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Minutes

To: NCPA Finance Committee
From: Trisha Zimmer
Subject: November 12, 2024 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: Catalina Sanchez (Gridley), Teri Alderson (Alameda), Joanna Cucchi (Roseville), and DeAnna Hilbrants (Santa Clara); NCPA Staff: Monty Hanks, Sondra Ainsworth, Randy Howard, and Jane Luckhardt, as well as Tarun Narayan from Palo Alto. Katie Edgar (Healdsburg) 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 October 15, 2024 Finance Committee Meeting

Motion: A motion was made by Joanna Cucchi (Roseville) and seconded by DeAnna Hilbrants (Santa Clara) recommending approval of the October 15, 2024 Finance Committee meeting minutes. A vote was taken by roll call: YES = Catalina Sanchez (Gridley), Teri Alderson (Alameda), 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 August 6th. At the September meeting, the FOMC cut rates by 50 bps, with Powell stating that the decision reflects "growing confidence that with an appropriate recalibration...strength in the labor market can be maintained". Following the US election, tax-exempt and taxable rates surged in anticipation of shifts in fiscal policy, which many market participants expect to result in higher inflation because of tax cuts and potentially large federal deficits.

Interest rates are still below the historical average.

Municipal funds experienced positive net inflows in October. New issuance volume was up 44.8% year-over-year in September, and year-to-date new issuance volume was 35.6% higher than 2023 issuance through September. SIFMA fluctuated in October between 3.00% and 4.02%. SOFR dropped to 4.82% in September in tandem with the Fed rate cut and has largely stayed at that level since.

- 4. Delegation of Investment Duties to the Treasurer-Controller** – Formal delegation of investment duties to the Treasurer-Controller is required annually. Staff recommends delegating authority to NCPA’s Treasurer-Controller, Sondra Ainsworth, for investment duties per Government Code 53607.

Motion: A motion was made by Joanna Cucchi (Roseville) and seconded by Teri Alderson (Alameda) recommending delegating investment duties to the Treasurer-Controller. A vote was taken by roll call: YES = Catalina Sanchez (Gridley), Teri Alderson (Alameda), DeAnna Hilbrants (Santa Clara), and Joanna Cucchi (Roseville). The motion passed.

- 5. Decommissioning Reserve Policy** – Staff provided an overview of previous discussions on August 6th and October 15th regarding the background, policy purpose and scope, definitions and guidelines, reserve administration, and authorized uses. Staff also noted that the Lodi Energy Center Project Participant Committee approved and recommended approval to the Commission. There were no objections or changes.

Motion: A motion was made by Joanna Cucchi (Roseville) and seconded by DeAnna Hilbrants (Santa Clara), recommending approval of the Decommissioning Reserve Policy. A vote was taken by roll call: YES = Catalina Sanchez (Gridley), Teri Alderson (Alameda), DeAnna Hilbrants (Santa Clara), and Joanna Cucchi (Roseville). The motion passed.

NEW BUSINESS

- 6. Annual Review of the NCPA Employee Pension and OPEB Programs** – Sondra Ainsworth provided an update on the Agency’s Pension and OPEB funding plans. Staff recommends affirming the Pension policy goal of the accelerated 15-year amortized funding for fiscal year 2025 and updating the Commission on the UAL funding status.

The overfunding of OPEB’s net position decreased as of June 30, 2023 due to an increase in the Total OPEB Liability stemming from increases in medical premiums. The Plan’s net funded position as of June 30, 2022 was 112.5% and as of June 30, 2023 the net position was 99.1%. For fiscal year ending June 30, 2023 the actuarially determined contribution was \$1.275 million which represents the FY26 budget impact.

The Pension plan’s unfunded accrued actuarial liability increased from \$66.5 million for fiscal year 2025 to \$72.3 million for fiscal year 2026. As of the June 30, 2023 report, the plan funding level was 66.7% compared to 67.2% at the June 30, 2022 report. The accrued actuarial liability is at \$216.9 million compared to \$202.5 million as of June 30, 2022, with a projected FY26 increased budget collection of approximately \$1m for contributions toward the unfunded liability to stay on schedule with the Commission approved 15 year amortization schedule.

Joanna (Roseville) recommended and seconded by Teri (Alameda) regarding the continuation of the 15-year funding for fiscal year 2026 and update the Commission on the UAL funding status. YES = Catalina Sanchez (Gridley), Teri Alderson (Alameda), DeAnna Hilbrants (Santa Clara), and Joanna Cucchi (Roseville). The recommendations were affirmed.

- 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 February 11, 2025 at 10:30am.

ADJOURNMENT

The meeting was adjourned at 11:11am.