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Minutes

To: NCPA Finance Committee
From: Trisha Zimmer
Subject: October 15, 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), Joanna Cucchi (Roseville) and DeAnna Hilbrants (Santa Clara); NCPA Staff: Monty Hanks, Sondra Ainsworth, Eric Siu, and Jane Luckhardt, as well as Bethany Ryers from Baker Tilly, Tarun Narayan from Palo Alto, and Melissa Price from Lodi. Catalina Sanchez (Gridley) 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.

DISCUSSION/ACTION ITEMS

2. Approve minutes from the August 6, 2024 Finance Committee Meeting

Motion: A motion was made by Teri Alderson (Alameda) and seconded by Joanna Cucchi (Roseville) recommending approval of the August 6, 2024 Finance Committee meeting minutes. A vote was taken by roll call: YES = Teri Alderson (Alameda), Katie Edgar (Healdsburg), and Joanna Cucchi (Roseville). DeAnna Hilbrants (Santa Clara) abstained. The motion passed.

REPORTS AND COMMITTEE ACTION ITEMS

3. Review of the June 30, 2024 Draft Audited Financial Statements and Related Reports

Treasurer-Controller, Sondra Ainsworth, provided an overview of the FY2024 Financial Statement results. The Agency's assets decreased by \$34.9 million or 3.2%, liabilities decreased by \$45.7 million or 4.3% and the net position increased by \$10.8 million or 40.8%. The Statement of Revenue, Expenses and Charges in Net Position reflected that operating expenses decreased \$365.4 million or 34.0% while operating revenues decreased by \$370.0 million or 32.9%, and non-operating revenues and expenses decreased by \$72.2 million or 87.2%.

NCPA applies GASB 62 for asset accounting – this allows regulated entities to defer revenue and expenses and better match those with the timing of revenue collections,

smoothing impacts to members, participants and customers.

Bethany Ryers from Baker Tilly provided a presentation detailing the results of the Agency's Audited Financial Statements for years ending June 30, 2024 and 2023. Ms. Ryers reported that there were no exceptions noted based on Baker Tilly's testing practices. She also reported that NCPA received an unmodified opinion which is the highest level of assurance her firm provides. There were no material weaknesses or significant deficiencies in controls. Baker Tilly agrees with the Agency's accounting policies and disclosures. There were no material adjustments to the financial statements, with one passed adjustment. There were no audit findings or concerns. Ms. Ryers thanked NCPA staff for their cooperation and responsiveness during the audit process.

Staff recommended that the Committee accept and recommend Commission acceptance and filing of the FY2024 Audited Financial Statements as presented by Baker Tilly and Sondra Ainsworth along with the related reports. Staff also recommended the Committee acknowledge and authorize the inclusion of Regulatory Accounting in the June 30, 2024 audited financial statements.

Motion: A motion was made by DeAnna Hilbrants (Santa Clara) and seconded by Joanna Cucchi (Roseville) recommending that the Commission accept and file the 2024 Audited Financial Statements and confirm authorization of regulatory accounting for the items included in 2024. A vote was taken by roll call: YES = Teri Alderson (Alameda), Katie Edgar (Healdsburg), Joanna Cucchi (Roseville) and DeAnna Hilbrants (Santa Clara). Catalina Sanchez (Gridley) was absent. The motion passed.

4. Approve Multi-Task Consulting Services Agreement with PFM Financial Advisors LLC

The current consulting agreement for financial advisory services recently expired. In anticipation of that agreement expiring, a request for proposal was issued in July and PFM Financial Advisors, LLC was the successful bidder. Staff is recommending approval of the Multi-Task Consulting Services Agreement with PFM Financial Advisors, LLC for services related to financial position and debt portfolio management tasks, evaluation, monitoring and reporting of market conditions and for advising on refunding and debt issuance activity for existing or new projects, which will not exceed \$500,000 over five years for use by NCPA and NCPA members.

Motion: A motion was made by Joanna Cucchi (Roseville) and seconded by Teri Alderson (Alameda) recommending that the Commission approve the five year Multi-Task Consulting Services Agreement with PFM Financial Advisors LLC in an amount not to exceed \$500,000 for use by NCPA and NCPA members. A vote was taken by roll call: YES = Teri Alderson (Alameda), Katie Edgar (Healdsburg), Joanna Cucchi (Roseville) and DeAnna Hilbrants (Santa Clara). Catalina Sanchez (Gridley) was absent. The motion passed.

5. Accept the 2025 Finance Committee Meeting Calendar – The Committee reviewed the scheduled dates for the 2025 regular Finance Committee meetings. There were no objections or changes.

Motion: A motion was made by Katie Edgar (Healdsburg) and seconded by DeAnna Hilbrants (Santa Clara) to accept the 2025 Finance Committee meeting calendar. A vote was taken by roll call: YES = Teri Alderson (Alameda), Katie Edgar (Healdsburg), Joanna Cucchi (Roseville) and DeAnna Hilbrants (Santa Clara). Catalina Sanchez (Gridley) was absent. The motion passed.

INFORMATIONAL

- 6. Review Decommissioning Reserve Policy** – During the August Finance Committee, staff presented a draft of a new Decommissioning Reserve Policy. This policy is intended to sufficiently fund the decommissioning costs and stabilize collections from project participants over the life of the Agencies power plants. Funds will be set aside for the purpose of removing a generating facility from service at the end of its life including deconstruction and dismantling, removal of components for reuse, recycling, storage, and/or disposal, and any required remediation or restoration of the project site to a specified condition or to its original state.

Following the August Finance Committee meeting discussion and questions raised, staff made some updates to the draft policy and presented at today's meeting. Staff plans to seek approval of this Policy during the November Finance Committee meeting and then Commission approval at the December 5th meeting. Committee members were encouraged to contact Sondra Ainsworth any further feedback and/or questions prior to the next meeting.

NEW BUSINESS

- 7. Other Items of Interest to the Finance Committee** – No other items were discussed.
- 8. Next Finance Committee Meeting** - The next regular Finance Committee meeting is scheduled for November 12, 2024 at 10:30am.

ADJOURNMENT

The meeting was adjourned at 11:35am.