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May 13, 2015

TO: NCPA Finance Committee

FROM: Donna Stevener, AGM Finance/Administrative Services

SUBJECT: NCPA Finance Committee Meeting Minutes of May 13, 2015, 10 a.m.

Finance Committee Attendees:

Committee Members

Gary Plass	Healdsburg	Call-in
Bob Orbeta	Alameda	Call-in
Jordan Ayers	Lodi	Call-in
Monty Hanks	Roseville	Call-in
Jan Pepper	Santa Clara	Absent

Member Staff:

Thai Tran	Santa Clara
Joe Saccio	Palo Alto

NCPA Staff:

Donna Stevener
Randy Howard
Sondra Ainsworth

Consultants:

Mike Berwanger	PFM
Gene Carron	Orrick
Marc Bauer	Orrick

Public
None

1. & 2. Call Meeting to Order and Roll Call

Chairman Gary Plass called the meeting to order at 10:01 a.m. and roll call was conducted as listed above.

3. Approve Minutes of February 11, 2015

Minutes for the February 11, 2015 meeting were approved as presented.

1st Jordan Ayers

2nd Monty Hanks

<i>Representative</i>	<i>Member Org</i>	<i>Vote</i>
Gary Plass, Chairman	Healdsburg	Yes
Bob Orbeta	Alameda	Yes
Jordan Ayers	Lodi	Yes
Monty Hanks	Roseville	Yes
Jan Pepper	Santa Clara	Absent

Voting Results: 4 Ayes, 0 Noes, 0 Abstain 1 Absent

PUBLIC FORUM

Mr. Plass 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. Biennial Review of Debt and Interest Rate Management Policy**

Ms. Stevener provided the history of the development of the Debt and Interest Rate Management Policy (Policy) and indicated that it was time for the biennial review. PFM, General Counsel, and Bond Counsel have provided mark-ups and suggested changes, which were distributed to the Committee prior to the meeting. The proposed changes are relatively minor. Mr. Berwanger indicated that the only addition was a new section 6 related to new regulations for banks and submitting financing proposals to NCPA. Mr. Howard questioned the title of section 6 and if this was a regulatory requirement for NCPA. PFM agreed to change the title since the use of an Independent Registered Municipal Advisor (IRMA) is not a regulatory requirement, but a good practice. Mr. Howard also provided further language to clarify language in this new section. Mr. Hanks asked about use of direct placement structures and if it was included in the Policy. Mr. Berwanger indicated that the Policy was broad to include various types of structures to provide flexibility. Mr. Orbeta asked about the change to the title of Section 15. Mr. Berwanger indicated that Section 15 was purposely broadened so the title was updated. The Committee discussed specific language changes throughout the document as shown in the redline and then at advice of bond counsel determined to remove draft references to continuing disclosure as continuing disclosure requirements are not part of regulations, but part of NCPA's contractual obligations for the bonds. After all questions were answered the following motion was made.

Motion: Recommend that the NCPA Commission approve the revised "Debt and Interest Rate Management Policy, May 2015" as presented, allowing for further minor changes as suggested by Staff.

1st Gary Plass

2nd Monty Hanks

<i>Representative</i>	<i>Member Org</i>	<i>Vote</i>
Gary Plass, Chairman	Healdsburg	Yes
Bob Orbeta	Alameda	Yes
Jordan Ayers	Lodi	Yes
Monty Hanks	Roseville	Yes
Jan Pepper	Santa Clara	Absent

Voting Results: 4 Ayes, 0 Noes, 0 Abstain 1 Absent

5. Report on Current Financial Market Conditions or Issues

Mr. Berwanger, PFM, provided a snapshot of the municipal market. Rates remain low, but what is concerning over last 2 weeks is a run up in rates of 20-30 basis points in various parts of the yield curve. The increase in rates is not an issue for NCPA as no borrowing or refunding opportunities exist at this time. Mr. Berwanger indicated that it has been a rough couple of weeks in the market. Short-term rates remain at historically low levels, but spiked in April around tax payment date (April 15) due to outflows from money market funds. This situation is common every April 15th and usually works itself out over a few weeks period. SIFMA increases ranged from 2 basis points to 11 basis points and has moderated somewhat over the last week.

NEW BUSINESS

6. Other Items of Interest to the Finance Committee

Ms. Ainsworth asked if there was any update on status of sequestration of interest payments for Build America Bonds. This issue is not at the top of the priority list in Washington D.C. and no update or change yet per discussion by the Committee.

7. Next Finance Committee Meeting

The next scheduled meeting is August 12, 2015 at 10:00 a.m.

ADJOURNMENT

Meeting was adjourned at approximately 10:56 am.

cc: Randy Howard