

# AMENDMENT TO RESOLUTION NO. 1788

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Brad R. Underwood  
Vice President and Chief Financial Officer



# RESOLUTION NO. 1788

## Overview

- Resolution No. 1788 governs the issuance of the District's Electric System Revenue Bonds (ESRB) and associated investments and was originally approved in 1972
- Outlines specific types of investments for the District's Electric System Funds
  - **Revenue, Construction, Debt Service, and Reserve Funds**
- Current 1788 guidelines require that all ESRB investments in U.S. government agency obligations must be rated AAA by at least one Rating Agency

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## Recent Rating Agency Action

- Moody's recently downgraded the U.S. government and U.S. government agency obligations to Aa1
  - **S&P and Fitch had previously downgraded to AA+ (equivalent to Moody's Aa1 rating)**
- Moody's rating action could negatively impact the District's interest earnings by limiting current investment opportunities to only U.S. Treasury securities, which typically yield less than U.S. government agency securities

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## Recommendation

- Amend Resolution No. 1788 to allow the District to invest in the same U.S. government agency obligations that were allowable prior to the Moody's downgrade of the U.S. government
  - **Amendment would be allowed when the bondholders of 66-2/3% of the principal accounts of outstanding bonds consent to the amendments**
  - **Resolution No. 1788 was previously amended in 2005 and 2011 with effective dates in 2009 and 2015, respectively**