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Minutes

To: NCPA Finance Committee
From: Trisha Zimmer
Subject: February 25, 2020 Special Finance Committee Meeting Minutes

1. Call Meeting to Order

The meeting was called to order at 10:03am.

2. Roll Call

The meeting attendees either present or participating remotely are as follows: Finance Committee representatives: Ann Hatcher (Santa Clara), Robert Orbeta (Alameda) and Eric Campbell (Roseville); NCPA Staff: Monty Hanks, Sondra Ainsworth, Randy Howard, Tarun Narayn from Palo Alto, and Mike Berwanger of PFM and Paul Eckert (Gridley). Committee representatives Greg Scharff (Palo Alto) and Melissa Price (Lodi) were 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.

REPORTS AND COMMITTEE ACTION ITEMS

3. Hydroelectric Refunding Opportunity

Staff is looking for direction from the Hydroelectric participants on whether or not to move forward with a potential refunding opportunity of the 2012 Hydroelectric bonds. The bonds are callable in 2022 with an outstanding par of \$76.1 million. Interest rates have continued to drop since November 2019. A forward swap refunding of the 2012A Bonds would produce over \$15 million or 20% NPV savings. A cash settlement of the forward swap provides a hedge on rates, so that savings changes minimally with rate movement. Michael Berwanger stated that 75 +/- rate change is probably a break-even marker. It is a risk but that type of risk is rather rare. Mr. Berwanger provided examples of forward swap cash settlement scenarios. Forward swaps allow an issuer to take advantage of current low interest rates and mitigate its risk of higher future debt. The group discussed the advantages and disadvantages of forward starting swaps.

Locking in today's rates does not obligate the members to anything at this point, it would simply allow staff and PFM to begin drawing up paperwork and issue a solicitation to find a bank. A formal recommendation from the Committee to the Commission would not be necessary until April or May. Santa Clara, Roseville and Alameda were all in favor of

moving forward with this process. An update and possible recommendation will be provided at the next regular Finance Committee meeting scheduled for May 12th.

ADJOURNMENT

The meeting was adjourned at 10:54am.

DRAFT