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TO: NCPA Finance Committee

FROM: Donna Stevener, AGM/CFO Finance/Administrative Services

SUBJECT: August 10, 2016 Finance Committee Meeting Minutes

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

NCPA Staff

Donna Stevener
Randy Howard
Sondra Ainsworth

Attended:

Consultants

Mike Berwanger	PFM
Rian Irani	PFM
Tyler Old	PFM
Gene Carron	Orrick
Marc Bauer	Orrick

Michael Dean	Meyers Nave
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Public

Ann Hatcher	SVP
Philip McAvoy	Roseville

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

Chairman Gary Plass called the meeting to order at 10:03 a.m. and roll call was conducted as listed above.

3. Approve Minutes of May 11, 2016 and July 12, 2016

The May 11th and July 12th meeting minutes 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

Voting Results: 4 Ayes, 0 Noes, 0 Abstain, 0 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. Update on Proposed Direct Purchase Refunding for Geothermal Project

Donna Stevener provided background on the RFP issued in June. The Finance Committee recommended one proposal from the responses, a direct purchase for the Geothermal Project with Bank of America. Michael Berwanger, PFM provided a status on the refinancing. Mr. Berwanger indicated that we were not able to use documents from the 2012 deal which would have sped up the process for closing. Based on current LIBOR rates, estimated savings will still be over 7% and are comparable to the date of the RFP. The proposal is a spread to the LIBOR rate based on the rate at the time of closing, not a specific fixed rate from the RFP. NCPA will bear some interest rate risk whether it is fixed or based on an index in the future as is proposed. The refinancing schedule is targeted now for September approval by the Commission. Tyler Old indicated that it would take a 30-40 basis point (bps) raise in rates to reduce the present value savings to 5%, the minimum savings threshold per our policy.

5. Report on Current Financial Market Conditions or Issues

Tyler Old reported that rates remain very low – 30 year AAA debt is at 2.18%. This is close to an all-time record lows. The yield curve continues to flatten as short-term rates increase and long-term rates remain low. Credit spreads are compressing, especially in the California market. Rates are lower than the beginning of 2016 in all timeframes. SIFMA (short-term index) remains at 40-45 bps after being at 1-2 bps last year. Mr. Old indicated that there has been less demand for short-term tax exempt debt, creating an increase in rates. Another factor is money market reform, which goes in to effect on October 14th. It is unclear what impact the reform may have on the SIFMA index at this time. July had limited municipal bond issuances. Supply continues to be low, with demand steady.

NEW BUSINESS

6. Report on Future Changes to Finance Committee Membership and Tentative Finance Committee Orientation Date on September 14, 2016

Donna Stevener provided review of upcoming changes to the Finance Committee. Gary Plass has been appointed as the Vice Chair of the Commission and will become Chair of the Legislative and Regulatory Committee. Donna thanked Gary for his leadership and support over the last few years. Maddie Deaton, Board member from Alameda will be proposed as a new committee member and Chair and will replace Bob Orbeta. Donna thanked Bob Orbeta for his many years of service and support to the Committee. Jan Pepper has left SVP, and Ann Hatcher is proposed to take her place. Matt Michaelis, Finance Director from Gridley will be added. In addition, it is proposed that Philip McAvoy will replace Monty Hanks from Roseville. So, four out of five current members of the Committee will be turning over. An orientation session with the new Finance Committee members is currently scheduled for September 14th at 9:00am where PFM and NCPA will provide an overview of NCPA debt and the role of the Finance Committee.

7. Other Items of Interest to the Finance Committee

No other topics discussed.

8. Next Finance Committee Meeting

The next regular Finance Committee meeting is scheduled for November 9, 2016 at 10:00am. A Special Finance Committee meeting is scheduled for September 14, 2016 at 9:00am for approval of the Geothermal Project refunding documents and new Finance Committee member orientation.

CLOSED SESSION

9. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (b) of Government Code section 54956.9: One case.

OPEN SESSION

General Counsel Michael Dean reported there was no reportable action taken on item 9.

ADJOURNMENT

Meeting was adjourned at approximately 10:42 am.