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# Minutes

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**To:** NCPA Finance Committee  
**From:** Trisha Zimmer  
**Subject:** February 7, 2023 Finance Committee Meeting Minutes

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## 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: Robert Orbeta (Alameda), Catalina Sanchez (Gridley), Melissa Price (Lodi), and Ann Hatcher (Santa Clara); NCPA Staff: Monty Hanks, Sondra Ainsworth, and Jane Luckhardt, as well as Michael Berwanger of PFM, Eric Campbell (Roseville) arrived at 10:37am. 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 Meeting Minutes from the November 15, 2022 Finance Committee Meeting

Motion: A motion was made by Robert Orbeta (Alameda) and seconded by Catalina Sanchez (Gridley) to approve the November 15, 2022 Finance Committee minutes. A vote was taken by roll call: YES = Bob Orbeta (Alameda), Catalina Sanchez (Gridley), Melissa Price (Lodi), and Ann Hatcher (Santa Clara). 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. Municipal bonds experienced favorable market conditions through November and into the week after Thanksgiving, benefitting from supply/demand imbalance that provided robust retail and institutional demand for new issues. The November CPI came in lower than expected on December 13, suggesting that inflation had peaked and would continue its downward trend, which led Treasuries and Municipal bonds to rally. The Fed raised Fed Funds by 50 basis points at the December 14 FOMC, slowing the pace of increases, as widely anticipated by market participants. However, 17 of the 19 Fed members indicated that they see the terminal rate above 5%. In January, the CPI released on January 12 came in as expected, showing decelerating inflation, and economists started forecasting a contraction of the US economy. At the February 1 Fed meeting the Fed Funds were increased by 25 basis points, which was in line with

expectations. Powell acknowledged the disinflationary process has started but indicated that rate hikes would likely continue and warned against expectations of rate cuts later this year. Municipal bond funds saw net inflows in January after net outflows for 5 consecutive months. ICI reported net inflows of \$2.9 billion for the week ending January 25, marking the third straight week of inflows. New issuance volume was down 16.6% year-over-year in January. Since the start of this year, SIFMA has continued to fall notably after making a significant jump following December's FOMC meeting and rate hike. Meanwhile, SOFR and 1-M LIBOR have continued to behave similarly to much of last year, with SOFR making stepped increases following rate hikes and 1M LIBOR increasing steadily.

- 4. Debt and Interest Rate Management Report** – Monty Hanks provided the semi-annual written report regarding the status of all fixed and variable rate debt and the Agency's rate swaps for the period ending December 31, 2022 in accordance with the Debt and Interest Rate Management Policy, Section 20. There have been no material changes to the Fixed Rate Debt since last report. The Agency no longer has any variable rate debt nor interest rate swaps. In August 2022, the Agency received S&P reports affirming it's A+ rating on the Hydroelectric bonds with a stable outlook and also affirmed it's A- rating on the Lodi Energy Center bonds with a stable outlook.

Debt Overview: The Geothermal 2016 Series A bonds will reach final maturity in July 2024. The Hydro facility has significant debt rolling off in July 2024, however, funds will be needed for the Hydro relicensing and McKay sediment removal. Capital Facilities debt will be rolling off in August 2024. The Lodi Energy Center has \$216 million of outstanding debt. The BABS issue was resolved at the end of last year so there is no need to refund at this time.

Motion: A motion was made by Melissa Price and seconded by Ann Hatcher recommending that the Commission accept and file the Debt and Interest Rate Management Report for the period ending December 31, 2022. A vote was taken by roll call: YES: Robert Orbeta (Alameda), Catalina Sanchez (Gridley), Melissa Price (Lodi), Ann Hatcher (Santa Clara), and Eric Campbell (Roseville). The motion passed.

- 5. Discussion and Recommendation for Appointment of the NCPA Finance Committee** – Ann Hatcher from Santa Clara recently retired which created a vacancy on the Finance Committee. In accordance with the Finance Committee Charter, a new Committee member must be appointed by the NCPA Commission Chair and then ratified by the Commission. Santa Clara has nominated DeAnna Hilbrants currently the Assistant Director of Business Services at Santa Clara. Prior to Santa Clara she served as the Deputy City Manager and Finance Director for the City of Milbrea and Finance Director for the City of Sonoma. There were no other nominations provided. Staff recommends the Committee recommend the Commission Chair appoint DeAnna to the Finance Committee and the Commission ratify this appointment.

Motion: A motion was made by Ann Hatcher (Santa Clara) and seconded by Catalina Sanchez (Gridley) recommending the appointment of DeAnna Hilbrants to the Finance Committee. A vote was taken by roll call: YES = Bob Orbeta (Alameda), Catalina Sanchez (Gridley), Melissa Price (Lodi), and Eric Campbell (Roseville), and Ann Hatcher (Santa Clara). The motion passed.

## **NEW BUSINESS**

- 6. Approach on Revisions to NCPA's Debt and Interest Rate Management Policy** – Monty Hanks reported that there is a possibility of significant projects on the Agency's horizon, one being the Geo battery storage project as well as the possible STIG repowering. These projects would require issuing new debt. The last review of the NCPA Debt and Interest Rate Management Policy was in 2019 so it is time to review and update. The Policy has been reviewed by bond counsel and the Agency's financial advisor. The feedback received was that the policy seemed overly complex and complicated and it is missing the latest industry practices.

Monty asked the group if they feel the Policy should be left as-is with just minor edits and updates or should he perform a complete overhaul to the Policy in order to make it more streamlined and to make it more in alignment with Members' Policies. The consensus of the group was to proceed with the overhaul of the Policy. Monty will proceed with making a complete update of the Policy and bring that document back for review and approval.

- 7. Other Items of Interest to the Finance Committee** –Upcoming proposed projects include the Geo Battery Energy Storage System (BESS), STIG Repowering, Lodi Energy Center Hydrogen, Hydro Relicensing and McKays Clean Out. Staff will be presenting these projects at the next Comission meeting to guage Members' interest. Looking to move some of these projects to Phase II.

**8. Next Finance Committee Meeting**

The next regular Finance Committee meeting is scheduled for May 9, 2023 at 10:30am.

## **ADJOURNMENT**

The meeting was adjourned at 11:25am.