

GREENVILLE UTILITIES COMMISSION
FINANCE/AUDIT COMMITTEE
GREENVILLE, NORTH CAROLINA
October 2, 2025

The Finance/Audit Committee of the Greenville Utilities Commission met on Thursday, October 2, 2025, at 12 noon in the Board Room with the following members and others present.

Committee Members Present:

Dillon Godley, Committee Chair
Justin Fuller
Dr. Bob Shaw

Ferrell L. Blount III, Committee Vice-Chair was absent.

GUC Staff Present:

Tony Cannon, General Manager/CEO	Lou Norris
Chris Padgett	Freddie Martin
Phil Dixon	Robby Bright
Jeff McCauley	Amanda Wall
Anthony Miller	Jessica Hardy
Durk Tyson	Paige Wallace
Steve Hawley	
Amy Wade	

Others Present:

Mark Garner, Chair
Dr. Wanda Carr, Secretary

Committee Chair Godley called the meeting to order at 12:00 noon and ascertained that a quorum was present.

A motion was made by Dr. Shaw, seconded by Mr. Fuller, to accept the agenda as presented. The motion carried unanimously.

Safety Brief

Tony Cannon, General Manager/CEO, provided a safety brief and explained the plan of action should there be an emergency at today's meeting.

APPROVAL OF MINUTES (Agenda Item 1)

A motion was made by Dr. Shaw, seconded by Mr. Fuller to approve the March 6, 2025, Finance/Audit Committee minutes as presented. The motion carried unanimously.

CONSIDERATION OF ADOPTION OF RESOLUTION AUTHORIZING NEGOTIATION AND EXECUTION OF NATURAL GAS SUPPLY AGREEMENT WITH PUBLIC ENERGY AUTHORITY OF KENTUCKY (Agenda Item 2)

Mr. Anthony Miller, Director of Gas Systems, introduced Mr. Freddie Martin, Natural Gas Supply Officer, to share information on pre-paid natural gas agreements.

Mr. Martin explained that to further diversify Greenville Utilities Commission's (GUC's) natural gas supply portfolio and reduce costs, staff have evaluated the option of GUC participating in a natural gas pre-payment (prepay) transaction with Public Energy Authority of Kentucky (PEAK) and BP Energy Company (BPEC). A prepay is a transaction where a municipal utility can issue tax-exempt bonds to prepay for delivery of gas on a long-term basis to achieve an ongoing discount to the prevailing market price. Under the proposed agreement, PEAK will be the issuer of the bonds. In executing such an agreement, GUC would be a purchaser of gas from PEAK at a discount to prevailing market prices and would not have any liability associated with the bonds issued by PEAK.

GUC is currently in year 7 of a 30-year prepay with Black Belt Energy (BBE) and year 6 of a 36-year prepay with Public Energy Authority of Kentucky (PEAK). Delivery under the BBE prepay began on November 1, 2018, with projected savings of \$8,071,106 over the term of the agreement. Delivery under the PEAK prepay began on July 1, 2019, with projected savings of \$5,637,289 over the term of the agreement.

Mr. Martin stated that the GUC Board of Commissioners previously adopted a Resolution on Thursday, July 18, 2024, authorizing the General Manager/CEO to negotiate and execute a similar unexecuted Natural Gas Supply Agreement with Gulf States Gas District for a volume up to, but not to exceed, 3,000 dekatherms per day over 30 years. However, the Gulf States offer did not close and now we have an opportunity to use these same volumes in a new deal.

GUC now has an opportunity to participate in a new 30-year natural gas pre-payment deal with PEAK. The closing of this agreement is targeted for the month of November 2025, with initial delivery beginning in May 2026. To participate in the prepay, GUC will need approval to execute a gas supply contract with PEAK prior to October 31, 2025.

The key provisions of the proposed agreement are listed below:

- GUC enters the agreement to purchase volume up to, but not to exceed, 3,000 dekatherms per day for a term of 30 years.
- GUC receives a discount of \$0.20 or more per dekatherm from the applicable first-of-the-month gas index price.
- Remarketing provision - If demand drops PEAK will use commercially reasonable efforts to remarket the gas for an administrative charge of \$0.05 per dekatherm.
- Limited Liability Clause that keeps GUC from being obligated financially except as expressly described in contract.
- Compensation for failure to perform.
- Termination rights (bankruptcy, failure to issue bonds, etc.)

By executing the agreement Greenville Utilities Commission and its customers will be positioned to save up to \$273,798 annually from May 2026 to April 2056 for a total of \$8,213,940 in reduced natural gas cost depending on future interest rates.

Following discussion, a motion was made by Mr. Fuller, seconded by Dr. Shaw, for the Finance/Audit Committee members to adopt the resolution authorizing negotiation and execution of Natural Gas Supply Agreement with Public Energy Authority of Kentucky for a volume up to, but not to exceed 3,000 dekatherms per day over 30 years and recommend similar action by the full Board of Commissioners. The motion passed unanimously.

ANNUAL REVIEW OF INVESTMENT POLICY (Agenda Item 3)

Mr. Jeff McCauley, Chief Financial Officer, expressed that GUC's investment policy received a certificate of excellence award from the Association of Public Treasurers of the United States and Canada in May of 2024. The policy is certified every three years by the Association of Public Treasurers, and it must remain in conformance with 18 points of criteria outlined by the Association.

Mr. McCauley stated that it is the policy of GUC to invest public funds in a manner which will provide the highest return with the maximum security while meeting the daily cash flow demands of GUC and conforming to all state and local statutes governing the investment of public funds. To that end, GUC's Investment Policy requires that a review of the investment policy be conducted on an annual basis by the Finance/Audit Committee.

Mr. McCauley shared the allowed investments and the financial institutions currently used by GUC. In summary, investments are being made in accordance with the policy and GUC utilizes the financial institutions that participate in the State Treasurer's Office pooling method of collaboration for its investments with \$56 million of GUC's portfolio managed by First Citizens Bank in accordance with the investment policy and State general statutes. GUC's current investment yield is 3.57%, and options continue to be reviewed to diversify and remain in compliance with State statutes and policy guidelines.

Mr. McCauley confirmed that staff does not recommend any changes to the existing policy at this time.

FY 2024-2025 AUDIT UPDATE (Agenda Item 4)

Mr. McCauley stated that the 2025 fiscal year-end audit has been progressing nicely, and it is anticipated that the Commission will receive a clean audit opinion.

He reminded the committee that GASB Statement 101, Compensated Absences, was implemented which is a new accounting standard reflecting the accrual of various types of leave, including sick leave and shared leave for fiscal year 2025. To comply, it was necessary for the Commission to make a restatement to net position after the books closed for fiscal year 2024 to retroactively adjust for the beginning liability balance for the newly accrued leave types- this restatement was approximately \$3.6 million in liability.

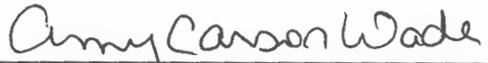
GUC has no applicable note disclosures necessary regarding GASB Statement 102, Certain Risk Disclosures.

Based on Generally Accepted Accounting Principles (GAAP), preliminary net income for the Commission is \$8.7 million for the fiscal year-ended June 30, 2025, inclusive of the leave accrual restatement. Staff is on track to deliver the audited financial statements to the State Treasurer's Office by October 31, 2025, and to present the full audit report to the Board in December.

ADJOURNMENT

A motion was made by Mr. Fuller, seconded by Dr. Shaw, to adjourn the Finance/Audit Committee meeting at 12:37 p.m. The motion carried unanimously.

Respectfully submitted,



Amy Carson Wade
Executive Secretary