



651 Commerce Drive  
Roseville, CA 95678

phone (916) 781-3636  
fax (916) 783-7693  
web [www.ncpa.com](http://www.ncpa.com)

# Minutes

---

**To:** NCPA Finance Committee  
**From:** Trisha Zimmer  
**Subject:** May 8, 2018 Finance Committee Meeting Minutes

---

1. **Call Meeting to Order** – the meeting was called to order by Committee Chair David Hagele at 10:05am.
2. **Roll Call** –The meeting attendees either present or participating remotely are as follows: Finance Committee representatives: David Hagele (Healdsburg), Melissa Price (Lodi), Philip McAvoy (Roseville), and Ann Hatcher (Santa Clara); NCPA Staff – Monty Hanks, Randy Howard, Sondra Ainsworth, Jane Luckhardt, Trisha Zimmer, as well as Mike Berwanger, Tyler Old, Jack Medall and Jim Carbone (PFM), and Marc Bauer (Orrick). Committee Representative Robert Orbeta from Alameda was absent. A quorum of the Committee was established.
3. **Approve Minutes from the February 13, 2018 Finance Committee Meeting** – A motion was made by Melissa Price and seconded by David Hagele recommending approval of the February 13, 2018 Finance Committee meeting minutes. A vote was taken by roll call: YES = David Hagele (Healdsburg), Melissa Price (Lodi), Philip McAvoy (Roseville), Ann Hatcher (Santa Clara). The motion passed.

## **PUBLIC FORUM**

Mr. Hagele asked if anyone wished to address the Committee on matters within the jurisdiction of the Committee. No one from the public was present at the site or at any of the teleconference locations.

## **REPORTS AND COMMITTEE ACTION ITEMS**

4. **Report of Current Financial Market Conditions or Issues**  
Mike Berwanger provided a presentation on the current financial market conditions. The Fed continues to raise rates which results in the continued flattening of the yield curve. Market participants continue to call for an increase in interest rates. The Fed is expected to take two more actions this year. SIFMA and LIBOR have increased in step with the FOMC rate hikes. Short term tax-exempt rates have normalized following seasonal tax-time weakness. Municipal bond issuance was down 3% in April and is down 23% year-to-date

through the end of April. As result of the increase in short term rates, NCPA Hydro 2008 A&B Bonds have also been resetting higher; however, they continue to trade well versus benchmarks and have been hedged with interest rate swaps. The refunding of the Hydroelectric Project 2008 Series C generated approximately \$7.8 million in present value savings, representing over 10% of refunded par.

**5. Report on Natural Gas Pre-paid Bond Transactions**

Mike Berwanger provided an explanation of the tax-exempt natural gas pre-payments which are an IRS approved financing tool that allows municipal utilities to achieve gas savings by using their access to tax exemption to pre-pay for natural gas. The discount on gas prices for these types of transactions range from \$0.25 to \$0.50 per MMBtu. Mr. Berwanger's presentation provided a conceptual pre-pay diagram. Goldman-Sachs has met with NCPA twice to discuss this option for the Agency. Staff, however, has concerns that LEC participants would not be willing to enter into a long-term transaction of this nature given the uncertainty of the PG&E transportation charge.

**6. Baker Tilly Virchow Krause, LLP Multi-Task Professional Services Agreement**

Staff asked that the Finance Committee accept staff's recommendation to move forward with seeking Commission approval of a two year Multi-Task Professional Services Agreement with Baker Tilly Virchow Krause for auditing services. The draft agreement was presented to the committee for review. Monty Hanks explained that this draft contains the same changes to the Agency's standard template that were approved by our general counsel as well as Baker Tilly in last year's one year Agreement with Baker Tilly. This agreement, however, has an increased not-to-exceed amount of \$500,000 and includes language that would allow NCPA members, SCPPA and SCPPA members to utilized Baker Tilly's services if they so choose. Provided there are no substantive changes by Baker Tilly as well as general counsel, staff will seek approval of this agreement at the May or June Commission meeting. There were no objections or concerns from the Committee members present and they support staff's recommendations.

**NEW BUSINESS**

**7. Other Items of Interest to the Finance Committee**

Monty Hanks informed the group that an updated report on the Agency's investment portfolios will be brought to the next Finance Committee scheduled for August.

**8. Next Finance Committee Meeting**

The next Finance Committee meeting is scheduled for August 14 at 10am.

**ADJOURNMENT**

Meeting was adjourned at 10:52am.