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Minutes

To: NCPA Finance Committee
From: Trisha Zimmer
Subject: August 6, 2024 Finance Committee Meeting Minutes

1. Call Meeting to Order and Roll Call

The meeting was called to order at 10:32am.

The meeting attendees either present or participating remotely were as follows: Finance Committee representatives: Teri Alderson (Alameda), Katie Edgar (Healdsburg), and Eric Campbell (Roseville); 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 May 7, 2024 Finance Committee Meeting

Motion: A motion was made by Katie Edgar (Healdsburg) and seconded by Eric Campbell (Roseville) recommending approval of the May 7, 2024 Finance Committee meeting minutes. A vote was taken by roll call: YES = Teri Alderson (Alameda), Katie Edgar (Healdsburg), and Eric Campbell (Roseville). DeAnna Hilbrants (Santa Clara) and Mikey Hothi (Lodi) were 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 report on May 7th. At the July 30-31 FOMC meeting the Fed reported that they were going to hold rates, but Chair Powell indicated that a September rate cut could be on the table. The market reacted favorably, however that following Friday the jobs report came out which had negative effects. By Monday, August 5 market rates were down, and the stock market dropped. As of today, the market is rebounding somewhat. This could possibly lead to an emergency cut before September. There is a 25-30% chance of a hard landing. Interest rates are still below the historical average.

Municipal funds experienced small net inflows in July. New issuance volume was up 21.9% year-over-year in July, and year-to-date new issuance volume was 31.9% higher than 2023

issuance through July. Mr. Berwanger noted that there has been a lot of activity in recent days, so information in this report is outdated.

SIFMA fluctuated in July between 2.57% and 3.61% and SOFR remained within 5.3% and 5.4%.

- 4. Debt and Interest Rate Management Report** - Monty Hanks provided the Debt and Interest Rate Management Report as of June 30, 2024 in accordance with the Debt and Interest Rate Management Policy. Since last report, there have been no material changes, no changes to any outstanding debt issues, 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 recommends the Debt and Interest Rate Management Report be accepted and filed at the August Commission Meeting.

Motion: A motion was made by Teri Alderson (Alameda) and seconded by Katie Edgar (Healdsburg) recommending that the Commission accept and file the Debt and Interest Rate Management Report for the period ending June 30, 2024. A vote was taken by roll call: YES = Teri Alderson (Alameda), Katie Edgar (Healdsburg), and Eric Campbell (Roseville). DeAnna Hilbrants (Santa Clara) and Mikey Hothi (Lodi) were absent. The motion passed.

- 5. Discussion and Recommendation for Appointment to the NCPA Finance Committee** – Monty Hanks reported that Eric Campbell from Roseville Electric has requested to step down from serving on the Finance Committee which will create a vacancy. Joanna Cucchi from Roseville Electric has been nominated to fill this position. Joanna is the Electric Utility Financial Administrator for the Roseville Electric and has been with the Utility since 2009. Staff is recommending the Finance Committee recommend that Joanna Cucchi be appointed by the Commission Chair as a member of the Finance Committee.

Motion: A motion was made by Eric Campbell (Roseville) and seconded by Teri Alderson (Alameda) recommending that the Commission Chair appoint Joanna Cucchi to the Finance Committee and the Commission approve. A vote was taken by roll call: YES = Teri Alderson (Alameda), Katie Edgar (Healdsburg), and Eric Campbell (Roseville). DeAnna Hilbrants (Santa Clara) and Mikey Hothi (Lodi) were absent. The motion passed.

NEW BUSINESS

- 6. Review Decommissioning Reserve Policy** – The existing Operating Reserves Policy (200-101) includes language regarding Decommissioning Reserves, however, only on a high-level basis. Decommissioning reserves previously only existed 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. NCPA began collecting for the CT2 reserve in Fiscal Year 2025 and will begin CT1 and Lodi Energy Center reserve collections in Fiscal Year 2026.

Recent large plant repairs led to the use of a loan from the Geothermal decommissioning reserve fund which sparked discussion on the need to have a stand-alone Decommissioning Reserve Policy as a best practice.

Committee members recommended this policy be reviewed at the LEC PPC meeting. Following discussion on the draft policy, staff plans to bring a final version back to the October 15 Finance Committee meeting for review and possible recommendation of Commission approval.

7. Other Items of Interest to the Finance Committee – Monty Hanks provided a brief update on the Lodi Energy Center Build America Bonds (BABs) refundings.

8. Next Finance Committee Meeting

The next regular Finance Committee meeting is scheduled for October 15, 2024 at 10:30am.

ADJOURNMENT

The meeting was adjourned at 11:53am.

DRAFT