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# Minutes

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**To:** NCPA Finance Committee  
**From:** Trisha Zimmer  
**Subject:** November 13, 2018 Finance Committee Meeting Minutes

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## **1. Call Meeting to Order**

The meeting was called to order by Committee Chair David Hagele at 10:01am.

## **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, and Trisha Zimmer, as well as Michael Berwanger and Tyler Old (PFM). Bob Orbeta (Alameda) was absent. A quorum of the Committee was established.

## **3. Approve Minutes from the August 14 and October 9, 2018 Finance Committee Meetings**

A motion was made by David Hagele and seconded by Melissa Price recommending approval of the August 14 and October 9, 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**

Michael Berwanger provided a presentation on the current financial market conditions. The yield curve continues to rise. NCPA's Hydroelectric 2008 Series A and B bonds continue to trade well versus benchmarks and are hedged with interest rate swaps. The 2008A Bonds have continued to reset better than SIFMA; the series 2008B Bonds have recently started to reset slightly above LIBOR.

## **5. Report on NCPA's Debt Portfolio**

Michael Berwanger reported that the Hydro refunding opportunity remains attractive in a savings perspective. PFM recommends that NCPA move forward with the 2018A bond refunding. Mr. Berwanger stated that a refunding in April 2019 generates approximately \$2.9 million in net savings, or 5.54% of refunded par, assuming today's interest rates.

In addition to the Series 2010A bonds, \$85.2 million of the Series 2008A Hydroelectric Bonds are outstanding. There is a swap and Letter of Credit (set to expire September 2019) associated with the 2008A bonds. The swap has performed as expected since inception in fact outperforming expectations until earlier this year. There is a cost to terminating the swap today. Therefore, PFM recommends that NCPA wait to fix out the 2008A bonds as well as terminate the associated swap until the economies are closer to break-even.

## **6. Hydroelectric Bond Series 2010A Refunding**

PFM provided an overview of the Hydroelectric Bond Series 2010A Refunding and discussed the results of the underwriting and direct placement proposals received. PFM expects more than 5% savings, therefore is recommending the Agency continue to move forward with the refunding. Based on the proposals received, staff recommends using RBC Capital Markets as the underwriter for this transaction. PFM recommends that NCPA begin the process of replacing or extend the term of the Letter of Credit on the same timeline as the 2010 refunding to gain economies of scale. PFM also recommends that NCPA wait to fix out the 2008A bonds and terminate the associated swap until the economies are closer to break-even.

Motion: A motion was made by David Hagele and seconded by Ann Hatcher recommending that staff 1) proceed with the 2010A refunding, 2) continue to monitor the 2008A refunding opportunities, 3) proceed with collecting quotes to replace the Letter of Credit, and 4) seek swap termination opportunities at a later date. A vote was taken by roll call: YES = David Hagele (Healdsburg), Melissa Price (Lodi), Philip McAvoy (Roseville), Ann Hatcher (Santa Clara) and Bob Orbeta (Alameda). The motion passed.

## **7. Bond Counsel RFP**

NCPA General Counsel, Jane Luckhardt, reported that an RFP for Bond, Disclosure, and Tax Counsel was issued September 4. Five firms provided proposals received on October 5. Staff conducted evaluations of the top 3 respondents which included an interview of each firm. Following the evaluations, staff is recommending selection of Norton Fulbright US LLP and Nixon Peabody LLP to provide Bond, Disclosure, and Special Tax Counsel services as requested. Having two enabling agreements in place will ensure that the Agency has options should a conflict occur.

Motion: A motion was made by David Hagele and seconded by Melissa Price recommending that the Commission authorize the General Manager to enter into an agreement for Bond and Disclosure Services with Norton Rose Fulbright as well as an agreement for Special Tax Counsel services with Nixon Peabody. A vote was taken by roll call: YES = David Hagele (Healdsburg), Melissa Price (Lodi), Philip McAvoy (Roseville), Ann Hatcher (Santa Clara) and Bob Orbeta (Alameda). The motion passed.

**8. Annual Review of NCPA Investment Policy and Guidelines – Policy 200-100 and Delegation of Investment Duties to the Treasurer-Controller**

Staff presented the Investment Policy and Guidelines – Policy 200-100 as an annual review. Following routine review of the policy, staff is recommending no changes to the policy. Staff is seeking a recommendation to approve the annual delegation of authority to the Treasurer-Controller of investment duties as required by Government Code.

Motion: A motion was made by Philip McAvoy and seconded by David Hagele recommending approval of the annual review of the NCPA Investment Policy and Guidelines and delegation of investment duties to the Treasurer-Controller. A vote was taken by roll call: YES = David Hagele (Healdsburg), Ann Hatcher (Santa Clara), Melissa Price (Lodi), Bob Orbeta (Alameda) and Philip McAvoy (Roseville). The motion passed.

**9. Acceptance of the 2019 Finance Committee Meeting Calendar**

Staff presented the dates of the regular Finance Committee meetings scheduled for 2019. The regular meetings will take place on February 12, May 7, August 13, October 8 and November 12. The Committee raised no issues with these dates.

**NEW BUSINESS**

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

No other topics discussed.

**11. Next Finance Committee Meeting**

The next Finance Committee meeting is scheduled for February 12<sup>th</sup> at 10am.

**ADJOURNMENT**

Meeting was adjourned at 10:54am.