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Minutes

To: NCPA Finance Committee
From: Trisha Zimmer
Subject: October 17, 2023 Finance Committee Meeting Minutes

1. Call Meeting to Order and Roll Call

The meeting was called to order at 10:33am.

The meeting attendees either present or participating remotely were as follows: Finance Committee representatives: Robert Orbeta (Alameda), Mikey Hothi (Lodi), and Eric Campbell (Roseville) and DeAnna Hilbrants (Santa Clara); NCPA Staff: Monty Hanks, Sondra Ainsworth, Randy Howard and Jane Luckhardt, as well as Bethany Ryers from Baker Tilly, Michael Berwanger and Louise Houghton from PFM, Rod Bettini and Tom Tight from Public Trust Advisors LLC, Tarun Narayan from Palo Alto, Melissa Price from Lodi, and Katie Edgar from Healdsburg. 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

2. California CLASS Investment Vehicle

Rod Bettini and Tom Tight from Public Trust Investors LLC joined the meeting to provide the Finance Committee an overview of the California CLASS Program. California CLASS is a professionally managed local government investment pool that allows public agencies to diversify investments as an alternative (or in addition to) LAIF, CAMP, and/or other money market funds. The current rate of the California CLASS investment pool is at 5.51%.

Rod and Tom concluded their presentation and exited the meeting at 10:57am.

3. Review of the June 30, 2023 Draft Audited Financial Statements and Related Reports

With today's presentations staff recommends the Committee accept the FY2023 Audited Financial Statements as presented and related reports. Staff is also recommending the Committee acknowledge and authorize the inclusion of Regulatory Accounting in the June 30, 2023 audited financial statements. Treasurer-Controller, Sondra Ainsworth, provided an overview of the FY2023 Financial Statement results. The Agency's assets decreased by \$26.1 million or 2.4%, liabilities decreased by \$35.8 million or 3.3% and the net position increased by \$9.7 million or 57.9%. The Statement of Revenue, Expenses and Charges in Net Position reflected that operating expenses increased \$234.3 million while operating

revenues increased by \$245.2 million. NCPA applies GASB 62 for asset accounting – this allows regulated entities to defer revenue and expenses and better match those with the timing of revenue collections, smoothing impacts to members, participants and customers.

Bethany Ryers from Baker Tilly provided a presentation detailing the results of the Agency's Audited Financial Statements for years ending June 30, 2023 and 2022. Ms. Ryers reported that there were no exceptions noted based on Baker Tilly's testing practices. She also reported that NCPA received an unmodified opinion which is the highest level of assurance her firm provides. There were no material weaknesses or significant deficiencies in controls. Baker Tilly agrees with the Agency's accounting policies and disclosures. There were no material adjustments to the financial statements, with one passed adjustment. There were no audit findings or concerns. Ms. Ryers thanked NCPA staff for their cooperation and responsiveness during the audit process.

Motion: A motion was made by Bob Orbeta (Alameda) and seconded by Eric Campbell (Roseville) recommending that the Commission accept and file the 2023 Audited Financial Statements and confirm authorization of regulatory accounting for the items included in 2023. A vote was taken by roll call: YES = Robert Orbeta (Alameda), Mikey Hothi (Lodi), DeAnna Hilbrants (Santa Clara) and Eric Campbell (Roseville). The motion passed.

4. **Appointment to the NCPA Finance Committee** – Melissa Price had to vacate her Member role on the Finance Committee with the recent appointment of the Finance Committee's new Chair, Mikey Hothi. That left a vacancy on the Committee for which a new member must be appointed by the Commission Chair and ratified by the Commission. Monty Hanks sent a request for nominations from the Agency's smaller members. Katie Edgar, City of Healdsburg's Finance Director, was nominated. Monty provided a brief background on Ms. Edgar's work history and stated that she will bring significant experience and insight as a member of the Finance Committee.

Motion: A motion was made by Eric Campbell (Roseville) and seconded by DeAnna Hilbrants (Santa Clara) recommending that the Commission appoint Katie Edgar, City of Healdsburg as a member of the NCPA Finance Committee. A vote was taken by roll call: YES: Robert Orbeta (Alameda), Mikey Hothi (Lodi), DeAnna Hilbrants (Santa Clara), and Eric Campbell (Roseville). The motion passed.

5. **Accept the 2024 Finance Committee Meeting Calendar** – The Committee reviewed the scheduled dates for the 2024 Finance Committee meetings. There were no objections or changes.

NEW BUSINESS

6. **Annual Review of the NCPA Employee Pension and OPEB Programs** – Sondra Ainsworth provided an update on the Agency's Pension and OPEB funding plans. Staff recommends affirming the goal to obtain a minimum 80% funding level as well as affirm the accelerated 15 year amortized funding for fiscal year 2025 and update the Commission on the UAL funding status. She discussed the plan goals and requirements for the programs. The Agency is currently in year six of the 15 year accelerated payback plan. This accelerated plan has saved significant funds compared to the 30 year plan.

The overfunding of OPEB's net position decreased this last year due to a net investment income loss of \$6 million. The Plan's net funded position as of June 30, 2021 was 131.8% and as of June 30, 2022 the position is 112.5%. For fiscal year ending June 30, 2023 the actuarially determined contribution was \$1,106,000 and the budget collections totaled \$1,808,701 which brings the settlement refund amount to \$702,701.

The Pension plan's unfunded accrued actuarial liability increased from \$46.7 million at June 30, 2021 to \$66.5 million as of June 30, 2022. As of the June 30, 2022 report, the plan funding level was 67.2% compared to 75.7% at the June 30, 2021 report. The accrued actuarial liability is at \$202.5 million compared to \$192.5 million as of June 30, 2021.

Lodi supports staff's recommendation to affirm the goal to obtain a minimum 80% funding level as well as affirm the accelerated 15 year funding for fiscal year 2025 and update the Commission on the UAL funding status and the affirmations. Following discussion, it was recommended to take a roll call vote: NO = Robert Orbeta (Alameda). YES = Mikey Hothi (Lodi), Eric Campbell (Roseville), and DeAnna Hilbrants (Santa Clara). The recommendations were affirmed.

7. Next Finance Committee Meeting

The next regular Finance Committee meeting is scheduled for November 14, 2023 at 10:30am.

ADJOURNMENT

The meeting was adjourned at 12:08pm.