	9,414.00
Central McGowan	614.75
City of Grand Rapids	712.76
Coles	127.95
Dakota Supply Group	1,120.01
Electric Pump	379.56
Fastenal	980.57
Ferguson	2,775.01
Frontier Energy	3,925.09
Grainger	92.00
Hach	84.75
Johnson, Killen & Seiler	581.90
L & M	134.90
Lake States Construction	13,240.00
Latvala Lumber	561.40
McMaster-Carr	1,040.11
Northern Drug Screening	28.00
Personnel Dynamics	1,202.37
RMB Environmental Lab	1,603.03
Rob's Bobcat	28,070.00
Sandstroms	372.53
Stuart Irby	1,667.50
TNT Construction	21,679.00
UPS	93.58
VC3	5,468.10
Viking Electric	189.51
WUSZ-FM	420.00
Energy Efficiency Rebate:	
Pierzina, Cheryl	140.00
Rose, Gary & Colleen	100.00
Van Orsow, Gregory	80.00
Total	97,022.30



# GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

**AGENDA DATE:** August 30, 2023

**AGENDA ITEM:** Review Revenue, Grant, Investment, Operating Reserve, and Capital Improvement Plan Policies and revised Debt Management Policy.

**PREPARED BY:** Jean Lane, Business Services Manager

## **BACKGROUND:**

These six financial related policies interconnect. I used GFOA best practices along with reviewing similar governments' policies to draft each policy. During the work session, I will comment on key points and the connection between the policies, and point out areas of the policy language which could be different.

### **Revenue Policy**

- Inclusive of all revenues and seek diversification
- Utility services that benefit specific users shall establish user fees
- User fees designed to fully recover direct and indirect costs of providing those services
- Use cost of service rate studies to determine user rates
- Rural customers pay more than City of Grand Rapids tax payer
- Review user fees on a regular basis
- User fees are sufficient to cover operating costs, meet debt obligations, provide funding for capital improvement, provide for adequate working capital & operation reserves, set aside money in capital replacement sub account.
- Non-recurring (one-time) revenues should not be used for continuing operations or to balance the budget
- Review new revenue sources for fairness, economic impact, and cost
- Seek available grants which support strategic plan, capital improvement plan, or operations budget

### **Grant Policy**

- Apply for grants that are consistent with the strategic plan, capital improvement plan, or annual operations budget

- Attempt to recover all allowable direct and indirect costs
- Grants not used for more than one annual operating budget current ongoing operating expenses
- Reviewed for cash match requirements and impact on operating budget.
- Cash match source of funding identified prior to application
- All grant applications ratified by GRPUC

### **Investment Policy**

- Used LMC template which reflects MN state statutes
- Objectives – safety of principal, liquidity, return on investment, public trust
- Specific investment instruments included and excluded
- Diversification - limiting to avoid over concentration in securities (with exceptions), limiting higher credit risks, vary maturities, appropriate liquidity is maintained
- Collateralization per state law
- Safekeeping of securities per state law
- Depositories per state law
- Management of investment policy include Business Services Manager, General Manager, and City Treasurer.

### **Operating Reserve Policy**

- Establish accumulated reserve target of 50% for electric, water, wastewater collection (sanitary sewer and domestic treatment)
- Reserve target of 50% is accumulated and calculated on previous year's audited annual expenses
- Amounts over the 50% operations reserve target will be transferred to the respective Utility Asset Replacement Reserve sub account to support capital improvement plan
- Must maintain the accumulated reserve target of 50%, if fall below the reserve targets Business Services Manager will inform General Manager
- Plan will be presented to GRPUC for approval as part of the annual budget process

### **Capital Improvement Plan Policy**

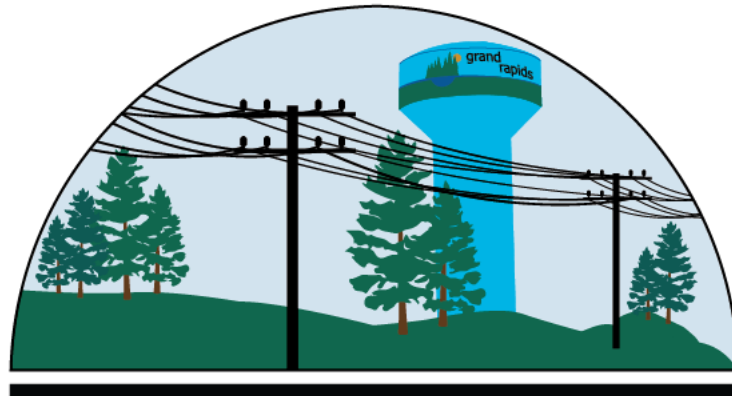
- Promote long-term strategic view of asset management
- Capital assets and infrastructure important legacies that serve current and future generations
- Multi-year Capital Improvement Plan – capital needs, funding options, operating budget impacts
- Capital Improvement Plan developed to ensure financial feasibility and proper stewardship of capital investments
- Comply with adopted financial related policies
- Part of the annual budget process and approved by GRPUC
- Each individual capital asset should be classified, cost determined at purchase or placed into service, predetermined useful life, and depreciated.

### **Revised Debt Management Policy**

- Long-term capital improvements or purchases issued using debt
- Use short-term debt based on type of capital improvement or purchase
- Review outstanding debt for possible refunding opportunities
- Debt structured for the shortest period of time to allow for the fair allocation of costs to current and future beneficiaries or users of the asset
- Interfund borrowing may be considered for loans
- 1<sup>st</sup> try and use pay as you go funding before short or long-term debt
- Debt financing shall be considered after all non-debt sources of funds
- Debt not used to fund on-going operations
- Long-term debt connected to assets in the capital improvement plan

**RECOMMENDATION:**

Review policies and comment.



# **GRAND RAPIDS PUBLIC UTILITIES**

*Service is Our Nature*

## **Revenue Policy**

**GRAND RAPIDS PUBLIC UTILITIES  
COMMISSION**

August 2023

## **Grand Rapids Public Utilities Commission (GRPUC) Revenue Policy**

### **A. Introduction**

Sufficient and stable revenues are needed to consistently produce the services provided by GRPUC. Revenue policy establishes standards and guidelines that support efficient and fair revenue streams.

GRPUC will manage revenues in terms of diversifications and stabilization, equity, relation to economic development, and collections.

### **B. Policy Statement**

GRPUC strives to maintain a revenue system that meets the GRPUC immediate and long-term service delivery needs. This revenue policy shall be inclusive of all revenue sources of the GRPUC.

Services that benefit specific users, GRPUC shall establish and collect user fees to fully recover the costs of providing those services and cost of service rate studies to determine the appropriate cost recovery level in the established fees.

Rural customers shall pay the full cost charge determined in the cost of service rate studies and this rate is higher than a residential, commercial, industrial property tax payer within City of Grand Rapids corporate limits.

GRPUC shall seek to recover full direct and indirect costs. User fees shall be reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary.

Utility rates shall be set at levels sufficient to recover operating expenses, meet debt obligations, provide funding for capital improvements, provide adequate levels of working capital and operations reserves, and deposit money in a capital replacement sub-account.

Non-recurring (one-time) revenues should not be used on a continual basis for operations or to balance the budget. One-time revenues shall be applied only towards one-time expenses, including capital purchases or projects.

New revenue sources will be evaluated in terms of their fairness, economic impact, and cost.

GRPUC will seek available grants which support the GRPUC strategic plan, Capital Improvement Plan, or annual operations budget.



C. Authorization

The General Manager (GM) is responsible for management of the Revenue Policy. The GM can delegate detailed management activities/tasks to the utility managers.

D. Definitions

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources, together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying out specific activities or attaining certain objectives.

Non-Recurring Revenues – Revenues that are one-time in nature causing a spike in revenues.

User Fees – A revenue or charge for services assessed to recover all or a portion of the cost of providing the services rendered.

Rural – customers geographically outside the City of Grand Rapids corporate boundaries.

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President

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Date

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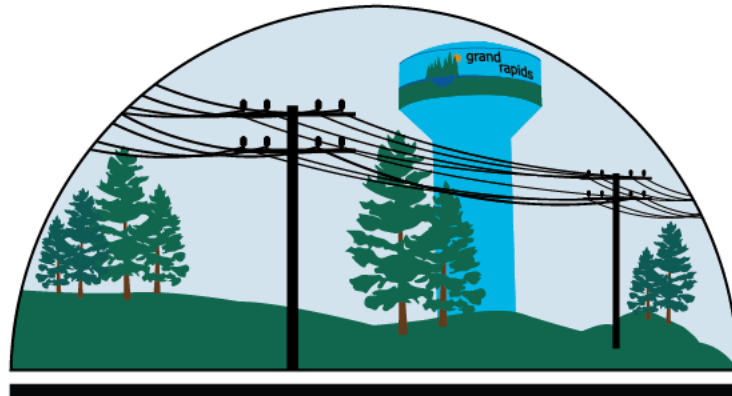
Secretary

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Date

Adopted Date:

Revised Date:



# **GRAND RAPIDS PUBLIC UTILITIES**

*Service is Our Nature*

## **Grant Policy**

**GRAND RAPIDS PUBLIC UTILITIES  
COMMISSION**

August 2023

## Grand Rapids Public Utilities Commission (GRPUC) Grant Policy

### A. Introduction

GRPUC will strive to maintain a diversified revenue system that meets the GRPUC's immediate and long-term service delivery needs.

This Grant Policy guides the GRPUC to actively seek and apply for grants.

Grants should be part of the overall funding options of projects or purchases in the GRPUC Capital Improvement Plan or annual operating budget.

### B. Policy Statement

The GRPCU shall apply for grants that are consistent with the strategic plan, Capital Improvement Plan, or annual operations budget. The potential for incurring ongoing costs will be considered prior to applying for a grant.

The GRPUC shall attempt to recover all allowable direct and indirect costs associated with the administration and implementation of projects or purchases funded through grants.

Grants shall not be used for more than one annual operating budget for current ongoing operating expenses.

All grant submittals shall be reviewed for their cash match requirements and their potential impact on the operating budget. If there is a cash match requirement, the source of funding shall be identified prior to application.

All grant applications should be ratified by the GRPUC.

### C. Authorization

The General Manager (GM) is responsible for the seeking, preparation, applying, monitoring, and oversight of grants. The GM can delegate responsibilities to utility managers.

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 President

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 Date

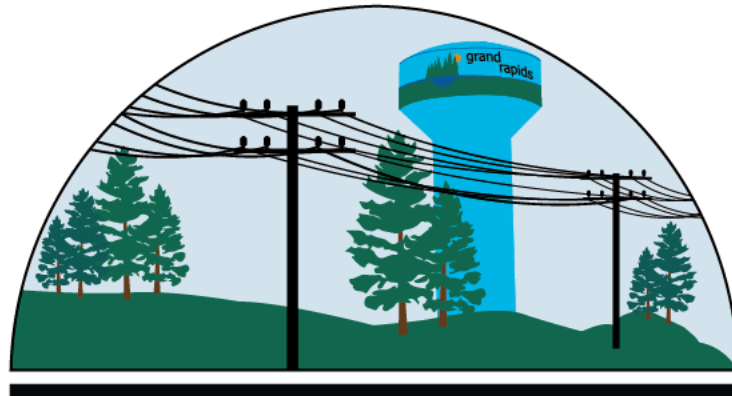
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Secretary

Date

Adopted Date:

Revised Date:



# **GRAND RAPIDS PUBLIC UTILITIES**

*Service is Our Nature*

## **Operating Reserve Policy**

**GRAND RAPIDS PUBLIC UTILITIES  
COMMISSION**

August 2023

## **Grand Rapids Public Utilities Commission (GRPUC) Operating Reserve Policy**

### **A. Scope**

The GRPU maintains accumulated Utility Operating Reserves for the Electric, Water, Wastewater Collection (Sanity Sewer and domestic treatment) in order to effectively manage rate fluctuations, operating contingencies, working capital and operating financing.

### **B. Policy Statement**

The GRPUC has established a reasonable accumulated reserve target in order to cover the financial needs of the utilities and mitigate impacts to ratepayers. The target is the accumulated Operating Reserves will be maintained at a constant percentage (50%) of the previous year's audited annual expenses to ensure that the reserves grow over time in proportion to the infrastructure growth in the GRPUC service territory.

From time to time, unplanned surpluses may be generated in a given year and the accumulated Operating Reserve may exceed the targeted maximum. Should this occur, any amount over the threshold (50% of previous year's audited annual expenses) will be transferred to the respective Utilities Asset Replacement Reserve sub account to support the Utility's capital program.

### **C. Objectives**

The purpose of this policy is to ensure that the accumulated Utility Funds' Operating Surplus is maintained at an adequate level to provide for rate stabilization, operating contingencies, working capital and operating financing and that any unplanned surplus above the target threshold will be transferred to the respective Utility Asset Replacement Reserve sub account to address ongoing asset management needs.

A reserve provides protection from risk. GRPUC faces risks like revenue shortfalls during recessions and losses from extreme events, like natural disasters or required actions of the State of Minnesota in severe weather which GRPUC follows, or a disruption in the power supply or production of a utility service. Reserves help make sure that GRPU can respond quickly and decisively to extreme events. Reserves also support vital public services during revenue declines.

### **D. Definitions**

Operating Reserve – Current Assets (cash, investments, due from City, interest receivable, accounts receivable, lease receivable) less Current Liabilities (accounts payable, due to other governments, due to City of Grand Rapids, sales tax payable, accrued payroll).

Operating Expenses – Total operating expenses less depreciation and amortization.  
Excluding the operating expenses for non-domestic waste water treatment.

E. Principles - Size of Reserve

1. The GRPUC's goal is to maintain the accumulated Utilities' Operating Reserve at a constant percentage (50%) of the previous year's annual audited expenses. The 50% reserve target represents approximately six months average operating expenses which ensures adequate contingency for all reasonable unanticipated expenses.
2. Any unplanned surplus earned in a given year will be transferred to an accumulated Utilities Asset Replacement Reserve sub account to support the GRPUC's capital program. Electric, Water, Wastewater Collection (Sanity Sewer & domestic treatment) each shall have a separate Utilities Asset Replacement Reserve sub account.

GRPUC's business services department will conduct long-range forecasting to decide if GRPUC is likely to stay within the establish reserve goal. If the goal reserve amount is not kept during the forecast period, the Business Services Manager will inform the General Manager. The General Manager will propose a plan for the replacement of the reserves. GRPUC will review and approve the plan as part of the annual budget process. Grand Rapids Public Utilities will try to replace the reserves within a one budget cycle if that is practical.

If the reserve is exceeded during the forecast period, then the respective Utilities Asset Replacement Reserve sub account will continue to grow with no maximum amount.

F. Authority

The General Manager, with the support of the GRPUC's managers, is responsible to maintain the accumulated Utilities' Operating Reserve at the level determined in this policy.

The General Manager has been authorized by the GRPUC to use the reserves for purposes consistent with this policy.

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President

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Date

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Secretary

Date

Adopted Date:

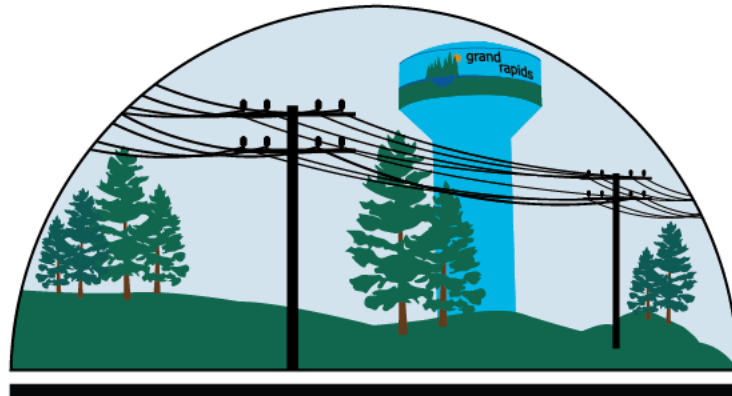
Revised Date:



GRAND RAPIDS PUBLIC UTILITIES  
OPERATING RESERVE POLICY  
August 30, 2023

Accumulated Operating Reserves = 50% of previous year's audited annual expense

	ELECTRIC	WATER	WASTEWATER COLLECTION & DOM TRMT	OTHER	TOTAL
Operating Expense - per definition	\$ 14,926,934	\$ 1,806,952	\$ 1,365,841		\$ 18,099,727
Calculated Operating Reserves - per draft policy 6 months 50%	\$ 7,463,467	\$ 903,476	\$ 682,921		\$ 9,049,864
				Per month	\$ 1,508,311
Accumulated Operating Reserves - per definition	\$ 7,178,719	\$ -	\$ -		\$ 7,178,719
				Months 4.76	
				Actual Operating Capital Reserve	
Capital Replacement Reserves in sub account at EOY 2022	\$ 1,205,794	\$ 981,636	\$ 581,030	\$ -	\$ 2,768,460
Investments - August 2023 Operations & Capital	\$ 2,459,672 Sub Acct #102	\$ 1,054,038 Sub Acct #103	\$ 509,000 Sub Acct #104	\$ 1,788,834 Sub Acct #101	\$ 5,811,544



# **GRAND RAPIDS PUBLIC UTILITIES**

*Service is Our Nature*

## **Investment Policy**

**GRAND RAPIDS PUBLIC UTILITIES  
COMMISSION**

August 2023

## **Grand Rapids Public Utilities Commission (GRPUC) Investment Policy**

### **A. Scope**

This investment procedure applies to all funds of the GRPUC. These funds are accounted for in the GRPUC's annual financial report and include all current funds, and any other funds that may be created from time to time. All transactions involving the funds and related activity of any funds shall be administered in accordance with the provisions of this procedure and the standards of the "prudent person rule."

### **B. Objectives**

1. Safety of Principal - Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. To attain this objective only appropriate investment instruments will be purchased and insurance or collateral may be required to ensure the return of principal.
2. Liquidity - The GRPUC's investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due.
3. Return on Investments - The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, considering the risk constraints, the cash flow characteristics of the portfolio and legal restrictions for return on investments.
4. Maintaining the Public's Trust - The GRPUC team members who are responsible for investments shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the GRPUC, the Council or the Treasurer.

### **C. Investment Instruments**

The GRPUC may invest in any type of security allowed by Minnesota Statutes as may be amended from time to time. The GRPUC has chosen to limit its allowable investments to those instruments listed below:

1. Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued by the United States of America, its agencies and allowable instrumentalities;
2. Interest bearing savings accounts, interest bearing certificates of deposit or interest-bearing time deposits, or any other investments constituting direct obligations of any bank;

3. Certificates of deposit with federally insured institutions that are collateralized or insured in excess of the \$250,000 provided by the Federal Deposit Insurance Corporation coverage limit;
4. Collateralized repurchase agreements which conform to the requirements stated in 118A.05 sub. 2 of the statutes;
5. Investments may be made only in those savings banks, savings and loan associations the shares, or credit unions investment certificates of which are insured by the Federal Deposit Insurance Corporation.
6. Investments may be made in State and local securities in the following:
  - i. any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
  - ii. any security which is a revenue obligation of any state or local government which is rated "AA" or better by a national bond rating service;
  - iii. a general obligation of the Minnesota housing finance agency which is a moral obligation of the state of Minnesota and is rated "A" or better by a national bond rating agency; and
  - iv. any security which is an obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to section [126C.55](#).
7. Investment products that are considered as derivatives are specifically excluded from approved investments.

#### D. Diversification

Investments shall be diversified by:

1. Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities and Certificates of Deposits).
2. Limiting investment in securities that have higher credit risks.
3. Investing in securities with varying maturities.
4. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), money market funds or overnight

repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

#### E. Collateralization

1. It is the policy of the GRPUC to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default.
2. Eligible collateral instruments are any investment instruments acceptable under 118A.03. The collateral must be placed in safekeeping at or before the time the GRPUC buys the investments so that it is evident that the purchase of the investment is predicated on the securing of collateral.
3. Safekeeping of Collateral
  - a) Third party safekeeping is required for all collateral. To accomplish this, the securities must be held at one or more of the following locations:
    - 1) at a Federal Reserve Bank or its branch office;
    - 2) at another custodial facility in a trust or safekeeping department through book-entry at the Federal Reserve;
    - 3) by an escrow agent of the pledging institution; or
    - 4) by the trust department of the issuing bank
  - b) Safekeeping will be documented by an approved written agreement between the GRPUC and the governing counsel of the bank that complies with FDIC regulations. This may be in the form of a safekeeping agreement.
  - c) Substitution or exchange of securities held in safekeeping for the GRPUC can be approved exclusively by the Business Services Manager or General Manager, and only if the market value of the replacement securities is equal to or greater than the market value of the securities being replaced.

#### F. Safekeeping of Securities

1. Third party safekeeping is required for all securities and commercial paper. To accomplish this, the securities must be held only at the following locations:
  - a) at a Federal Reserve Bank or its branch office;

- b) at another custodial facility, which shall be a trust or safekeeping department through book-entry at the Federal Reserve, unless physical securities are involved; or
  - c) in an insured account at a primary reporting dealer
- 2. Safekeeping will be documented by an approved written agreement between the GRPUC and the holder of the securities. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement.
- 3. Original certificates of deposits will be held by the originating bank. A safekeeping receipt will be acceptable documentation.

#### G. Qualified Financial Institutions and Intermediaries

##### 1. Depositories - Demand Deposits

- a) Any financial institution selected by the GRPUC shall provide normal banking services, including, but not limited to: checking accounts, wire transfers and safekeeping services.
- b) The GRPUC will not maintain funds in any financial institution that is not a member of the FDIC system. In addition, the GRPUC will not maintain funds in any institution that does not first agree to post required collateral for funds or purchase private insurance in excess of FDIC insurable limits and in amounts acceptable to the GRPUC.
- c) To qualify as a depository, a financial institution must furnish the Business Services Manager or General Manager with copies of the latest two statements of condition which it is required to furnish to the Comptroller of Currency as the case may be. While acting as a depository, a financial institution must continue to furnish such statements to the Business Services Manager or General Manager within 45 days of the end of each quarter.
- d) Fees for banking services shall be mutually agreed to by an authorized representative of the depository bank and the Business Services Manager or General Manager on an annual basis. Fees for services shall be substantiated by a monthly account analysis.
- e) All financial institutions acting as a depository for the GRPUC must enter into a "Depository Agreement."

## 2. Banks, Credit Unions, and Savings and Loans - Certificates of Deposit

Any financial institution selected to be eligible for the GRPUC's competitive certificate of deposit purchase program must:

- a) provide wire transfer and certificate of deposit safekeeping services;
- b) be a member of FDIC system and be willing and capable of posting required collateral or private insurance for funds in excess of FDIC insurable limits and in amounts required by the GRPUC; and
- c) meet at all times the financial criteria as established in the investment procedures of the GRPUC.

## 3. Intermediaries

Any financial intermediary selected to be eligible for the GRPUC's competitive investment program must:

- a) provide wire transfer and deposit safekeeping services;
- b) be a member of a recognized U.S. Securities and Exchange Commission Self Regulatory Organization such as the New York Stock Exchange, National Association of Securities Dealers, Municipal Securities Rule Making Council, etc;
- c) provide an annual audit upon request;
- d) maintain an office within the State of Minnesota and be licensed to conduct business in this State; and
- e) be familiar with the GRPUC's policy and accept financial responsibility for any investment not appropriate according to the policy.

## H. Authority and Management of Program

1. The following individuals are authorized to purchase and sell investments, authorize wire transfers, authorize the release of pledged collateral, and to execute any documents required under this procedure:
  - a) Business Services Manager
  - b) General Manager

c) City Treasurer

These documents include: Wire Transfer Agreement, Depository Agreement, Safekeeping Agreement, and Custody Agreement

2. Management responsibility for the investment program is hereby delegated to the Business Services Manager or General Manager.

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President

Date

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Secretary

Date

Adopted Date:

Revised Date:



## INVESTMENT BY FUND - SUB ACCOUNT

\$	633.77	6/30/2023	5.01%	101
\$	-	8/17/2023	4.72%	101
\$	243,700	10/5/2023	5.04%	101
\$	243,600	10/5/2023	5.12%	101
\$	243,800	10/20/2023	5.01%	101
\$	243,900	10/20/2023	4.89%	101
\$	100,000	10/20/2023	4.75%	101
\$	250,000	1/26/2024	5.35%	101
\$	231,350	1/21/2025	5.35%	101
\$	231,850	2/12/2025	5.21%	101

\$ 1,788,834

\$	93,371.60	6/30/2023	5.03%	102
\$	-	8/9/2023	3.00%	102
\$	243,600	9/19/2023	5.16%	102
\$	243,850	9/27/2023	4.91%	102
\$	240,450	12/19/2023	5.20%	102
\$	237,550	3/20/2024	5.14%	102
\$	237,450	3/28/2024	5.23%	102
\$	237,100	6/28/2024	5.35%	102
\$	226,500	5/16/2025	5.06%	102
\$	237,200	7/24/2024	5.35%	102
\$	237,000	8/21/2024	5.39%	102
\$	225,600	8/21/2025	5.22%	102

\$ 2,459,672

\$	1,038.93	12/31/2022		103
\$	245,000	5/27/2025	3.10%	103
\$	247,000	8/4/2026	1.00%	103
\$	225,000	10/28/2026	0.80%	103
\$	200,000	11/24/2026	0.90%	103
\$	918,038.93			

\$ 245,000 8/26/2026 0.65% 104  
 \$ 200,000 9/30/2026 0.70% 104

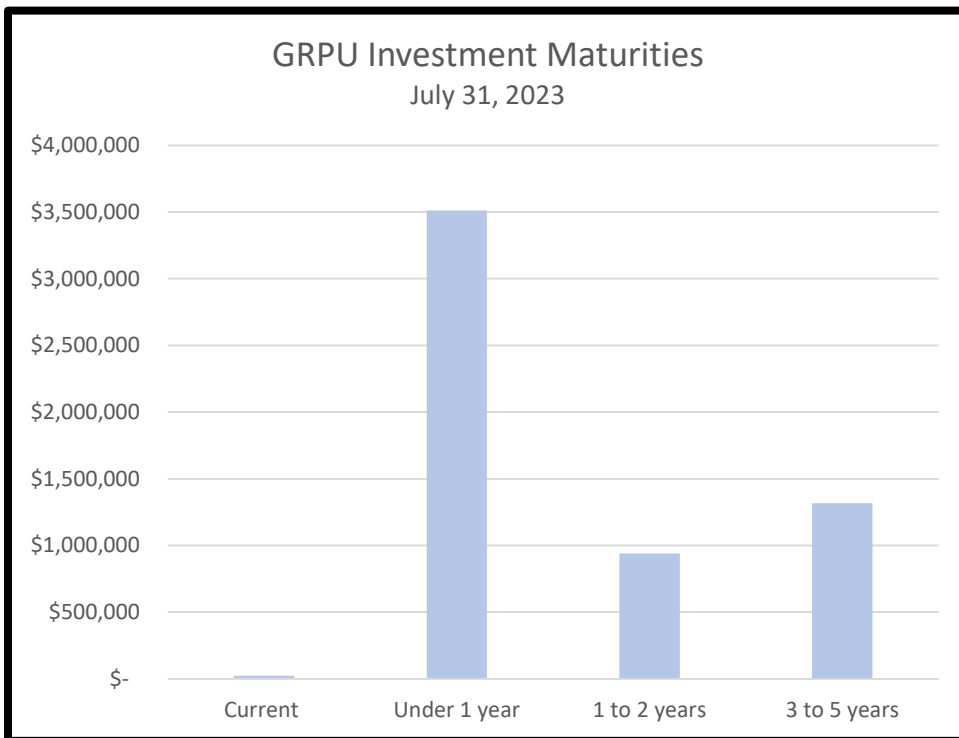
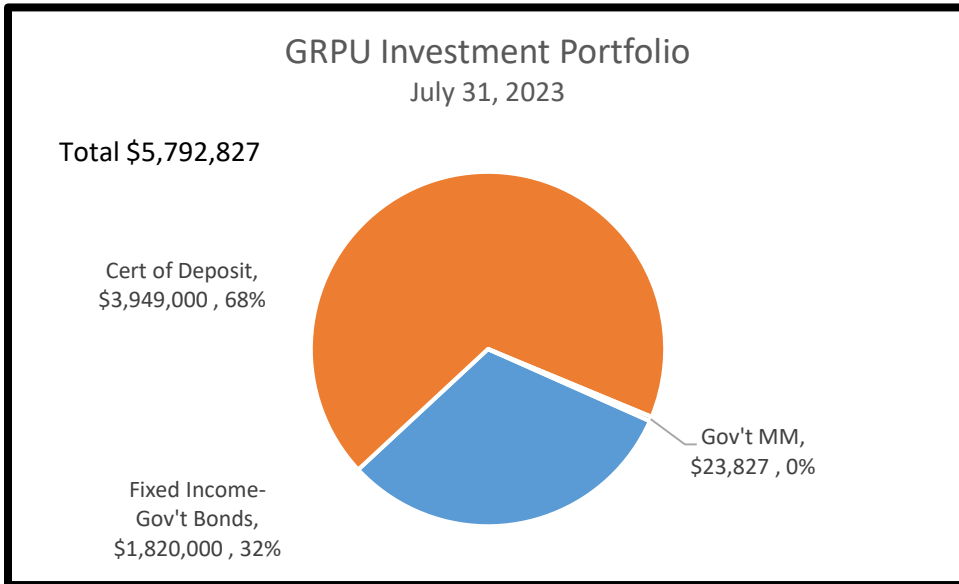
103 = 68%

\$ 200,000 12/30/2026 1.00% 104 = 32%  
 \$ 645,000.00

\$ 5,811,544.30

		BALANCES	
Sub Accounts	WW Collection/Sewer	\$ 581,030.35	EOY 2022
101 General	Water	\$ 981,636.17	EOY 2022
102 Electric	Electric	\$ 1,205,793.74	EOY 2022
103 Water			
104 WW Collection/Sewer		<u>\$ 2,768,460.26</u>	

## INVESTMENT POLICY - REPORTING



Key investment policy points to be reported:

- Investment Instruments
- Diversification
- Collateralization
- Safekeeping of Securities
- Qualified Financial Institutions and Intermediaries
- Authority and Management of Program

## INVESTMENTS BY MATURITY

Trade Date

WF -Government Mor	\$	1,038.93	12/31/2022		
4M Money Market	\$	633.77	6/30/2023	5.01%	101
Electric	\$	93,371.60	6/30/2023	5.03%	102
	\$	95,044.30			

fixed Income - Term S	\$	-	8/9/2023	3.00%	102
CD	\$	-	8/17/2023	4.72%	101
CD	\$	243,600	9/19/2023	5.16%	102
CD	\$	243,850	9/27/2023	4.91%	102
CD	\$	243,700	10/5/2023	5.04%	101
CD	\$	243,600	10/5/2023	5.12%	101
CD	\$	243,800	10/20/2023	5.01%	101
CD	\$	243,900	10/20/2023	4.89%	101
CD	\$	100,000	10/20/2023	4.75%	101
CD	\$	240,450	12/19/2023	5.20%	102

\$ 1,802,900

fixed Income - Term S	\$	250,000	1/26/2024	5.35%	101
CD	\$	237,550	3/20/2024	5.14%	102
CD	\$	237,450	3/28/2024	5.23%	102
CD	\$	237,100	6/28/2024	5.35%	102
CD	\$	237,200	7/24/2024	5.35%	102
CD	\$	237,000	8/21/2024	5.39%	102

8/22/2023

\$ 1,436,300

CD	\$	231,350	1/21/2025	5.35%	101
CD	\$	231,850	2/12/2025	5.21%	101
CD	\$	226,500	5/16/2025	5.06%	102
WF - CD	\$	245,000	5/27/2025	3.10%	103
CD	\$	225,600	8/21/2025	5.22%	102

8/22/2023

\$ 1,160,300

CD	\$	247,000	8/4/2026	1.00%	103
Fixed Income Gov't Bc	\$	245,000	8/26/2026	0.65%	104
Fixed Income Gov't Bc	\$	200,000	9/30/2026	0.70%	104
Fixed Income Gov't Bc	\$	225,000	10/28/2026	0.80%	103
Fixed Income Gov't Bc	\$	200,000	11/24/2026	0.90%	103

103 = 68%

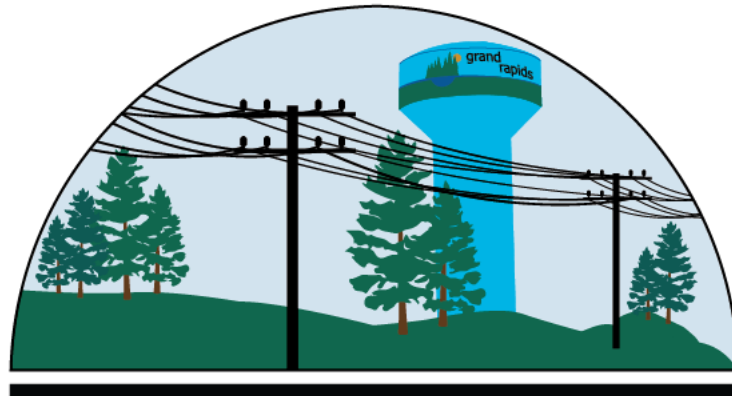
Fixed Income Gov't Bc	\$	200,000	12/30/2026	1.00%	104 = 32%
	\$	1,317,000.00			

TOTAL

\$ 5,811,544.30

Item 2.

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# **GRAND RAPIDS PUBLIC UTILITIES**

*Service is Our Nature*

## **Capital Improvement Plan Policy**

**GRAND RAPIDS PUBLIC UTILITIES  
COMMISSION**

August 2023

## **Grand Rapids Public Utilities Commission (GRPUC) Capital Improvement Plan (CIP) Policy**

### **A. Introduction**

This Capital Improvement Plan Policy guides the creation and annual update of the GRPUC's Capital Improvement Plan to protect and grow the GRPUC's significant financial investment in infrastructure, public facilities, technology infrastructure, and other capital assets and improvement.

This Capital Improvement Plan Policy applies to the electric, water, wastewater (sanitary sewer).

This policy is intended to assist management in complying with capital asset financial reporting required by GAAP.

### **B. Policy Statement**

This Capital Improvement Plan Policy helps to ensure the effective allocation of financial resources to promote a long-term strategic view of asset management which is based on an understanding of operational maintenance requirements, functional considerations, the renewal/replacement and decommissioning of assets, and which forms the basis of annual budget estimates.

Planning for capital maintenance and improvements is prudent financial management and an important complement of the GRPUC's Strategic Plan, adopted cost of services studies, feasibility reports, and Economic Development Program.

Capital assets and infrastructure are important legacies that serve current and future generations. A sound multi-year Capital Improvement Plan that clearly identifies capital needs, funding options, and operating budget impacts is necessary to adequately address current and short and long-term needs.

The Capital Improvement Plan should be developed to ensure its financial feasibility and proper stewardship of these capital investments, and comply with all adopted financial related policies.

The Capital Improvement Plan will be part of the annual budget process and a final annual CIP will be presented to and approved by GRPUC.

Each individual capital asset should be classified, have a cost value of the capitalization threshold at the time of purchased or placed into service, follow the established predetermined useful life, and be depreciated using an approved depreciation method.

Utility rates shall be set at levels sufficient to recover operating expenses, meet debt



obligations, provide funding for capital improvements, provide adequate levels of working capital and operations reserves, and deposit money in a capital replacement sub-account.

C. Authorization

The General Manager (GM) is responsible for the preparation, monitoring, and oversight of the Capital Improvement Plan. The GM can delegate the detail preparation and monitoring to utility managers.

D. Definitions

Capital Assets – Assets of at least \$5,000 value and having a useful life beyond one year.

Capital Improvement Plan – A multi-year financial plan containing proposed construction of physical assets such as infrastructure, building, vehicles, equipment, as well as Capital Assets such as information technology systems.

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President

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Date

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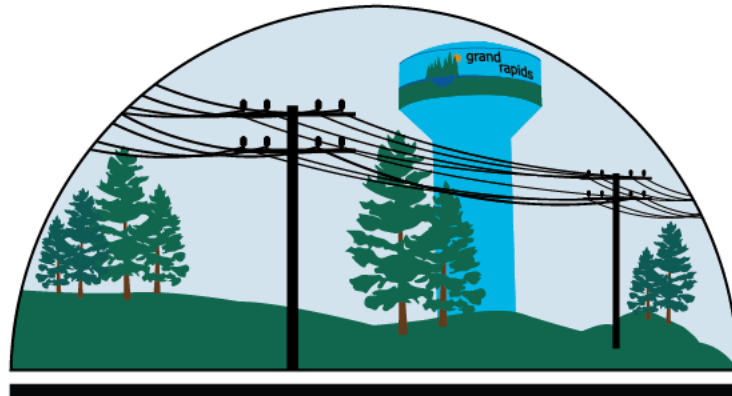
Secretary

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Date

Adopted Date:

Revised Date:



# **GRAND RAPIDS PUBLIC UTILITIES**

*Service is Our Nature*

## **Debt Management Policy**

**GRAND RAPIDS PUBLIC UTILITIES  
COMMISSION**

August 2023

## Grand Rapids Public Utilities Commission (GRPUC) Debt Management Policy

### A. Introduction

This debt management policy is to provide clear guidelines and a framework for defining when the Grand Rapids Public Utilities Commission (GRPUC) has the ability to finance with debt. Debt will be considered when the projects to be funded are essential to achieve strategic goals and result in significant, *short or* long-term benefit to the ratepayers of the GRPUC. It is the GRPUC's intent to recognize intergenerational equity as the actual users of the capital asset pay for its cost over time, rather than one group of users paying in advance for the costs of the asset.

### B. Policy Statement

*Financing long-term capital improvements or purchasing major pieces of equipment often requires the issuance of debt.*

*Short-term debt may be issued when determined appropriate based on the type of capital improvement or purchase.*

*Periodic reviews of all outstanding debt shall be performed to determine refunding opportunities.*

*Debt shall generally be structured for the shortest period of time to allow for the fair allocation of costs to current and future beneficiaries or users of the asset.*

*Interfund Borrowing may be considered for loans for capital improvements for purchases.*

First attempt to utilize "pay as you go" capital financing before using short-term or long-term debt. Debt financing shall be considered after all non-debt sources of funds (e.g. cash, grants, loans, etc.) have been considered.

Use of debt financing for a capital project or purchase must be part of the capital improvement plan, which maintains appropriate capital assets for present and future needs; and/or long-term financing or budget plan approved by the GRPUC in furtherance of the strategic plan.

Long-term debt shall not be used to fund on-going operations since this would shift the burden for funding current services to future taxpayers. In special circumstances, the GRPUC may approve a borrowing or debt to eliminate an operating deficit as part of a corrective action plan to address a structural budget deficit.

### C. Authorization

The General Manager (GM) shall consider and present the benefits and costs of funding GRPU operations and capital with financing options such as: pay as you go, short-term debt, *interfund loans*, and long-term debt. The General Manager has the authority to use debt financing to fund operations goods or services and capital projects or assets per Minnesota State Statutes, authorized by the GRPUC, identified in this debt policy. *The GRPUC will approve issuance of debt and request the Grand Rapids City Council to issue the debt and use of General Obligation bonds, if appropriate.*

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 President

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 Date

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 Secretary

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 Date

Adopted Date: July 9, 2021 – Resolution #

Revised Date:

GRAND RAPIDS PUBLIC UTILITIES  
DEBT MANAGEMENT PLAN  
AUGUST 30, 2023

		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Current P & I debt outstanding and <i>estimated new 2023 debt</i>		P = Principal and I = Interest											
Electric													
	2021A GO Revenue Refunding - 70%	\$ 136,450	\$ 136,800	\$ 137,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Water													
	2021A GO Revenue Refunding - 15%	\$ 29,525	\$ 29,600	\$ 29,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	2021D GO Revenue Refunding - 65%	\$ 80,714	\$ 82,063	\$ 80,113	\$ 81,364	\$ 82,518	\$ 80,373	\$ 71,825	\$ 69,875	\$ 68,250	\$ 66,950	\$ 65,650	
	<b>2023 B GO \$4,755,000 15 year 48%</b>		\$ 62,660	\$ 184,957	\$ 204,739	\$ 202,604	\$ 202,836	\$ 202,966	\$ 200,605	\$ 202,879	\$ 202,507	\$ 204,289	
Wastewater Collection & Domestic Trmt													
	2009E PFA 2.90%												
	Clean Water Revolving Fund - 8.2%	\$ 144,442	\$ 144,457	\$ 144,454	\$ 144,431	\$ 144,467	\$ 144,476	\$ 144,455	\$ -	\$ -	\$ -	\$ -	
	2021A GO Revenue Refunding - 15%	\$ 29,525	\$ 29,600	\$ 29,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	2021D GO Revenue Refunding - 35%	\$ 43,461	\$ 44,188	\$ 43,138	\$ 43,811	\$ 44,433	\$ 43,278	\$ 38,675	\$ 37,625	\$ 36,750	\$ 36,050	\$ 35,350	
	<b>2023 B GO \$4,755,000 15 year - 52%</b>		\$ 67,882	\$ 200,370	\$ 221,801	\$ 219,487	\$ 219,739	\$ 219,880	\$ 217,322	\$ 219,785	\$ 219,383	\$ 221,313	

Rate Study Included 2023 New debt issuance in water and wastewater:			
Water	\$ 4,850,000	\$ 2,282,400	
Wastewater	\$ 1,900,000	\$ 2,472,600	
TOTAL	<u>\$ 6,750,000</u>	VS	<u><u>\$ 4,755,000</u></u> <i>estimated new 2023 debt issuance</i>

2034	2035	2036	2037	2038	2039
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\$ 201,063	\$ 199,987	\$ 203,017	\$ 200,489	\$ 199,884	\$ 201,130
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\$ 217,818	\$ 216,652	\$ 219,935	\$ 217,196	\$ 216,541	\$ 217,890
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