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Minutes

To: NCPA Finance Committee
From: Trisha Zimmer
Subject: February 10, 2026 Finance Committee Meeting Minutes

1. Call Meeting to Order and Roll Call

The meeting was called to order at 10:30am.

The meeting attendees, either present or participating remotely, were as follows: Finance Committee representatives: Teri Alderson (Alameda), Melissa Price (Lodi), Joanna Cucchi (Roseville) and Kenn Lee (Santa Clara); NCPA Staff: Sondra Ainsworth, Randall Kramer and Jane Luckhardt, as well as Paul Harper and Tien Truong from Santa Clara, Dave Yuan from Palo Alto, and Louise Houghton and Mike Berwanger from PFM. Katie Edgar (Healdsburg) was absent. A quorum of the Committee was established.

PUBLIC FORUM

No one from the public was present at the site or at any of the teleconference locations.

REPORTS AND COMMITTEE ACTION ITEMS

2. Approve minutes from the November 18, 2025, Finance Committee Meeting

Motion: A motion was made by Teri Alderson and seconded by Joanna Cucchi recommending approval of the November 18, 2025, Finance Committee meeting minutes. A vote was taken by roll call: YES = Teri Alderson (Alameda), Melissa Price (Lodi), Joanna Cucchi (Roseville) and Kenn Lee (Santa Clara). The motion passed.

REPORTS AND COMMITTEE ACTION ITEMS

3. **Report on Current Financial Market Conditions or Issues** - PFM provided an update on the current market conditions since the last report in November. Rates have remained relatively stable November to the end of last year. The Fed delivered a 25 bps rate cut on December 10th. In mid-to-late January, markets were dominated by geopolitical headlines, including escalating tensions between the President and European allies over Greenland, discussions of global uncertainty at the World Economic Forum, and a sharp selloff in Japanese government bonds. At the January FOMC meeting, the Fed held rates steady. Chairman Powell noted "a clear improvement on the outlook for growth," and policymakers pointed to signs that the unemployment rate may be stabilizing. The yield curve widened going into February, and the 10-year Treasury has remained close to the five-month high.

Recent BVAL yield curve movement is back to an upwards sloping curve which is a good sign. Market participant expectations range from \$520B to \$750B+ in supply (vs. \$580B for 2025) with most expecting 2026 to be a record year. The yield curve has continued steepening. AI will have wide-reaching impacts on the economy and tariffs will continue to influence the economy, although opinions are mixed as to the extent.

Municipal funds experienced net inflows in January. New issuance volume was down 6.90% year-over-year in January. SIFMA fluctuated in January within 1.28% and 2.36%, following a drop at the beginning of the year. SOFR has held relatively steady within 3.63% and 3.75% throughout January.

There is a refunding opportunity with the LEC Group A 2010B BABs. This would be an opportunity to get out of BABs exposure. At current rates, NCPA can refund to 2010B BABs with tax-exempt debt at break-even net present value savings. The Committee was provided this information as something to consider. It can be brought back to future meetings for further discussion.

- 4. Lassen Municipal Utility District Financial Review** - Sondra Ainsworth provided an update regarding Lassen Municipal Utility District's (LMUD) request to become a member of NCPA. The formal membership application and fee has been received. This membership request has been discussed with the Utility Directors at their August, September and November UD Meetings. During the December L&R Committee meeting, the Committee reviewed and recommended the Agency accept the LMUD application for consideration. Information was provided to the Commission at the December 4 Commission meeting.

Sondra reviewed their service territory and customers as well as their recent and future rate adjustments. LMUD's bond transactions from October 2021 was discussed. In March 2025 they received a rating of BBB with a negative outlook mainly due to wildfire risks. Details of their current Financials were presented and discussed as well as a comparison in relation to NCPA Members' Financials.

Randal Kramer presented the results of their credit worthiness utilizing the Moody's Credit Analytics tool. Overall, their potential default is low.

This will be further discussed at the next L&R Committee meeting. Lodi is supportive of LMUD becoming a member.

- 5. Debt and Interest Rate Management Report** - Sondra Ainsworth provided the Debt and Interest Rate Management Report as of December 31, 2025 in accordance with the Debt and Interest Rate Management Policy. Since last report, there have been no material changes. In August 2025, S&P Global Ratings removed the LEC Indenture A bonds' rating from "CreditWatch" and affirmed its rating of "A" with a Stable outlook. An overview of the Agency's current outstanding debt was provided. Staff will be seeking acceptance of the Debt and Interest Rate Management Report as of December 31, 2025 at the February Commission Meeting. The Finance Committee members had no objections.

NEW BUSINESS

- 6. Other Items of Interest to the Finance Committee** – the Committee members were reminded that a Special combined Finance and Facilities Committee meeting will be held on February 11, 2026 to review the proposed FY2027 budget.

Also, Lodi stated that an Investment Report is brought for review to their City Council meetings and asked if something similar was ever brought to the NCPA Finance Committee. Sondra Ainsworth stated that information is normally provided to the Commission, but staff can bring a quarterly report if that is desired. A report will be brought to the next Finance Committee meeting.

7. Next Finance Committee Meeting

The next regular Finance Committee meeting is scheduled for May 5, 2026, at 10:30 am.

ADJOURNMENT

The meeting was adjourned at 11:29am.

DRAFT