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# Minutes

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**To:** NCPA Finance Committee  
**From:** Trisha Zimmer  
**Subject:** May 9, 2023 Finance Committee Meeting Minutes

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## 1. Call Meeting to Order and Roll Call

The meeting was called to order at 10:34am.

The meeting attendees either present or participating remotely were as follows: Finance Committee representatives: Robert Orbeta (Alameda), Catalina Sanchez (Gridley), Melissa Price (Lodi), and DeAnna Hilbrants (Santa Clara); NCPA Staff: Monty Hanks, Sondra Ainsworth, Eric Siu, Tony Zimmer and Jane Luckhardt, as well as Michael Berwanger of PFM, Teri Alderson (Alameda), and Tarun Narayan (Palo Alto). 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 February 7, 2023 Finance Committee Meeting

Motion: A motion was made by Eric Campbell (Roseville) and seconded by Melissa Price (Lodi) to approve the February 7, 2023 Finance Committee minutes. A vote was taken by roll call: YES = Bob Orbeta (Alameda), Catalina Sanchez (Gridley), Melissa Price (Lodi), and Eric Campbell (Roseville). DeAnna Hilbrants abstained (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. In February AAA MMD and Treasuries saw continued increases as data releases throughout the month reinforced expectations that the Fed would continue to raise rates. On March 10 the shutdown of Silicon Valley Bank caused Treasuries to drop dramatically in an investor flight-to-safety. In the latter half of March, Deutsche Bank saw their credit default swaps surging to their highest level and shares dropping significantly, prompting another flight-to-quality. At the March 22 FOMC, the Fed implemented another 25 bps rate hike, bringing the Fed Funds rate to 4.75-5.00%. The current AAA MMD short term position shows we are closer to historic averages, while the long term still shows that we are below historical averages. The month of April briefly saw

positive net municipal fund flows during the week of April 12, but net municipal fund flows have since become negative again. New issuance volume was down 24.3% year-over-year in April, and year-to-date new issuance volume was 25.4% lower than 2022 issuance through April. The interest rate forecasts showed that market participants were pricing in a 25 bps rate hike of the May FOMC. SIFMA has continued to fluctuate in responses to the Fed rate hike, reflecting the relatively smaller pool of investments the index is based off. SOFR continues to make stepped increases following Fed rate hikes while 1M LIBOR has increased steadily.

4. **Approve Modifications to the NCPA Investment Policy and Guidelines** – A presentation was provided by Sondra Ainsworth detailing the modifications to the NCPA Investment Policy and Guidelines. The modifications made to the Policy includes Regulatory updates clarifying the investment's term, language additions/revisions throughout the document including updates to the Purpose and Scope, added clarifications from CMTA best practices, added annual independent auditor review language, added sections on diversification, maximum security, review of investment portfolio, investment pools, and investment policy adoption.

Sondra discussed the addition of a new allowable investment pool, California Cooperative Liquid Assets Securities System (California CLASS). JPAs are authorized under CA Code Section 6509.7. After discussion regarding this modification, Committee members indicated that they prefer to remove the CLASS Investment Pool language from the Policy since the pool has only been in existence for a short-time. There was discussion about potentially reconsidering the pool once it has a longer history that can be evaluated.

Motion: A motion was made by Robert Orbeta (Alameda) and seconded by Melissa Price (Lodi) recommending that the Commission approve the modifications to the NCPA Investment Policy Guidelines provided the California CLASS language is removed. A vote was taken by roll call: YES: Robert Orbeta (Alameda), Catalina Sanchez (Gridley), Melissa Price (Lodi), DeAnna Hilbrants (Santa Clara), and Eric Campbell (Roseville). The motion passed.

5. **Approve Revised NCPA Debt and Interest Rate Management Policy** – A presentation was provided by Monty Hanks detailing the revisions to the NCPA Debt and Interest Rate Management Policy. Monty received feedback prior to the February Finance Committee meeting from Bond Counsel and our financial advisors that the old version appeared overly complex and complicated – most likely due to updates that took place when derivatives became of general use and were not well understood. At the February 7, 2023 Finance Committee meeting, Committee members expressed their preference to have the Policy completely overhauled to become more aligned with Members' debt policies, add sections that address today's practice standards and implement the use of CDIAC's "Employing a Debt Management Policy" as an additional guideline. Monty reviewed the proposed updated Policy detailing the revisions and additions.

Motion: A motion was made by Melissa Price (Lodi) and seconded by Catalina Sanchez (Gridley) recommending that the Commission approve the proposed NCPA Debt and Interest Rate Management Policy as presented. A vote was taken by roll call: YES = Bob Orbeta (Alameda), Catalina Sanchez (Gridley), Melissa Price (Lodi), and Eric Campbell (Roseville), and DeAnna Hilbrants (Santa Clara). The motion passed.

## **NEW BUSINESS**

- 6. Review the Draft NCPA Report Card ending June 30, 2022** – Monty Hanks presented the draft NCPA Report Card for period ending June 30, 2022. After initial review of the document, Committee members recommended some minor language changes. Monty will distribute a copy of this draft to the group to allow for further review with plans to bring the updated version to the next Finance Committee for final review and approval.
- 7. Review of Federal Policy Conference (Financial-Related Efforts)** – Monty Hanks accompanied L&R Staff and Member Representatives at the recent Federal Policy Conference in Washington DC. He reported that this year's lobbying efforts included a number of financial related topics. This included discussion involving direct pay, the LEC Hydrogen Project, supply chain issues, transmission costs, Federal licensing reform, soaring natural gas prices, and support for adding back legislation regarding the Advance Refunding of bonds.
- 8. Other Items of Interest to the Finance Committee** – None.
- 9. Next Finance Committee Meeting**  
The next regular Finance Committee meeting is scheduled for August 8, 2023 at 10:30am.

## **ADJOURNMENT**

The meeting was adjourned at 12:16pm.