**Commission Staff Report**

August 1, 2017

**COMMISSION MEETING DATE:**  August 24, 2017

**SUBJECT:**  Review and Approve the Finance Committee Charter

**AGENDA CATEGORY:**  Consent

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<tr>
<th>FROM:</th>
<th>Monty Hanks</th>
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<td>METHOD OF SELECTION:</td>
<td>Assistant General Manager/CFO</td>
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<td>Division:</td>
<td>Administrative Services</td>
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<td>Department:</td>
<td>Accounting &amp; Finance</td>
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**IMPACTED MEMBERS:**

- All Members  ☒
- City of Lodi  ☐
- City of Shasta Lake  ☐
- Alameda Municipal Power  ☐
- City of Lompoc  ☐
- City of Ukiah  ☐
- Bay Area Rapid Transit  ☐
- City of Palo Alto  ☐
- Plumas-Sierra REC  ☐
- City of Biggs  ☐
- City of Redding  ☐
- Port of Oakland  ☐
- City of Gridley  ☐
- City of Roseville  ☐
- Truckee Donner PUD  ☐
- City of Healdsburg  ☐
- City of Santa Clara  ☐
- Other  ☐

If other, please specify

______________________________

SR: xxx:17
RECOMMENDATION:

It is recommended that the Commission approve Resolution 17-XX. The resolution approves a Finance Committee Charter which will better define the roles and responsibilities for the Finance Committee as described in the Agency By-Laws.

BACKGROUND:

The NCPA Amended and Restated Commission Rules of Procedure (a.k.a. By-Laws) provides for a standing Committee, known as the Finance Committee. The role of the Finance Committee is primarily to provide financial oversight for the Agency and is described as reviewing and reporting all financial, accounting, or auditing matters referred to it by the Commission, the Executive Committee, the Chair, the Chief Financial Officer of the Agency, or by the General Manager.

The purpose of a Finance Committee Charter is to better define the Finance Committee’s purpose, responsibilities and duties, structure and operations, and frequency of meetings and requirements that will provide assistance to the Commission in fulfilling their responsibility in respect to the policies, practices, and strategies that relate to the management of the financial affairs of the Agency.

The Finance Committee Charter is attached.

FISCAL IMPACT:

There is no direct dollar impact to approve a Finance Committee Charter.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a “project” for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation was reviewed by the Finance Committee on August 9th and was recommended for Commission approval.

Respectfully submitted,

RANDY S. HOWARD
General Manager

Attachments:
Finance Committee Charter

SR: xxx:17
RESOLUTION 17-XX

RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
APPROVE THE FINANCE COMMITTEE CHARTER

(reference Staff Report #xxx:17)

WHEREAS pursuant to Article 10, Other Committees, Section (i) of the Agency’s bylaws, was the establishment of a Finance Committee; and

WHEREAS, the Finance Committee shall consider and report upon all financial, accounting, or auditing matters referred to it by the Commission, the Executive Committee, the Chair, the Chief Financial Officer of the Agency, or by the General Manager; and

WHEREAS, the purpose of a Finance Committee Charter is to define the purpose, responsibilities and duties, structure and operations, and meetings of the Finance Committee; and

WHEREAS, the Finance Committee Charter will provide assistance to the Commission in fulfilling its responsibility in respect to the policies, practices, and strategies that relate to the management of the financial affairs of the Agency; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a “project” for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency adopts the Finance Committee Charter defining the purpose, responsibilities and duties, structure and operations, and meetings of the Finance Committee.

PASSED, ADOPTED and APPROVED this ____ day of _______________, 2017 by the following vote on roll call:

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BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY
PURPOSE

The purpose of the Finance Committee is to assist the Commission, the Executive Committee, the Chair, the Chief Financial Officer of the Agency (CFO), or the General Manager in fulfilling its responsibilities to:

- Report upon all financial, accounting, or auditing matters;
- Review management’s plans to administer NCPA’s financial risk;
- Review NCPA’s capital management, planning activities, investment and debt management policies;
- Review NCPA’s financial performance, including the performance of the investment and debt portfolios, and other significant financial activities;
- Review NCPA’s pension strategy and performance; and
- Review NCPA’s health care costs, post-employment (OPEB) benefits and funding.

STRUCTURE AND OPERATIONS

The Finance Committee shall be a standing, advisory committee that is subject to the Brown Act. Members of the Finance Committee, who may be either Commission members or other staff or officers of members, shall be appointed by the Chair and then ratified by the Commission. The Chair is recommended by the Nominating Committee and then ratified by the Commission. All Members of the Finance Committee shall have a working familiarity with basic finance practices, and at least one Member of the Finance Committee shall have financial management expertise.

Finance Committee Members shall serve at the pleasure of the Commission for indefinite terms. The size of the Finance Committee shall be as determined by the Commission from time to time. Currently, the Finance Committee consists of five Members plus the CFO (or his/her alternate). Any Member of the Finance Committee may be removed from the Committee, with or without cause, by a majority vote of the Commission. A Member may also resign by notifying the CFO or General Manager.

MEETINGS

The Finance Committee shall ordinarily meet at least four times annually, or more frequently as circumstances dictate. The Committee may take action on any of the items listed on an Agenda regardless of whether the matter appears on the Agenda or is described as an Action Item, a Report, or an Information Item. The Chair will lead all regular meetings of the Finance Committee and set agendas for
the Finance Committee meetings. A quorum is required for the Finance Committee to conduct Agency business and shall consist of those primary representatives (Members), or their designated alternate representatives, representing a numerical majority of the Participants but not including the CFO or his/her alternate.

**RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities, duties and recommendations to the Commission, the Finance Committee shall:

1. Review of current financial market conditions or issues;
2. Review of NCPA’s debt portfolio;
3. Biennial review of NCPA’s Debt and Interest Rate Management Policy;
4. Annual review of NCPA’s Investment Policy including cash flow, liquidity targets, trading strategies and methodologies;
5. Review long-term liabilities and funding strategies;
6. Review report(s) on recent rating agency actions;
7. Review of various Request for Proposals for banking, custodian, audit, financial advisor, bond counsel, underwriters, etc.;
8. Review NCPA’s capital strategies including the issuance of new debt or refunding of outstanding debt;
9. Any financial matter pertaining to NCPA and/or its members or business partners that requires review, comment, recommendation or direction to the Commission;
10. Document and maintain records of its proceedings, and shall make regular reports to the Commission summarizing the matters reviewed and actions taken at each Finance Committee meeting; and
11. Review and assess the adequacy of this Charter as it deems appropriate. The Committee may recommend amendments to this Charter at any time and submit the recommendations of approval to the Commission.