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Minutes

To: NCPA Finance Committee
From: Trisha Zimmer
Subject: May 7, 2024 Finance Committee Meeting Minutes

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), Katie Edgar (Healdsburg), Eric Campbell (Roseville) and DeAnna Hilbrants (Santa Clara); NCPA Staff: Monty Hanks, Sondra Ainsworth, Randy Howard, and Jane Luckhardt, as well as Michael Berwanger and Louise Houghton from PFM, Tarun Narayan from Palo Alto, Melissa Price from Lodi, and Joanna Cucchi from Roseville. 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 February 13, 2024 Finance Committee Meeting

Motion: A motion was made by Katie Edgar (Healdsburg) and seconded by Teri Alderson (Alameda) recommending approval of the February 13, 2024 Finance Committee meeting minutes. A vote was taken by roll call: YES = Teri Alderson (Alameda), Katie Edgar (Healdsburg), Eric Campbell (Roseville), and DeAnna Hilbrants (Santa Clara). Mikey Hothi (Lodi) was absent. 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 on February 13th. At the March FOMC, the Fed rate held rates as expected, but maintained its outlook for three rate cuts this year. The Fed did, however, revise projections to include fewer rate cuts next year. Recent BVAL curve shows that rates have been going up over the last month, but remains below average in historical context. Municipal funds experienced net outflows in April, connected at least in part to selling around the tax filing deadline. New issuance volume was up 18.51% year over year in April. Year-to-date issuance volume was 25.77% higher than 2023 issuance. After steadying in March, SIFMA experienced some fluctuation in April, jumping to 4.3% before moving back down to 3.77%. SOFR remains around 5.3%.

4. **Geysers PPA Prepayment Transaction Authorization to Proceed - Monty Hanks** provided a review of a prepayment transaction. The goal of this type of transaction is to reduce the cost of power purchases by 5-8% by leveraging use of tax-exempt bonding capacity to secure long-term supply. The current estimated savings is approximately \$50 million. Staff is recommending the Finance Committee direct staff to issue an RFP for a prepayment counterparty related to the Geysers PPA, authorization to begin working on structuring the transaction, and recommend the Commission approve \$100,000 budget augmentation for legal services - subject to the cost of issuance recovery. This is estimated to be a six month process.

No action taken. Santa Clara asked to defer taking action until this topic is discussed at the next Legal Committee meeting.

5. **Approve Modifications to the NCPA Investment Policy and Guidelines** – A presentation was provided by Sondra Ainsworth detailing the latest modifications made to the Agency's Investment Policy and Guidelines. This years' modifications are relatively minor, consisting of some language revisions and clarifications. Ms. Ainsworth reviewed the proposed revisions. Staff is recommending the Finance Committee approve and recommend Commission approval of the revisions of the NCPA Investment Policy and Guidelines as presented.

Motion: A motion was made by Katie Edgar (Healdsburg) and seconded by Eric Campbell (Roseville) recommending that the Commission approve the revisions to the NCPA Investment Policy and Guidelines. A vote was taken by roll call: YES = Teri Alderson (Alameda), Katie Edgar (Healdsburg), Eric Campbell (Roseville), and DeAnna Hilbrants (Santa Clara). Mikey Hothi (Lodi) was absent. The motion passed.

NEW BUSINESS

6. **Approach to Creating a Decommissioning Reserve Policy** – The existing Operating Reserves Policy (200-101) does contain language regarding Decommissioning Reserves. Decommissioning reserves currently only exist for the Geothermal plant which was established in 2007. A reserves study was conducted in 2022 and the Facilities Committee feedback recommended creating additional reserves for CT1, CT2 and Lodi Energy Center.

Recent use of a loan from the Geothermal reserve fund suggests the need to have a standalone Decommissioning Reserve Policy as a best practice.

The goal is to draft a Policy for the Finance Committee to review and provide comments, bring to the August Finance Committee for approval and seek Commission approval at their regular August Commission Meeting.

7. **Other Items of Interest to the Finance Committee** – No other items discussed.

8. **Next Finance Committee Meeting**

The next regular Finance Committee meeting is scheduled for August 6, 2024 at 10:30am.

ADJOURNMENT

The meeting was adjourned at 11:42am.