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# Minutes

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**To:** NCPA Finance Committee  
**From:** Trisha Zimmer  
**Subject:** February 11, 2025 Finance Committee Meeting Minutes

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## 1. Call Meeting to Order and Roll Call

The meeting was called to order at 10:31am.

The meeting attendees either present or participating remotely were as follows: Finance Committee representatives: Teri Alderson (Alameda), Melissa Price (Lodi), Katie Edgar (Healdsburg), Joanna Cucchi (Roseville), and DeAnna Hilbrants (Santa Clara); NCPA Staff: Sondra Ainsworth, Eric Siu, and Jane Luckhardt, as well as Tarun Narayan from Palo Alto, Louise Houghton and Mike Berwanger from PFM. 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.

## DISCUSSION/ACTION ITEMS

### 2. Approve minutes from the November 11, 2024 and January 8, 2025 Finance Committee Meeting

Motion: A motion was made by DeAnna Hilbrants (Santa Clara) and seconded by Joanna Cucchi (Roseville) recommending approval of the November 11, 2024 and January 9, 2025 Finance Committee meeting minutes. A vote was taken by roll call: YES = Teri Alderson (Alameda), Melissa Price (Lodi), Katie Edgar (Healdsburg), DeAnna Hilbrants (Santa Clara), and Joanna Cucchi (Roseville). 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 report on November 12, 2024. At the December FOMC, the Fed lowered rates by 25 bps, as widely expected, but lowered their projections for 2025 rate cuts and raised their 2025 inflation outlook to 2.5%, causing a sell-off in Treasuries. At the January FOMC, however, the Fed paused rate cuts, after cuts at the last three meetings. Fed Chair Powell stressed that the central bank is in no hurry to cut rates again or change its policy stance.

Interest rates remain below the historical average over the last 30 years.

Municipal funds experienced positive net inflows in January. New issuance volume was up 10.9% year-over-year in January. Market participants are split as to whether there will be a rate cut this quarter. SIFMA fluctuated in January between 1.83% and 2.96%. After some volatility following the December Fed meeting, SOFR was relatively stable in January, remaining between 4.27% and 4.38%.

National attention on California fires, in particular the Palisades and Eaton fires, is renewing investor and rating agency focus on wildfire prevention and, more broadly, risk mitigation and disaster preparedness. The S&P report on LADWP downgrades communicates growing concern about the impact wildfires could have on more urban areas.

4. **Debt and Interest Rate Management Report** – Sondra Ainsworth provided the Debt and Interest Rate Management Report as of December 31, 2024 in accordance with the Debt and Interest Rate Management Policy. Since last report, there have been no material changes. All Geothermal debt has been redeemed as of July 1, 2024 and all Capital Facilities debt has been redeemed as of August 1, 2024. Ratings on all outstanding issues remained the same and no defaults occurred on any of NCPA's outstanding debt. 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, 2024 at the February Commission Meeting. The Finance Committee members had no objections.
5. **Combustion Turbine Project Number Two (CT2) Repower Project Reimbursement Resolution** – At the January Commission Meeting, the Second Phase Agreement for the CT2 Repower Project was approved. This action directed NCPA to develop surveys, preliminary investigations, cost estimates, and project schedules. Total project costs associated with the Second Phase Agreement activities are estimated at approximately \$5.1 million. NCPA was authorized to use certain Participant funds for these activities. Federal tax regulations require the Agency to provide "official intent" to reimburse the Participants from future bond proceeds for certain expenditures associated with the estimated total project cost, including contingencies. This preserves the right to reimburse Participants from any spent funds regarding the Project. The cost of the CT2 Repower Project is currently estimated at \$50 million, however, given the probability of increasing costs and inflation, the proposed amount in the resolution is set conservatively at \$75 million.

Motion: A motion was made by Melissa Price (Lodi) and seconded by Joanna Cucchi (Roseville), recommending approval of the Resolution stating NCPA's "official intent" to reimburse the Participants from future bond proceeds associated with the CT2 Repower Project. A vote was taken by roll call: YES = Teri Alderson (Alameda), Melissa Price (Lodi), Katie Edgar (Healdsburg), DeAnna Hilbrants (Santa Clara), and Joanna Cucchi (Roseville). The motion passed.

## **NEW BUSINESS**

6. **Other Items of Interest to the Finance Committee** – The Committee was reminded about the Special Budget Presentation meeting scheduled for tomorrow, February 12, 2025.
7. **Next Finance Committee Meeting** - The next regular Finance Committee meeting is scheduled for May 6, 2025 at 10:30am.

## **ADJOURNMENT**

The meeting was adjourned at 11:19am.