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Minutes

To: NCPA Finance Committee

From: Trisha Zimmer

Subject: May 5, 2026 Finance Committee Meeting Minutes

1. **Call Meeting to Order and Roll Call**
   The meeting was called to order at 10:33am.

   The meeting attendees, either present or participating remotely, were as follows: Finance Committee representatives: Teri Alderson (Alameda), and Kenn Lee (Santa Clara); Other attendees: Monty Hanks, Sondra Ainsworth, Jane Luckhardt, Randy Howard, Chelsea Wilhite, Tony Zimmer, Mike Whitney, and Mike DeBortoli, as well as Dave Yuan from Palo Alto, Jensen Barna (Santa Clara), Heather Heinbaugh (Alameda) and Louise Houghton and Mike Berwanger from PFM. Katie Edgar (Healdsburg), Melissa Price (Lodi), and Joanna Cucchi (Roseville) were absent. A quorum of the Committee was not 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 February 10, 2026, Finance Committee Meeting**
   No action taken.

REPORTS AND COMMITTEE ACTION ITEMS

3. **CalFIT Investment Vehicle** – Carlos Oblites from Chandler Asset Management led an informational presentation discussing California Fixed Income Trust (CalFIT), a California-based Local Government Investment Pool (LGIP). He provided the Committee with an overview of the investment pool that provides public agencies the opportunity to invest funds in rated pools that are managed in accordance with state law and GASB 79.

4. **Report on Current Financial Market Conditions or Issues -** PFM provided an update on the current market conditions since the last report in February. At the beginning of March, Treasury and BVAL yields moved sharply higher as escalation in the Iran conflict drove oil prices up and reignited inflation concerns, leading markets to scale back near-term Fed rate cut expectations. Throughout the month, rates continued to trend higher, driven by persistent oil price volatility and lack of clarity on de-escalation in the Middle East, reaching highs at the end of March. Day-to-day volatility has been the most impactful on rates. The BVAL yield curve is currently tracking with last year's trends. The tax exempt rates are

currently below average, so this is not a bad time to borrow, yet things are very volatile. Municipal funds experienced net slight inflows in April. New issuance volume was up 17.44% year-over-year in March, and year-to-date new issuance volume was 6.20% higher than 2025 issuance through March. Market participants do not expect an interest rate cut within the next quarter. SIFMA fluctuated in April within 2.37% and 3.65%. SOFR has held relatively steady within 3.57% and 3.72% throughout April.

Currently, $168,290,000 of the Indenture Group A, Lodi Energy Center 2010B Build America Bonds (BABs) are outstanding. At current rates, the tax-exempt refunding savings for the 2010B BABs generate a slight NPV dissavings, when accounting for a reserve release of approximately $10.5 milion.

5. **Review NCPA Investment Policy and Guidelines** - This item was pulled from the agenda. This will be brought back for review and discussion at the next Finance Committee meeting.

6. **FY2026 Quarterly Treasurer's Report for the Period Ending March 31, 2026**- Sondra Ainsworth provided a detailed Agency Quarterly Portfolio Report for the period ending March 31, 2026. The Agency's investment portfolio totaled approximately $405.3 million reflecting a $21.4 million increase from $383.9 million during the quarter. The portfolio remains well positioned to support ongoing operational, debt service, and capital funding requirements. The portfolio's yield increased modestly to 3.69% compared to 3.65% in the prior quarter. Short-term interest rates remained stable during the quarter, as markets continued to evaluate the timing of potential Federal Reserve policy changes. The portfolio maintains a strong liquidity position, with approximately 48% of investments maturing within one year, providing ample capacity to meet near-term cash flow needs. The portfolio will continue to be managed with a focus on safety, liquidity, and prudent yield, with reinvestment decisions guided by Agency policy, evolving market conditions and the Agency's projects' cash flow requirements.

INFORMATIONAL

7. **SB 827 – Fiscal and Financial Training** – Monty Hanks reported that Senate Bill 827 requires covered local agency officials in California to complete at least two hours of mandatory fiscal and financial training every two years. The mandate applies to elected officers, members of legislative bodies, appointed financial decision-makers and key executives. Newly appointed or hired officials must complete the training within six months of assuming their roles. Officials in service before January 1, 2026 must complete the training by January 1, 2028.

   There is a SB 827 Fiscal and Financial Training course provided by the California Special Districts Association on June 17th from 1:00-3:00 and is free to CSDA members or $125 to non-members.

NEW BUSINESS

8. **Geothermal Reimbursement Resolution** – Generation Services Assistant General Manager, Mike DeBortoli, provided information and background regarding the proposed Geothermal Shallow Percolation for Reservoir Injection and Thermal Enhancement (SPRITE) project. This project would involve 11 well workovers to improve injection recovery. Total estimated cost over 11 years is $120 million. The potential benefits are estimated to be 10-15 MW of additional future generation. The Commission approved the project as part of the FY2027 budget, directing the Agency to initiate research and development (R&D) of the drilling program. The estimated cost of the R&D phase is approximately $30 million.

A Resolution is required by federal tax regulations and provides NCPA's "official intent" to reimburse Participants from future bond proceeds. This action does not obligate a bond sale.

Staff plans to return in August seeking a recommendation from the Finance Committee for Commission approval of the Geothermal Reimbursement Resolution. This is strictly informational at this time.

9. **Other Items of Interest to the Finance Committee –** Teri Alderson requested information regarding Purchased Power Costs.

10. **Next Finance Committee Meeting**
    The next regular Finance Committee meeting is scheduled for August 4, 2026, at 10:30 am.

<u>ADJOURNMENT</u>

The meeting was adjourned at 11:49am.